



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

November 30, 2010

Ms. Kimberly Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: NERC Abbreviated Notice of Penalty regarding Hardee Power Partners Limited,
FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Hardee Power Partners Limited (HPP),¹ with information and details regarding the nature and resolution of the violation² discussed in detail in the Settlement Agreement (Attachment b) and the Disposition Document attached thereto, in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

This NOP is being filed with the Commission because Florida Reliability Coordinating Council, Inc. (FRCC) and HPP have entered into a Settlement Agreement to resolve all outstanding issues arising from FRCC's determination and findings of the enforceable violations of PRC-005-1 Requirement (R) 1 and PRC-005-1 R2. According to the Settlement Agreement, HPP neither admits nor denies the violations, but has agreed to the assessed penalty of fifteen thousand

¹ On October 14, 2009, NERC submitted an Omnibus filing, FERC Docket No. NP10-2-000, which addressed violations for certain registered entities including violations of PRC-005-1 R2 and CIP-001-1 R4 for HPP. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty. FRCC c the other prior violations of PRC-005-1 R2 and CIP-001-1 R4 but determined that they should not serve as a basis for aggravating the penalty.

² For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

³ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2010). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R. § 39.7(c)(2).

dollars (\$15,000), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers FRCC200800130 and FRCC200800131 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on November 8, 2010, by and between FRCC and HPP. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. This NOP filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

| NOC ID | NERC Violation ID | Reliability Std. | Req. (R) | VRF | Duration | Total Penalty (\$) |
|---------|-------------------|------------------|----------|-------------------|-----------------|--------------------|
| NOC-180 | FRCC200800130 | PRC-005-1 | 1 | High ⁴ | 6/18/07-8/28/09 | 15,000 |
| | FRCC200800131 | PRC-005-1 | 2 | High ⁵ | 6/18/07-8/28/09 | |

The text of the Reliability Standards at issue and further information on the subject violations are set forth in the Disposition Document.

PRC-005-1 R1 and R2 - OVERVIEW

On November 26, 2008, HPP self-reported violations of PRC-005-1 R1 and R2 to FRCC. With respect to PRC-005-1 R1, FRCC determined that HPP failed to have a maintenance and testing program for Protection Systems⁶ that included maintenance and testing intervals and their basis and a summary of maintenance and testing procedures for voltage and current sensing devices and DC control circuitry, maintenance and testing intervals for station batteries and a summary of procedures for protective relays.

⁴ When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a “Medium” VRF to PRC-005-1 R1. In the Commission’s May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified “High” VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the “Medium” VRF was in effect from June 18, 2007 until August 9, 2007 and the “High” VRF has been in effect since August 9, 2007.

⁵ PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 each have a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005-1 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007. FRCC determined that the “High” VRF was applicable.

⁶ *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.”

With respect to PRC-005-1 R2, FRCC determined that HPP, as a Generator Owner and Transmission Owner, failed to have documentation that: (1) maintenance and testing was performed within the correct intervals on 35 protective relays and 7 batteries; (2) intervals were not defined for station batteries and (3) testing, other than installation testing, was performed for voltage and current sensing devices and DC control circuitry.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁷

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,⁸ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on September 10, 2010. The NERC BOTCC approved the Settlement Agreement, including FRCC's assessment of a fifteen thousand dollar (\$15,000) financial penalty against HPP and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

In reaching this determination, the NERC BOTCC considered the following factors:

1. the violations constituted HPP's first occurrence of violation of PRC-005-1 R1;
2. HPP's violation of PRC-005-1 R2 was a repeat violation;⁹
3. HPP self-reported the violations;
4. FRCC reported that HPP was cooperative throughout the compliance enforcement process;
5. HPP had a documented compliance program at the time of the violation, but it had not been approved by an Authorized Entity Officer or equivalent, and therefore, FRCC considered it a neutral factor, as discussed in the Disposition Document;
6. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
7. FRCC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed in the Disposition Document; and
8. FRCC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

⁷ See 18 C.F.R. § 39.7(d)(4).

