

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:	February 10 – 12, 2009
Audit Location:	Juno Beach, FL 33408
Report Date:	June 19, 2009
Prepared By:	Bill Lewis, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The On-Site compliance audit of NextEra Energy Resources, LLC (NextEra), formally known as FPL Energy, LLC, was conducted on February 10 – 12, 2009. The NERC Reliability Standards that are being actively monitored for 2009 were reviewed based on NextEra's registration as a Generator Operator (GOP). NextEra's accepted and completed mitigation plans for self reported violations from 2007 and 2008 were reviewed and validated. The audit team consisted of five representatives from Texas Regional Entity (Texas RE) and two representatives from North American Electric Reliability Corporation (NERC).

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 Audit Team found possible violations of R3 in the CIP-001-1 Standard and R3 in the CIP-001-1 Mitigation Plan. Based upon information received from NextEra and a review of audit records and registration history, subsequent to the audit, the Texas RE Audit Team and the Texas RE Enforcement Staff agree that these possible violations should be negated. NextEra is now considered compliant with R3 of the CIP-001-1 Standard and the R3 of the CIP-001-1 Mitigation Plan. No further enforcement actions by Texas RE or Mitigation Plans by NextEra are required.

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, per CMEP paragraph 3.1, Compliance Audits. 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 function as a GOP.
- Validate compliance with applicable reliability standards from the NERC 2009 CMEP Implementation Plan list of actively monitored standards.

- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document NextEra's compliance culture.

2.2 Scope

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 Operator. The audit was performed by five members of Texas RE and two NERC representatives.

The scope of the compliance audit also included the verification of all accepted and completed mitigation plans for NextEra's self reported violations from 2007 and 2008 applicable to NextEra's registration as a GO and GOP.

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 GOP 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 Sheet (RSAW) for the list of actively monitored NERC Standards. During the audit, Texas RE reviewed the responses to the RSAW 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 verified the completion of NextEra's accepted and completed mitigation plans for NextEra's self reported violations for 2007 and 2008.

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 ERCOT 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. (NextEra Energy, LLC is registered as a PSE with NCR00028 and Legal name of NextEra Energy Resources, LLC)

2.5 Audit Specifics

Audit Date: February 10 – 12, 2009
Audit Location: Juno Beach, FL 33408

Texas RE Audit Team:

Name	Company/Title
Bill Lewis	Texas RE/Audit Team Leader
Frank Vick	Texas RE/Auditor
David Bueche	Texas RE/Auditor
Rashida Caraway	Texas RE/Auditor
Chris Humphreys	Texas RE/Auditor
Suzanna Straingmeier	NERC/Auditor
Ralph Anderson	NERC/Auditor

NextEra Audit Participants:

Name	Company/Title
Benjamin Church	NextEra, Director Reliability Compliance
Matt Pawlowski	NextEra, Manager NERC Compliance
Joel Newton	NextEra, Legal
Jack Kogan	NextEra, PGD Production Manager
Roxane Kennedy	NextEra, Director PGD Production Assurance
Bill Key	NextEra, Portfolio Manager West Region
Jan Bagnall	NextEra, Sr. Director Transmission RC
Marianne Deane	NextEra, Physical Trader 1
Joe Arasim	NextEra, PDG Manager

Name	Company/Title
Scott Loder	NextEra, PMI 24 Hour Desk Ops
Greg Follbaum	NextEra, PMI 24 Hour Desk Ops
Winton Kelly	NextEra, Director Asset Operations (PMI)
Jay Brown	NextEra, Manager Computer Operations
Jennifer Bucker	NextEra, Systems Administration
TJ Tuscai	NextEra, COO
Scott Cousins	NextEra, General Counsel
Bill Polclasure	NextEra, Sr. Production (Forney)
Jimmy Vincent	NextEra, Production Leader on Shift (Forney)
Anthony Ceaser	NextEra, Production Lead, Thermal / Hydro (FPDC)
Daniel Waugh	NextEra, PGD Leader III Wind Side (FPDC)
Scott Loder	NextEra, Trader II (PMI)
Daniel Salinas	NextEra, Associate Trader (PMI)
Keith Almquist	NextEra, Next Day Scheduler (PMI)

3.0 AUDIT RESULTS

3.1 Findings

The Compliance Audit Team found that NextEra was non-compliant the following standard and requirement:

Reliability Standard & Requirement
CIP-001-1, R3 ¹

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

Reliability Standard	Requirement	Finding
BAL-005-0	R1.	Compliant
BAL-005-0	R2.	N/A
BAL-005-0	R3.	N/A
BAL-005-0	R4.	N/A
BAL-005-0	R5.	N/A
BAL-005-0	R6.	N/A
BAL-005-0	R7.	N/A
BAL-005-0	R8.	N/A
BAL-005-0	R9.	N/A
BAL-005-0	R10.	N/A
BAL-005-0	R11.	N/A
BAL-005-0	R12.	N/A

