

NextEra Energy Resources, LLC

NERC ID # NCR02910

Audit Report

for Compliance with

NERC Reliability Standards

Public Version

**Confidential Information (including Privileged
and Critical Energy Infrastructure Information)
Has Been Removed**

Audit Date: March 9 - 13, 2009
Audit Location: Texas RE offices
Report Date: January 4, 2011
Prepared By: Bill Lewis, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The Off-Site compliance audit of NextEra Energy Resources, LLC (NextEra) was conducted on March 9 - 13, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on NextEra's registration as a GO. The audit team consisted of five representatives from Texas Regional Entity (Texas RE).

NextEra's staff was requested to provide valid evidence of meeting each and every applicable requirement and sub-requirement contained in each standard that was subject to this audit. NextEra staff responded by providing evidence in the form of reports, procedures, studies and other documents. NextEra staff then cited specific portions of the evidence that demonstrated compliance. This evidence was documented and evaluated by the audit team to assess the level of compliance. If all of the requirements and sub-requirements of an audited standard were met, then NextEra was judged to be compliant. Likewise, if any of the requirements or sub-requirements were not fully met, then NextEra was judged to have a possible violation of the standard.

This audit report includes information regarding the requirements that were missing for NextEra's possible compliance violations. This information will be used to help determine the severity level of sanctions and penalties. The possible compliance violations will be processed through the Texas RE's NERC Compliance Monitoring and Enforcement Program. Any further actions related to possible compliance violations will follow the same process.

The NERC Notice of Penalty (NOP) is posted on the NERC website at the following URL:
http://www.nerc.com/filez/enforcement/FinalFiled_ANOP_NOC-580.pdf

2.0 AUDIT PROCESS

The compliance audit process is detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP), available at www.nerc.com. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

2.1 Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are:

- Independently review NextEra's compliance with the requirements of the reliability standards that are applicable to NextEra based on the NextEra's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2009 CMEP Implementation Plan list of actively monitored standards.
- Document NextEra's compliance culture.

2.2 Scope

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

The scope of this compliance audit is inclusive of all requirements of the NERC Reliability Standards that are being actively monitored in 2009 and any others that may be identified by the audit team at the time of the audit applicable to Generator Owner. The audit was performed by five members of Texas RE.

Note: For the 2009 compliance program, the monitoring period for the compliance audit will generally be the last three years, the time since NextEra's last audit as a GO or periods specified in individual reliability standards. The monitoring period is not limited to the time period for which penalties and sanctions are assessed.

2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to NextEra prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to NextEra. NextEra was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. NextEra accepted the audit team member participants with no objections.

2.3 Methodology

Once an audit date was set by Texas RE, NextEra was sent a pre-audit questionnaire and the Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards. During the audit, Texas RE reviewed the responses to the RSAWs and pre-audit questions with NextEra's management and supervisors. Texas RE audit team interviewed operations personnel and reviewed documents to substantiate those operations personnel were trained and capable of following the procedures to ensure reliable operations from that entity. The audit team also interviewed IT, Communications, and Planning personnel as necessary to get answers to questions and verify documentation.

The audit team conducted an exit briefing immediately following the audit with NextEra. The audit team verbally shared its preliminary results with NextEra's management.

2.4 Company Profile

NextEra Energy is a leading clean energy provider, with natural gas, wind, solar, hydroelectric and nuclear power plants in operation across the nation. A subsidiary of FPL Group, Inc., NextEra Energy is a competitive energy supplier with a presence in 25 states and Canada with headquarters in Juno Beach, Florida.

In the Texas RE region, NextEra Energy, LLC is the Generator Owner for two natural gas sites, Forney Energy Center in Kaufman County and Lamar Energy Center in Lamar County. Forney Energy Center is a 1789-megawatt combined cycle power plant located near Forney, Texas. Lamar Energy Center is a 1000-megawatt combined cycle power plant located near Lamar, Texas. NextEra Energy, LLC is also the Generator Owner for wind sites located in Borden, Garza, Scurry, Upton, Pecos, Culberson, Crocket, Taylor, Nolan, Sterling, Coke and Cooke Counties. Total production for all NextEra Energy, LLC wind sites is approximately 2400-megawatts. In addition to the Generator Owner registration in the ERCOT region, NextEra Energy, LLC is also registered as a Generator Operator and Purchase Selling Entity.

2.5 Audit Specifics

Audit Date: March 9 - 13, 2009
Audit Location: Texas RE's offices

Texas RE Audit Team:

Company/Title
Texas RE/Audit Team Leader
Texas RE/Auditor
Texas RE/Auditor
Texas RE/Auditor
Texas RE/Auditor

NextEra Energy Resources, LLC Audit Participants:

Company/Title
NextEra Energy – Compliance Manager
NextEra Energy – Compliance Director
NextEra Energy – Sr. Director Transmission
NextEra Energy – Legal Counsel
NextEra Energy – Production Manager
NextEra Energy – PGD General Manager 1
NextEra Energy – PGD General Manager 2
NextEra Energy – Production Manager
NextEra Energy – Director Production Assurance
NextEra Energy – Substation Operations/Transmission
NextEra Energy – Substation Operations/Transmission
NextEra Energy – Substation Operations/Transmission
NextEra Energy – Director Asset Operations
NextEra Energy – Senior Scheduler
NextEra Energy – Physical Trading Manager
NextEra Energy – Compliance Manager
NextEra Energy – Compliance Director
NextEra Energy – Sr. Director Transmission
NextEra Energy – Legal Counsel

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that NextEra was non-compliant the following standards and requirements:

Reliability Standard & Requirement
FAC-008-1, R1.2.1
PRC-005-1, R2

The following table is a summary of the auditor's notes for those NERC standards reviewed during the audit:

Reliability Standard	Requirement	Finding
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
FAC-008-1	R1.	Possible Violation
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	N/A
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	N/A
PRC-004-1	R1.	N/A
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	Possible Violation
PRC-017-0	R1.	N/A
PRC-017-0	R2.	N/A

3.2 Conclusion

The Compliance Audit Team found that NextEra was non-compliant with the following standards and requirements:

Reliability Standard & Requirement
FAC-008-1, R1.2.1
PRC-005-1, R2

The possible compliance violation along with this compliance report will be provided to the regional entity compliance staff for processing through the NERC CMEP. Any further actions related to possible compliance violations will be through that process.

3.3 Compliance Culture

NextEra was cooperative with the audit team's needs and information requests throughout the entire audit process. NextEra has made a great many positive changes during the monitoring time frame of the audit. The procedures and processes that have been put into place during that period show a marked improvement over what was previously there. Based on the information provided throughout the audit process, via documentation and interviews, NextEra has a compliance program in place which promotes compliance within the company. The senior management of NextEra strongly supports NextEra's compliance program and it is evident throughout the organization and its employees.