⁸ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

⁹ See n.1 *supra*.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the assessed penalty of fifteen thousand dollars (\$15,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30 day period following the filing of this NOP with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Attachments to be included as Part of this Notice of Penalty

The attachments to be included as part of this NOP are the following documents:

- a) HPP's Self-Report for PRC-005-1 R1 and R2 dated November 26, 2008, included as Attachment a;
- b) Settlement Agreement by and between FRCC and HPP executed November 8, 2010, included as Attachment b;
 - i. Disposition Document, included as Attachment A to the Settlement Agreement;
- c) HPP's Mitigation Plan designated as MIT-08-1400 for PRC-005-1 R1 and R2 submitted November 26, 2008, included as Attachment c;
- d) HPP's Certification of Completion of the Mitigation Plan for PRC-005-1 R1 and R2 dated August 28, 2009,¹⁰ included as Attachment d; and
- e) FRCC's Verification of Completion of the Mitigation Plan for PRC-005-1 R1 and R2 dated May 19, 2010, included as Attachment e.

A Form of Notice Suitable for Publication¹¹

A copy of a notice suitable for publication is included in Attachment f.

¹⁰ HPP submitted the Certification of Completion to FRCC on August 31, 2009.

¹¹ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

Notices and communications with respect to this filing may be addressed to the following:

| | |
|---|--|
| <p>Gerald W. Cauley President and Chief Executive Officer David N. Cook* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>Ralph Randall* Plant Manager Hardee Power Partners Limited 6695 CR 663 N. Bowling Green, Florida 33834 (813) 630-6562 (863) 375-2092 – facsimile rrandall@invenergyllc.com</p> <p>Richard Gilbert* Manager of Compliance Enforcement Florida Reliability Coordinating Council, Inc. 3000 Bayport Drive, Suite 690 Tampa, Florida 33607-8402 (813) 207-7991 (813) 289-5648 – facsimile rgilbert@frcc.com</p> <p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p> | <p>Rebecca J. Michael* Assistant General Counsel North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net</p> <p>Sarah Rogers* President and Chief Executive Officer Florida Reliability Coordinating Council, Inc. 1408 N. Westshore Blvd., Suite 1002 Tampa, Florida 33607-4512 (813) 289-5644 (813) 289-5646 – facsimile srogers@frcc.com</p> <p>Linda Campbell* VP and Executive Director Standards & Compliance Florida Reliability Coordinating Council, Inc. 1408 N. Westshore Blvd., Suite 1002 Tampa, Florida 33607-4512 (813) 289-5644 (813) 289-5646 – facsimile lcampbell@frcc.com</p> <p>Barry Pagel* Director of Compliance Florida Reliability Coordinating Council, Inc. 3000 Bayport Drive, Suite 690 Tampa, Florida 33607-8402 (813) 207-7968 (813) 289-5648 – facsimile bpagel@frcc.com</p> |
|---|--|

Conclusion

Accordingly, NERC respectfully requests that the Commission accept this Abbreviated NOP as compliant with its rules, regulations and orders.

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Sr. Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
North American Electric Reliability
Corporation
1120 G Street, N.W.
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(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net

cc: Hardee Power Partners Limited
Florida Reliability Coordinating Council, Inc.

Attachments

Attachment a

**HPP's Self-Report for PRC-005-1 R1 and R2
dated November 26, 2008**

FRCC Compliance Self Reporting Form

Registered Entity: Hardee Power Partners

Date of Violation: 11-26-2008

Time of Violation NA

(As appropriate, based upon the time frame associated with the reliability standard)

For EACH violation, please provide the following:

1. The Reliability Standard and requirement violated. Note all are PRC005-1:

| <u>Req</u> | <u>Issue</u> |
|------------|---|
| R1- | No maintenance and testing (M&T) program for CT's. |
| R1- | No M&T program for PT's |
| R1- | No M&T program for DC Circuits |
| R1- | No documentation for basis of capacity testing of batteries |
| R1- | Procedural changes required for relay testing. |
| R2- | No evidence of testing CT's |
| R2- | No evidence of testing PT's |
| R2- | No evidence of testing DC circuits |
| R2- | Evidence lacking for several relays |
| R2- | Evidence lacking for some battery PM's. |

2. Violation Severity Level.

Level 3 is applicable.

