



Compliance Audit Report Public Version

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

**American Bituminous Power Partners, LP
NERC ID # - NCR00680**

Date of Audit - March 16-24, 2009

Date of Report – April 29, 2009

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Executive Summary

This final compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full final compliance audit report was submitted to American Bituminous Power Partners, L.P. and NERC.

A compliance audit of American Bituminous Power Partners, L.P. (American Bituminous) was conducted from March 16-24, 2009 by an audit team from ReliabilityFirst. ReliabilityFirst conducts compliance audits as part of the ReliabilityFirst Compliance Monitoring and Enforcement Program (CMEP). At the time of the audit, American Bituminous Power Partners, L.P., NERC ID # - NCR00680; was registered for the Generation Owner (GO) function that it performs in the ReliabilityFirst region.

The Audit Team evaluated American Bituminous for compliance with seven (7) NERC Reliability Standards which consisted of twelve (12) requirements and one (1) ReliabilityFirst standard consisting of one (1) requirement for the period of June 18, 2007 to March 24, 2009. American Bituminous provided information and documentation to aid the Audit Team's evaluation of compliance with the applicable standards. The Audit Team reviewed and evaluated all information provided by American Bituminous to assess compliance with requirements/standards applicable to the GO function.

Based on the information and documentation provided by American Bituminous, the Audit Team made the following determinations: two (2) NERC Reliability Standards consisting of two (2) requirements were determined to be not applicable to American Bituminous. One (1) ReliabilityFirst standard consisting of one (1) requirement was also found to be not applicable. American Bituminous was found to be compliant with ten (10) of the twelve (12) applicable NERC Reliability requirements. The Audit Team did not identify any Possible Alleged Violations (PAVs). The basis for these findings is detailed in the Audit Result Findings section of this report.

There were no on-going mitigation plans and therefore none were reviewed by the audit team.

Audit Process

The compliance audit process steps are detailed in the ReliabilityFirst CMEP. The ReliabilityFirst CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

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. The audit objectives are to:

- Review American Bituminous' compliance with the requirements of Reliability Standards that are applicable to American Bituminous based on American Bituminous' registered functions.
- Validate compliance with applicable Reliability Standards from the NERC 2009 Implementation Plan list of actively monitored standards.
- Validate evidence of outstanding self-reported violations and previous self-certifications, confirm compliance with other requirements of the Reliability Standards, and review the status of associated Mitigation Plans. Document American Bituminous' compliance program and culture.
- Validate compliance with additional NERC standards selected by ReliabilityFirst that are not in the NERC 2009 Implementation Plan.
- Validate compliance with applicable ReliabilityFirst reliability standards that apply to American Bituminous.

Scope

The scope of the compliance audit included applicable NERC Reliability Standards applicable to the Registered Entity being monitored in the 2009 ReliabilityFirst Implementation Plans, all applicable ReliabilityFirst standards, a review of self-certifications, and mitigation plans as appropriate. The scope of the audit covers the period June 18, 2007 to the date of the scheduled audit.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the Audit Team are governed under the ReliabilityFirst Delegation Agreement with NERC and the NERC Rules of Procedure Section 1500. American Bituminous was informed of the ReliabilityFirst obligations and responsibilities under this agreement and rules of procedure. The work history for each Audit Team member was provided to American Bituminous. American Bituminous 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. American Bituminous did not submit any objections by the stated fifteen day objection due date and by this action accepted the Audit Team member participants without objection.

Off-site Audit

American Bituminous is currently subject to a compliance audit at a minimum of once every six years as provided by the NERC Rules of Procedure. Every GO in the NERC Compliance Registry is required to have an audit once every six years. American Bituminous was provided with a 60 day notification of this scheduled audit and at that time was provided with all necessary documents required by the NERC and ReliabilityFirst audit process. The following documents were provided as part of the 60 day notification:

- 60 day Notification letter which contained request for evidence , information, and date submittals for each applicable requirement/standard
- Compliance Audit Survey
- Audit Agenda as applicable
- Confidentiality Agreements
- Internal Compliance Program Survey
- Audit Team Work History with discussion of the objection process
- General Instructions of Data and/or Information Submittals
- Pre-Audit Questionnaire/Reliability Standard Auditor Worksheets (RSAWs)

Documents were provided to American Bituminous in both electronic and hardcopy format.

