2209 South 58th Street, Philadelphia, PA 19143

April 7, 2011

Ken Keels
Director of Compliance
SERC Reliability Corporation
2815 Coliseum Centre Drive, Suite 500
Charlotte, NC 28217

RE: Statement Regarding SERC Issue Tracking Nos. 09-066 and 09-067; NERC Violation ID Nos. SERC200900307 and SERC200900308

Covanta strongly agrees with SERC's statement found in Covanta Fairfax, Inc's (CFI's) Final Audit Report stating , **"The audit team determined that CFI's Internal Compliance Program documents and their staff's demonstrated compliance culture indicate an effective compliance program."** Covanta affirms that our internal compliance program is a robust and rigorous one. Self-identification, internal assessments, Root-Cause-Analysis and awareness instruction are some of the tools Covanta consistently implements in its quest to continuous improvement. Our Internal Compliance Program establishes processes, assigns responsibilities to applicable personnel associated with our NERC program requirements, and is a clear indication of our Culture of Compliance and commitment towards maintaining the reliability of the Bulk Electric System reliability (BES).

Regarding Covanta Fairfax's confirmed violation of NERC reliability standard PRC-005-1 Requirements R1 and R2, the company does not contest SERC's findings. It is Covanta's assertion that findings are "documentation only" and at no time were there any risks associated to the BES. Covanta's revised internal policies have ensured that documentation gap along with the process by which all maintenance is accomplished and documented do not reoccur at any of its facilities.

Sincerely,

Samuel Cabassa
Manager, NERC Compliance
Covanta Energy Corporation
2209 South 58th Street
Philadelphia, PA 19143
Tel 215-921-7504
scabassa@covantaenergy.com