3. The specifics of the violation and the reliability impact of the violation to the bulk power system.

The majority of the items above were associated with our mistake in focusing solely on protective relays when a separate Term Glossary was found to be applicable to the standard. As a result, the program is being revised to include CT's, PT's, DC circuits, and Batteries. Discrepancies in documentation for programs in place are also being addressed.

With regard to the impact to the BES, please see the excerpt submitted as part of the mitigation plan:

HPP does not know of any such risks imposed by this delay in CT,VT,DC Circuit testing. HPP has completed the protective relay audit at the station and has all relays HPP is responsible for testing currently up to date. In addition, by virtue of a breaker replacement project in 2006, the area one might consider of greatest impact to the BES, the HPP switchyard, has all new CT's and although not documented at the time, all breakers were trip tested, timed, CT's loop checked, factory tested, etc. (Factory test reports can be transmitted if requested for these breakers). HPP feels no additional risk is imposed by the delay resulting from HPP's deficiencies of the program and resulting field-testing delays.

4. Company contact persons name, title, and contact number(s).

Mike McMullen

Engineer

863-375-3266 X224

mmcmullen@invenergyllc.com

5. Describe any confidentiality issues-. none known at this time

6. Actions taken or to be taken (include timetable) to ensure violation is corrected.
Attach completed Mitigation Plan if appropriate.

Please see attached Mitigation plan (duplicate to that submitted 11/26/08).

Additional Comments: Comments attached.

Submitted by: *Mike McMullen*

Title: *Engineer*

Please send your completed form to compliance@frcc.com

Attachment b

**Settlement Agreement by and between FRCC and
HPP executed P qxgo dgt', 2010**



FLORIDA RELIABILITY COORDINATING COUNCIL, INC.
1408 N. WESTSHORE BLVD., SUITE 1002
TAMPA, FLORIDA 33607-4512
PHONE 813.289.5644 • FAX 813.289.5648
WWW.FRCC.COM

**SETTLEMENT AGREEMENT
OF
FLORIDA RELIABILITY COORDINATING COUNCIL, INC.
AND
HARDEE POWER PARTNERS LIMITED**

NERC Registry ID #: NCR00035

I. Introduction

1. Florida Reliability Coordinating Council, Inc. ("FRCC") and Hardee Power Partners Limited ("HPP") enter into this Settlement Agreement ("Agreement") to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in FRCC determination and findings, pursuant to the North American Electric Reliability Corporation ("NERC") Rules of Procedure, of two alleged violations¹ by HPP of the following NERC Reliability Standards and Requirements:
 - i. PRC-005-1, Requirement 1 [NERC Tracking #: FRCC200800130]
 - ii. PRC-005-1, Requirement 2 [NERC Tracking #: FRCC200800131]
2. Pursuant to the Settlement Agreement, HPP neither admits nor denies the alleged violations of PRC-005-1, R1 (FRCC200800130) and PRC-005-1, R2

¹ At the time of this Settlement Agreement, these violations were possible violations. For purposes of this document, the violations at issue are described as "violations", regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

(FRCC200800131) but, HPP has agreed to the proposed penalty of fifteen thousand dollars (\$15,000) to be assessed to HPP, in addition to other remedies and mitigation actions to mitigate the instant alleged violation and ensure future compliance under the terms and conditions of the Settlement Agreement.

