

Compliance Audit Report Public Version

Exelon Generation Company, LLC
NERC ID # NCR04057

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

Audit Date: June 22-24, 2010
Audit Location: Exelon Generation Company, LLC Office, Kennett Square, PA
Report Date: November 10, 2010
Prepared By: Scott Jackson, Audit Team Leader

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1.0 EXECUTIVE SUMMARY

The On-Site compliance audit of Exelon Generation Company, LLC (Exelon) was conducted on June 22-24, 2010. The NERC Reliability Standards that are being actively monitored for 2010 were reviewed based on Exelon's registration as a Generator Owner and Generator Operator.

The audit team reviewed the NERC Reliability Standards for the period of time identified in the scope of the audit. The audit team consisted of four representatives from Texas Reliability Entity (Texas RE). The audit team reviewed the evidence and documentation provided by Exelon and conducted interviews with Exelon's personnel to assess compliance with standards applicable to Exelon at this time.

There was a total of sixteen (16) reliability standards included in the scope of this audit consisting of ninety-five (95) requirements. Based on the information and documentation provided by Exelon, the audit team found Exelon to be compliant with thirty-five (35) applicable requirements. The audit team determined that fifty-nine (59) requirements were not applicable to Exelon.

The audit team identified one possible alleged violation (PRC-005-1, R1) during the audit. These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance audit. After the audit, the possible alleged violation was processed through the Texas RE's NERC Compliance Monitoring and Enforcement Program. At the request of Texas RE enforcement staff, Exelon provided additional evidence for voltage and current sensing devices demonstrating maintenance and testing intervals, basis for intervals, and summary of maintenance and testing procedures, all of which were in effect for the entire audit period. After reviewing the additional evidence, the Texas RE enforcement staff dismissed the possible violation for PRC-005-1, R1.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit and therefore, none were reviewed by the audit team.

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 Exelon's compliance with the requirements of the reliability standards that are applicable to Exelon based on the Exelon registered functions included in the scope of this audit.

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

- Validate compliance with applicable reliability standards from the NERC 2010 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 standards, and review the status of associated mitigation plans.
- Document Exelon'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 2010 and any others that may be identified by the audit team at the time of the audit applicable to a Generator Owner and Generator Operator. The audit was performed by four members of Texas RE.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff for Exelon Generation Company, LLC and therefore, none were reviewed by the audit team.

Note: For the 2010 compliance program, the monitoring period for the compliance audit will generally be the last six years based the Exelon's registration as a Generator Owner and Generator Operator, or periods specified in individual reliability standards.

At the time of the audit, Exelon was registered as a Generator Owner and Generator Operator. The audit team evaluated Exelon for compliance during the specific period of June 28, 2007 (GO/GOP registration date) to June 24, 2010.

2.2.1 Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the regional entity staff were provided to Exelon prior to the audit. Work history and conflict of interest forms submitted for each audit team member were provided to Exelon. Exelon 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. Exelon had not submitted any objections by the stated fifteen day objection due date and accepted the audit team member participants with no objections. There have been no denials of or access limitations placed upon this audit team by Exelon.

2.3 Methodology

Once an audit date was set by Texas RE, Exelon was sent a Reliability Standard Audit Work Sheets (RSAWs) for the list of actively monitored NERC Standards.

The audit team reviewed the completed RSAWs, information, data, and evidence submitted by Exelon and assessed compliance with requirements of the applicable reliability standards. Initial submittal of information and data were sent to Texas RE on or before the scheduled due date for the submittal. Additional information relevant to the audit could be requested by Texas RE and submitted by Exelon until the last day of the review at the audit site.

During the audit, Texas RE reviewed the responses to the RSAWs and auditor questions with Exelon's management and supervisors. The audit team reviewed documentation provided by Exelon

that included data, information and evidence submitted in the form of policies, procedures, emails, logs, studies, data sheets, etc. which were validated, substantiated and cross checked for accuracy as appropriate. Requirements which required a sampling to be conducted were developed based upon the significance of the sampling to the reliability of the Bulk Electrical System (BES).

Texas RE audit team interviewed operations personnel and reviewed documents to substantiate that the 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 clarify or stack the evidence provided by Exelon and verify documentation.

Findings were based on the audit team's knowledge of the BES, the NERC Reliability Standards and their professional judgment. All findings were developed based upon the consensus of the audit team.

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff for Exelon Generation Company, LLC and therefore, none were reviewed by the audit team.

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

2.4 Company Profile

Exelon Corporation is one of the nation's largest electric companies with nearly \$17 billion in annual revenues. Exelon's family of companies includes energy generation, power marketing, transmission and energy delivery.

Exelon Generation has one of the industry's largest portfolios of electricity generation capacity, with a nationwide reach and strong positions in the Midwest and Mid-Atlantic. It is the largest owner/operator of nuclear plants in the United States. Exelon delivers electricity to approximately 5.4 million customers in northern Illinois via ComEd and southeastern Pennsylvania via PECO, as well as natural gas to 486,000 customers in the Philadelphia area via PECO. Exelon is headquartered in Chicago and trades on the NYSE under the ticker symbol EXC.

Key statistics (2009): Operating revenues of \$17.3 billion, Assets of \$49.2 billion, 19,498 employees, U.S. Generating Resources/Capacity of 31,003 megawatts and total number of customers served is 5.4 million.

Exelon Generation Company LLC is the Generator Owner/Operator at three locations within the ERCOT footprint.

- Handley Generating Station located in Ft Worth, Texas is a 3 unit 1315 mw gas operated steam turbine facility
- Mt Creek Generating Station located in Dallas, Texas is a 3 unit 812 mw gas operated steam turbine facility.
- LaPorte Generating Station located in LaPorte, Texas is a 4 unit 160 mw gas operated combustion turbine facility.