Reliability*First* discussed the use of technical experts with the American Bituminous primary compliance contact and indicated that Reliability*First* would welcome the use of technical experts by American Bituminous as deemed necessary to explain their compliance to the requirements/standards.

An audit agenda and/or schedule was provided to American Bituminous in advance to schedule the necessary time to demonstrate compliance for the applicable requirements/standards covered in the audit. American Bituminous' cooperation and flexibility with the agenda to address the requirements/standards was appreciated by the Audit Team.

This audit was conducted in the Reliability*First* offices in Akron, Ohio, using material provided by American Bituminous. The Audit Team reviewed American Bituminous evidence of compliance for all applicable standards with American Bituminous' technical experts and requested, as required, additional information to clarify information previously supplied to the team. These interviews, in conjunction with evidence provided, supplied the Audit Team with a basis for using their professional judgment when validating compliance to the Reliability Requirements/Standards.

Methodology

The Audit Team reviewed the evidence provided by American Bituminous for each of the Reliability Standards and requirements that apply to the functions performed by the company to assess American Bituminous' compliance with those NERC Reliability Standards and associated requirements, all applicable Reliability*First* standards, a review of self-certifications, and mitigation plans as appropriate. The Audit Team reviewed each requirement, discussed the levels of compliance and addressed each team member's observations during the audit to determine the team's compliance findings from the audit review.

Audit Overview

Opening Briefing

An Opening Briefing was conducted with American Bituminous to discuss the following:

- Introduction of Audit Team
- Audit Objective and Scope
- Audit Team Expectations
- Discussion on Clarification Calls
- Audit Process
- Exit Briefing and schedule

Audit

The Reliability*First* Audit Team reviewed American Bituminous' applicable reliability standards/requirements and evaluated and measured the evidence provided for each to determine compliance. When there was concern that the supporting evidence did not meet the intent of the requirement, the Audit Team requested additional detail, clarification and or evidence in the form of examples.

Exit Briefing

The Audit Team conducted an exit briefing with a presentation to American Bituminous via web-ex/conference call on March 24, 2009. The presentation was attended by American Bituminous staff as well as the audit team. The status of the off-site audit process was discussed, followed by a review of the audit scope, the preliminary audit findings, the compliance audit report process and feedback. American Bituminous was provided an opportunity to ask questions concerning the topics that the Audit Team addressed.

The presentation was attended by the following American Bituminous staff via conference call/web-ex.

Title	Company
Executive Director	American Bituminous
Plant Manager	American Bituminous

Company Profile

At the time of the audit, American Bituminous was registered for the NERC function of Generation Owner (GO) in the Reliability*First* region.

American Bituminous operates the Grant Town Power Plant located in Grant Town, WV approximately 10 miles northeast of Fairmont, WV, in northeast Marion County. The Grant Town Power Plant is a small, independent power production facility rated at 80 MW net generating power at the 138 kV voltage level. The facility is owned by a partnership consisting

of Edison Mission Energy (50%), East Power Corporation (40%), American Power Investors (9.5%), and American Hydro Power Company (0.5%). Edison Mission Operation is the O&M contractor of American Bituminous. The output of the plant is sold to Allegheny Power Systems under the terms and conditions of a 42 year EEPA contract. The facility consists of two Foster Wheeler CFB boilers headered to a single GEC Alstom turbine generator unit. The facility is connected to the bulk electric system via a 400 foot radial transmission line from the facility switchyard to the utility interconnect on the Rivesville-Fairview 138 kV transmission line. The plant auxiliaries operate at 4160 volts, 240 volts, and 120 volts. Allegheny has exclusive control of the interconnection tie breaker via its Greensburg, PA dispatch center.