II. Stipulation

3. The facts stipulated herein are stipulated solely for the purpose of resolving between HPP and FRCC, the matters discussed herein and do not constitute stipulations or admissions for any other purpose, including in any administrative proceeding. HPP and FRCC hereby stipulate and agree to the following:

A. Background

4. See Section I of the Disposition document (Attachment A) for a description of HPP.

B. Alleged Violations

5. See Section II of the Disposition document (Attachment A) for the description of the violations.

III. PARTIES' SEPARATE REPRESENTATIONS

Statement of FRCC

6. Regarding the violation of PRC-005-1, R1 (FRCC200800130)
 - i. FRCC Compliance Staff found that HPP failed to have a maintenance and testing program for Protection Systems that affect the reliability of the BES that includes maintenance and testing intervals and their basis and a summary of maintenance and testing procedures for voltage and current sensing devices and DC control circuitry, maintenance and testing intervals for station batteries and a summary of procedures for protective relays. FRCC Compliance Staff issued an Initial Notice of Alleged Violation on January 23rd, 2009. HPP requested settlement discussions regarding the violation prior to a Notice of Alleged Violation being issued.
 - ii. *Impact on the Bulk Power System:* The FRCC Enforcement Compliance Staff concluded the impact of the violation to be a violation that did not constitute a serious or substantial risk to the bulk power system as discussed in the Disposition – 'Attachment A' document.
7. Regarding the violation of PRC-005-1, R2 (FRCC200800131)

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- i. FRCC Compliance Staff found that HPP failed to test or maintain testing documentation that maintenance and testing had been performed on all station batteries, DC control circuitry, voltage and sensing devices and protective relays. FRCC Compliance Staff issued an Initial Notice of Alleged Violation on January 23rd, 2009. HPP requested settlement discussions regarding the violation prior to a Notice of Alleged Violation being issued.
 - ii. *Impact on the Bulk Power System*: The FRCC Enforcement Compliance Staff concluded the impact of the violation to be a violation that did not constitute a serious or substantial risk to the bulk power system as discussed in the Disposition – ‘Attachment A’ document.
8. FRCC agrees this Agreement is in the best interest of the parties, FRCC and HPP, and in the best interest of bulk power system reliability.

STATEMENT OF HARDEE POWER PARTNERS, LIMITED

9. HPP neither admits nor denies the facts set forth and agreed to by the parties for purposes of this Agreement which constitutes violations of PRC-005-1, R1 (FRCC200800130) and PRC-005-1, R2 (FRCC200800131).
10. HPP has agreed to enter into this Settlement Agreement with FRCC to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. HPP agrees that this agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

11. FRCC and HPP agree that HPP has completed and FRCC has verified completion of the mitigation actions set forth in Section IV of the Disposition document (Attachment A).
12. FRCC Staff also considered the specific facts and circumstances of the violations and HPP actions in response to the violations in determining a proposed penalty that meets the requirement in Section 215 of the Federal Power Act that “[a]ny penalty imposed under this section shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of [HPP] to remedy the violation in a timely manner.” The factors considered by FRCC Staff in the determination of the appropriate penalty are set forth in Section V of the Disposition document (Attachment A).

13. In addition to the actions taken by HPP as detailed in the Mitigation Plan, HPP has proposed, for purposes of entering into this settlement agreement, the following additional actions to improve the reliability of the transmission system.
- i. The creation of a full time permanent "NERC Compliance Manager" position. This person would be responsible (among other tasks) for managing and coordinating HPP's compliance program, identify applicable Reliability Standards and ensure that new and revised Reliability Standards are tracked and provided to HPP personnel on a timely basis, coordinate the development and ongoing update of HPP's Reliability Standards procedures, and ensure that HPP meets all applicable deadlines for Spot checks and certifications. HPP committed to completing interviews for the proposed position by October 31, 2009 and having the position filled by a qualified candidate by November 30, 2009.
 - ii. FRCC reviewed HPP's emailed notification to FRCC that the NERC Compliance Manager position had been filled on November 30, 2009. This documentation verifies completion of the above required actions.
14. Based on the above factors, as well as the mitigation actions and preventative measures taken, HPP shall pay a monetary penalty for the violation of PRC-005-1 (FRCC200800130) and PRC-005-1 (FRCC200800131) of **\$15,000** (fifteen thousand dollars). FRCC shall present an invoice to HPP within twenty days after the Agreement is either approved by FERC or by operation of law, and FRCC shall notify NERC if the payment is not received.
15. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement, shall be deemed to be either the same alleged violations that initiated this Settlement and/or additional violation(s) and may subject HPP to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
16. If HPP does not make the monetary penalty payment above at the times agreed by the parties, interest payable to FRCC will begin to accrue pursuant to FERC's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.