Exelon Generation Company LLC also has a contract with Tenaska's Frontier Generating Station and acts as the QSE. Frontier Generating Station is located in Grimes, Texas and is a 4 unit (3 combustion turbines, 1 heat recovering steam generator) 830 MW facility.

2.5 Audit Specifics

Audit Date: June 22-24, 2010
 Audit Location: Exelon Office, Kennett Square, PA

Texas RE Audit Team:

Company/Title	Audit Team Role
Texas RE/Compliance Engineer	Audit Team Leader
Texas RE/Sr. Compliance Engineer	Auditor
Texas RE/Sr. Compliance Engineer	Auditor
Texas RE/Compliance Engineer	Auditor

Exelon's Audit Participants:

Company	Title
Exelon	Pri. Rates and Reg. Specialist
Exelon	Generation Dispatcher
Exelon	Manager Corporate Security
Exelon	Sr. Generation Dispatcher
Exelon	Real Time Trader
Exelon	Mgr. Transmission and Operations
Exelon	Sr. Project Mgr. Low Carbon Dev.
Exelon	Plant Manager
Exelon	Manager Technical Services
Exelon	General Manager
Exelon	VP Strategic Analytics and Propriety Trading
Exelon	Sr. Generation Liaison
Exelon	Sr. Engineer
Exelon	VP Trading and Origination
Exelon	Director of Projects
Exelon	VP Eng. and Project Support
Exelon	Contractor
Exelon	Technical Analyst IT

3.0 AUDIT RESULTS

3.1 Audit Findings

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

Reliability Standard & Requirement
PRC-005-1, R1 ²

Exelon was found compliant with all other requirements and standards that were included in the scope of this audit.

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

Reliability Standard	Requirement	Finding
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-002-2	R1.	Compliant
COM-002-2	R2.	N/A
FAC-002-0	R1.	N/A
FAC-002-0	R2.	N/A
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-001-1.1	R1.	N/A
IRO-001-1.1	R2.	N/A
IRO-001-1.1	R3.	N/A
IRO-001-1.1	R4.	N/A
IRO-001-1.1	R5.	N/A
IRO-001-1.1	R6.	N/A
IRO-001-1.1	R7.	N/A
IRO-001-1.1	R8.	Compliant
IRO-001-1.1	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

Reliability Standard	Requirement	Finding
IRO-005-2	R1.	N/A
IRO-005-2	R2.	N/A
IRO-005-2	R3.	N/A
IRO-005-2	R4.	N/A
IRO-005-2	R5.	N/A
IRO-005-2	R6.	N/A
IRO-005-2	R7.	N/A
IRO-005-2	R8.	N/A
IRO-005-2	R9.	N/A
IRO-005-2	R10.	N/A
IRO-005-2	R11.	N/A
IRO-005-2	R12.	N/A
IRO-005-2	R13.	Compliant
IRO-005-2	R14.	N/A
IRO-005-2	R15.	N/A
IRO-005-2	R16.	N/A
IRO-005-2	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
PRC-004-1	R1.	N/A
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	N/A
PRC-005-1	R1.	Possible Violation ²
PRC-005-1	R2.	Compliant
PRC-017-0	R1.	N/A
PRC-017-0	R2.	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

Reliability Standard	Requirement	Finding
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
TOP-003-0	R4.	N/A
VAR-002-1.1a	R1.	Compliant
VAR-002-1.1a	R2.	Compliant
VAR-002-1.1a	R3.	Compliant
VAR-002-1.1a	R4.	Compliant
VAR-002-1.1a	R5.	Compliant

3.2 Mitigation Plan Findings

There were no ongoing or recently completed mitigation plans for the NERC registered functions included in the scope of this audit that had not been previously validated by Texas RE's compliance staff and therefore none were reviewed by the audit team.

3.3 Conclusion

The compliance audit team found that Exelon was non-compliant with the following standard and requirement:

Reliability Standard & Requirement

PRC-005-1, R1 ²

The possible alleged violation along with this compliance report will be provided to Texas RE's compliance staff for processing through the NERC CMEP. Any further actions related to possible alleged violations will be through that process.²

Exelon was found compliant with all other requirements and standards that were included in the scope of this audit.

There were no ongoing or recently completed mitigation plans and therefore none were reviewed by the audit team.

3.4. Compliance Culture

Exelon's compliance culture survey was reviewed by the audit team.

Exelon was cooperative with the audit team's needs and information requests throughout the entire audit process. The organizational structure of Exelon, the extensive participation during the audit by Exelon's personnel, the responses provided to the compliance culture survey, the detailed documentation of procedures and records, the demonstrated level of compliance and the direct observations made by the audit team confirmed a strong commitment by Exelon to promote a healthy compliance culture within the organization. Exelon management's efforts for this audit were extremely helpful and were well supported by SME's who prepared and participated during the audit process.

Additional detailed information pertaining to the compliance culture of Exelon can be found in the Internal Compliance Survey.

²The audit team identified one possible alleged violation (PRC-005-1, R1) during the audit. These audit results are further explained in the Audit Results Findings section of this report which includes detailed information of the audit team's findings of applicability and compliance for the NERC Reliability Standards within the scope of the compliance audit. After the audit, the possible alleged violation was processed through the Texas RE's NERC Compliance Monitoring and Enforcement Program. At the request of Texas RE enforcement staff, Exelon provided additional evidence for voltage and current sensing devices demonstrating maintenance and testing intervals, basis for intervals, and summary of maintenance and testing procedures, all of which were in effect for the entire audit period. After reviewing the additional evidence, the Texas RE enforcement staff dismissed the possible violation for PRC-005-1, R1.