The unit does not have black start capability and the station is manned for 24/7 operation. American Bituminous operates within the PJM Regional Transmission Organization footprint.

Audit Specifics

The compliance audit was conducted from March 16 - 24, 2009 at the ReliabilityFirst Office in Akron, Ohio.

Audit Team

Audit Team Role	Title	Company
Lead	Senior Engineer	ReliabilityFirst Corporation
Member	Consultant	RNJ Energy

American Bituminous Audit Participants

Title	Company
Executive Director	American Bituminous
Plant Manager	American Bituminous

Audit Results

After reviewing all of the evidence presented, American Bituminous was found to be compliant with six (6) of the applicable NERC Reliability Standards consisting of ten (10) requirements that apply to the functions it is registered to perform in the ReliabilityFirst Region. Two (2) NERC Reliability Standards consisting of two (2) requirements and one (1) ReliabilityFirst standard consisting of one (1) requirement were found to be not applicable. The audit team did not find any Possible Alleged Violations (PAVs).

Findings

The following table details the Audit Team's findings and evidence reviewed for compliance with the seven (7) applicable NERC Reliability Standards and one (1) Reliability *First* standard for American Bituminous' registered function. The table includes details, document section, and page numbers noted by the Audit Team relating to the evidence reviewed for compliance to each Reliability Standard and the associated requirements.

American Bituminous Off-site Audit Findings Table

Reliability Standard	Requirement	Finding
EOP-009-0-2	R2	NA
FAC-008-1	R1	Compliant
FAC-008-1	R2	Compliant
FAC-008-1	R3	Compliant
FAC-009-1	R1	Compliant
FAC-009-1	R2	Compliant
IRO-004-1	R4	Compliant
PRC-004-1	R2	Compliant
PRC-004-1	R3	Compliant
PRC-005-1	R1 & Sub. Req.	Compliant
PRC-005-1	R2 & Sub. Req.	Compliant
PRC-017-0	R1 & Sub. Req.	NA
EOP-007-RFC-01	R4 & Sub. Req.	NA

Compliance Culture

Edison Mission Operation and Maintenance as the O&M contractor of American Bituminous is responsible for compliance with the applicable NERC reliability standards.

Herbert R. Thompson, Executive Director, coordinates the American Bituminous compliance activities with Edison Mission Group's NERC Oversight Team. The NERC Oversight Team is a group of functional experts whose job it is to coordinate Edison Mission Group's compliance efforts with NERC reliability standards. The NERC Oversight Team has the responsibility and authority to implement NERC compliance for all Edison Mission Group companies which includes American Bituminous.

The Edison Mission Group companies located in the Reliability *First* area, as well as other Regions, have procedures and guidelines on site that contain NERC requirements; these have been approved by management and the NERC Oversight Team. Management and employees have also been instructed on their specific NERC responsibilities.

Edison Mission Group's NERC Oversight Team has a separate reporting structure with a dotted line to the Edison Mission Group Corporate Compliance Organization. The internal compliance program is operated and managed independently of the department responsibilities for performance of the standards. The NERC Oversight Team is comprised of senior managers at the Director level who oversee daily NERC compliance activities and who are active participants in NERC compliance activities. The NERC Oversight Team has a standing weekly call to decide issues, review compliance, and discuss concerns that may need additional executive management sponsorship.

American Bituminous' internal compliance program includes appropriate compliance adherence training for all relevant staff. Compliance training has been conducted within Edison Mission Group. Employees at the facility have received face-to-face compliance training, which included NERC compliance standards and requirements. The compliance training presentation was also emailed to site managers and placed on the Edison Mission Group web site portal available for all employees.

The Edison Mission Group maintains an internal hotline for NERC issues. The hotline, staffed by outside consultants, allows any employee to place an anonymous phone call to report violations and seek answers to questions.