V. ADDITIONAL TERMS

17. The signatories to the Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of FRCC or HPP has been made to induce the signatories or any

other party to enter into the Agreement. The signatories agree that the terms and conditions of the Settlement Agreement are consistent with Commission's regulations and orders, and NERC's Rules of Procedure.

18. FRCC shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify the FRCC and HPP of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and the FRCC will attempt to negotiate a revised settlement agreement with HPP including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to FERC for the FERC's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.
19. This Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law as submitted to it or upon FERC's approval of the Agreement by order or operation of law as modified in a manner acceptable to the parties.
20. HPP agrees that this Agreement, when approved by NERC and FERC, shall represent a final settlement of all matters set forth herein and HPP waives its right to further hearings and appeal, unless and only to the extent that HPP contends that any NERC or FERC action on the Agreement contains one or more material modifications to the Agreement.
21. FRCC reserves all rights to initiate enforcement, penalty or sanction actions against HPP in accordance with the NERC Rules of Procedure in the event that HPP fails to comply with the mitigation plan and compliance program agreed to in this Agreement. In the event HPP fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Agreement, FRCC will initiate enforcement, penalty, or sanction actions against HPP to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. HPP shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
22. HPP consents to the use of FRCC's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable FERC orders and policy statements. Such use may be in an enforcement action or compliance proceeding undertaken

by NERC and/or any Regional Entity; provided however, that HPP does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or FRCC, nor does HPP consent to the use of this Agreement by any other party in any other action or proceeding.

23. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.

24. The undersigned representative of each party affirms that he or she has read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Agreement.

25. The Agreement may be signed in counterparts.

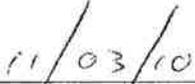
26. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

Agreed to and accepted:


Linda D. Campbell
VP and Executive Director Standards &
Compliance
Florida Reliability Coordinating Council, Inc.


Date


Alex George
Vice President
Hardee Power Partners Limited
Hardee GP LLC, its General Partner


Date

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Disposition Document

DISPOSITION OF VIOLATION¹
Dated November 8, 2010

| | | |
|----------------------|------------------------------|----------------|
| NERC TRACKING NO. | REGIONAL ENTITY TRACKING NO. | NOC# |
| FRCC200800130 | HPS_2008_04 | NOC-180 |
| FRCC200800131 | HPS_2008_05 | |

| | |
|---|-------------------------------------|
| REGISTERED ENTITY Hardee Power Partners Limited (HPP) | NERC REGISTRY ID NCR00035 |
|---|-------------------------------------|

REGIONAL ENTITY
Florida Reliability Coordinating Council, Inc. (FRCC)

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

| BA | DP | GO | GOP | IA | LSE | PA | PSE | RC | RP | RSG | TO | TOP | TP | TSP |
|----|----|---------|---------|----|-----|----|-----|----|----|-----|---------|-----|----|-----|
| | | X | X | | | | | | | | X | | | |
| | | 5/29/07 | 5/29/07 | | | | | | | | 5/29/07 | | | |

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

HPP's power generation plant is located in Bowling Green, Florida. HPP's electric system has a total generating capacity of approximately 370 MW including a 220 MW combined cycle system and a 150 MW peaking system which represents less than 1% (one percent) of the FRCC regional generation. The plant began commercial operation in 1993. The plant is currently owned and operated by Invenergy, after the facility was purchased from TECO Energy in 2003.