Reliability Standard	Requirement	Finding
BAL-005-0	R13.	N/A
BAL-005-0	R14.	N/A
BAL-005-0	R15.	N/A
BAL-005-0	R16.	N/A
BAL-005-0	R17.	N/A
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Possible Violation ¹
CIP-001-1	R4.	Compliant
COM-002-2	R1.	Compliant
COM-002-2	R2.	N/A
EOP-009-0	R1.	N/A
EOP-009-0	R2.	N/A
IRO-001-1	R1.	N/A
IRO-001-1	R2.	N/A
IRO-001-1	R3.	N/A
IRO-001-1	R4.	N/A
IRO-001-1	R5.	N/A
IRO-001-1	R6.	N/A
IRO-001-1	R7.	N/A
IRO-001-1	R8.	Compliant
IRO-001-1	R9.	N/A
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
IRO-005-1	R1.	N/A
IRO-005-1	R2.	N/A
IRO-005-1	R3.	N/A
IRO-005-1	R4.	N/A
IRO-005-1	R5.	N/A
IRO-005-1	R6.	N/A
IRO-005-1	R7.	N/A
IRO-005-1	R8.	N/A
IRO-005-1	R9.	N/A
IRO-005-1	R10.	N/A
IRO-005-1	R11.	N/A
IRO-005-1	R12.	N/A

Reliability Standard	Requirement	Finding
IRO-005-1	R13.	Compliant
IRO-005-1	R14.	N/A
IRO-005-1	R15.	N/A
IRO-005-1	R16.	N/A
IRO-005-1	R17.	N/A
PRC-001-1	R1.	Compliant
PRC-001-1	R2.	Compliant
PRC-001-1	R3.	Compliant
PRC-001-1	R4.	N/A
PRC-001-1	R5.	Compliant
PRC-001-1	R6.	N/A
TOP-001-1	R1.	N/A
TOP-001-1	R2.	N/A
TOP-001-1	R3.	Compliant
TOP-001-1	R4.	N/A
TOP-001-1	R5.	N/A
TOP-001-1	R6.	Compliant
TOP-001-1	R7.	Compliant
TOP-001-1	R8.	N/A
TOP-002-2	R1.	N/A
TOP-002-2	R2.	N/A
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	N/A
TOP-002-2	R5.	N/A
TOP-002-2	R6.	N/A
TOP-002-2	R7.	N/A
TOP-002-2	R8.	N/A
TOP-002-2	R9.	N/A
TOP-002-2	R10.	N/A
TOP-002-2	R11.	N/A
TOP-002-2	R12.	N/A
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R16.	N/A
TOP-002-2	R17.	N/A
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	N/A
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant

Reliability Standard	Requirement	Finding
TOP-003-0	R4.	N/A
TOP-006-1	R1.	Compliant
TOP-006-1	R2.	N/A
TOP-006-1	R3.	N/A
TOP-006-1	R4.	N/A
TOP-006-1	R5.	N/A
TOP-006-1	R6.	N/A
TOP-006-1	R7.	N/A

The Compliance Audit Team found that NextEra had not completed the accepted mitigation plan for the following self reported violation:

Reliability Standard & Requirement
CIP-001-1, R3 ¹

The following table is a summary of the auditor's notes for verification of the accepted and completed mitigation plans for self reported violations of NERC standards reviewed during the audit:

Reliability Standard and Requirement	Reg.	NERC Violation ID Number	Finding
CIP-001-1 R1	GOP	ERCOT200703141	Verified Complete
CIP-001-1 R2	GOP	ERCOT200703060	Verified Complete
CIP-001-1 R3	GOP	ERCOT200703054	Possible Violation ¹
CIP-001-1 R4	GOP	ERCOT200703037	Verified Complete
COM-002-2 R1	GOP	ERCOT200702269	Verified Complete
PRC-001-1 R2	GOP	ERCOT200703085	Verified Complete
PRC-001-1 R3	GOP	ERCOT200703087	Verified Complete
TOP-002-2 R18	GOP	ERCOT200703132	Verified Complete
TOP-003-0 R3	GOP	ERCOT200702279	Verified Complete
PRC-004-1 R2	GO	ERCOT200703150	Verified Complete
PRC-004-1 R3	GO	ERCOT200703093	Verified Complete
PRC-005-1 R2	GO	ERCOT200703056	Verified Complete
PRC-018-1 R1	GO	ERCOT200703094	Verified Complete
PRC-018-1 R2	GO	ERCOT200703095	Verified Complete
PRC-018-1 R3	GO	ERCOT200703017	Verified Complete
PRC-018-1 R4	GO	ERCOT200703097	Verified Complete
PRC-018-1 R5	GO	ERCOT200703162	Verified Complete
PRC-018-1 R6	GO	ERCOT200703099	Verified Complete

Reliability Standard and Requirement	Reg.	NERC Violation ID Number	Finding
TOP-002-2	R14	TRE2008000045	Verified Complete
PRC-005-1	R2	TRE2008000049	Verified Complete

3.2 Conclusion

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

Reliability Standard & Requirement
CIP-001-1, R3 ¹

The Compliance Audit Team found that NextEra had not completed the mitigation plan associated with the following standard and requirement:

Reliability Standard & Requirement - Violation ID#
CIP-001-1, R3 ¹ - NERC Violation ID# ERCOT200703054

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. ¹

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 Next Era's compliance program and it is evident throughout the organization and its employees.

¹ The Audit Team found possible violations of R3 in the CIP-001-1 Standard and R3 in the CIP-001-1 Mitigation Plan. Based upon information received from NextEra, subsequent to the audit, coupled with review of evidence obtained at the audit and the entity's registration history, the Texas RE Audit Team and the Texas RE Enforcement Staff agree that these possible violations should be negated. NextEra is now considered compliant with R3 of the CIP-001-1 Standard and the R3 of the CIP-001-1 Mitigation Plan. No further enforcement actions by Texas RE or Mitigation Plans by NextEra will be required.