II. VIOLATION INFORMATION

| RELIABILITY STANDARD | REQUIREMENT(S) | SUB-REQUIREMENT(S) | VRF(S) | VSL(S) |
|----------------------|----------------|--------------------|-------------------------|-------------|
| PRC-005-1 | 1 | | HIGH² | HIGH |

¹ For purposes of this document and attachments hereto, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

² When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a "Medium" VRF to PRC-005-1 R1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified "High" VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order

| | | | | |
|-----------|---|----------|-------------------|--------------------|
| PRC-005-1 | 2 | 2.1, 2.2 | HIGH ³ | LOWER ⁴ |
|-----------|---|----------|-------------------|--------------------|

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of PRC-005-1 provides: “To ensure all transmission and generation Protection Systems^[5] affecting the reliability of the Bulk Electric System (BES) are maintained and tested.” (footnote added)

PRC-005-1 R1 and R2 provide:

R1. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

R1.1. Maintenance and testing intervals and their basis.

R1.2. Summary of maintenance and testing procedures.

R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.

R2.2. Date each Protection System device was last tested/maintained.

approving the modified VRF. Therefore, the “Medium” VRF was in effect from June 18, 2007 until August 9, 2007 and the “High” VRF has been in effect since August 9, 2007.

³ PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 each have a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005-1 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007. FRCC determined that the “High” VRF was applicable.

⁴ FRCC determined the VSL at the sub-requirement level based on the percentage of devices that were not maintained and tested within defined intervals and the percentage of devices that were missing the last testing/maintenance dates. FRCC did not determine the VSL at the requirement level.

⁵ *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.”

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) **6/18/07 (when the Standard became mandatory and enforceable) through 8/28/09 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **11/26/08**

IS THE VIOLATION STILL OCCURRING YES NO
 IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES NO
 PRE TO POST JUNE 18, 2007 VIOLATION YES NO

IV. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-08-1400**
 DATE SUBMITTED TO REGIONAL ENTITY **11/26/08**
 DATE ACCEPTED BY REGIONAL ENTITY **1/17/09**
 DATE APPROVED BY NERC **3/3/09**
 DATE PROVIDED TO FERC **3/9/09**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

None

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **8/31/09**
 EXTENSIONS GRANTED **None**
 ACTUAL COMPLETION DATE **8/28/09**

DATE OF CERTIFICATION LETTER **8/28/09⁶**
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **8/28/09**

DATE OF VERIFICATION LETTER **5/19/10**
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **8/28/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The following actions were taken to mitigate the issues and prevent recurrence:

- 1. HPP completed procedures including all required aspects for the testing of station batteries, protective relay testing, voltage and current sensing devices, and DC control circuitry.⁷**
- 2. The procedures were tied together into one Master document and personnel responsible for administering the program were then trained on the new procedures.**
- 3. HPP completed device testing in accordance with its PRC-005-1 maintenance and testing program on current and voltage sensing transformers, protective relays, batteries and DC control circuitry at its generator and transmission facilities.**

In addition to the actions taken by HPP as detailed in the Mitigation Plan, HPP has created a full-time permanent “NERC Compliance Manager” position to improve the reliability of the transmission system. This person is responsible (among other tasks) for managing and coordinating HPP’s compliance program, identifying applicable Reliability Standards, ensuring that new and revised Reliability Standards are tracked and provided to HPP personnel on a timely basis, coordinating the development and ongoing update of HPP’s Reliability Standards procedures and ensuring that HPP meets all applicable deadlines for Spot Checks and certifications. HPP committed to completing interviews for the proposed position by October 31, 2009 and FRCC confirmed the position was filled by a qualified candidate by the approved date of November 30, 2009.

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED FOR COMPLETED MILESTONES)

⁶ HPP submitted the Certification of Mitigation Plan Completion to FRCC on August 31, 2009.

⁷ HPP attested that it did not have any communication systems that were applicable to the PRC-005-1 Reliability Standard and therefore would not have been included in its Protection Systems maintenance and testing program.

- **HPP Compiled Protection Program 022509 dated February 25, 2009** includes “Procedure for Maintenance and Testing of Current and Voltage Devices,” “Procedure for DC Circuit Maintenance and Testing,” “Changes to Relay Procedure,” “Consolidated Battery and Maintenance Testing Program” and “Main Program Document;”
- **PRC-005-Protection Systems Administration Training Session 03/19/09** training session attendee sign in sheet and training slides dated March 19, 2009;
- **HPP’s Device Testing schedule for CT, VT, DC circuits** dated August 27, 2009;
- **HPP’s Testing complete on CT, VT, DC circuits for HPP generators** dated June 22, 2009 (file name: mitigation plan milestone may 29th/PRC005_ct_vsd_dc_062209); and
- **HPP’s Testing complete on CT, VT, DC circuits for HPP TO facilities** dated August 28, 2009 (file name: mitigation plan milestone august 31 prc005_ct_vsd_dc_082809).

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **\$15,000** FOR **TWO (2)** VIOLATIONS OF RELIABILITY STANDARDS.

(1) REGISTERED ENTITY’S COMPLIANCE HISTORY⁸

PREVIOUSLY FILED VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER

YES NO

LIST VIOLATIONS AND STATUS

PRC-005-1 R2 was previously self-certified as non-compliant on January 18, 2008. On October 14, 2009, NERC submitted an Omnibus filing, FERC Docket No. NP10-2-000, which addressed violations for certain registered entities including that violation of PRC-005-1 R2 for HPP. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

ADDITIONAL COMMENTS

⁸ FRCC c the other prior violations of PRC-005-1 R2 and CIP-001-1 R4 but determined that they should not serve as a basis for aggravating the penalty.

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES NO

LIST VIOLATIONS AND STATUS

On October 14, 2009, NERC submitted an Omnibus filing, FERC Docket No. NP10-2-000, which addressed violations for certain registered entities including a violation of CIP-001-1 R4 for HPP. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

ADDITIONAL COMMENTS

(2) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS “NO,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES NO
IF NO, EXPLAIN

(3) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY’S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES NO UNDETERMINED
EXPLAIN

FRCC considered HPP’s internal compliance program (ICP) to be a neutral factor in determining the penalty. During an August 24, 2009 review of HPP’s compliance program, FRCC found that HPP has a documented ICP but the document had not been signed that it was reviewed and approved by an Authorized Entity Officer or equivalent.

On November 30, 2009, as committed to in the Settlement Agreement, HPP hired a “NERC Compliance Manager” responsible in part for managing and coordinating HPP’s compliance program, identifying applicable Reliability Standards and ensuring that new and revised Reliability Standards are tracked and provided to HPP personnel on a timely basis, coordinating the development and ongoing update of HPP’s Reliability Standards procedures, and ensuring that HPP meets all applicable deadlines for spot checks and self-certifications.

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM, INCLUDING WHETHER SENIOR MANAGEMENT TAKES ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE.

The ICP includes training for employees that have a direct responsibility for compliance with reliability standards. HPP senior management receives periodic reviews of the ICP.

(4) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION(S) OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES NO
IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION(S) WERE INTENTIONAL (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES NO
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES NO
IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES NO
IF YES, EXPLAIN

This violation was a repeat violation.

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES NO
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT
Self-Report dated 11/26/08

MITIGATION PLAN
MIT-08-1400 submitted 11/26/08

CERTIFICATION BY REGISTERED ENTITY
Certification of Mitigation Plan Completion dated 8/28/09

VERIFICATION BY REGIONAL ENTITY
Verification of Mitigation Plan Completion dated 5/19/10

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **4/15/09** OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS PENALTY BOTH NO CONTEST

HEARING REQUESTED

YES NO

DATE **N/A**

OUTCOME **N/A**

APPEAL REQUESTED **N/A**

Attachment c

**HPP's Mitigation Plan designated as MIT-08-1400
for PRC-005-1 R1 and R2 submitted November
26, 2008**



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 11/26/2008.

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form.
- A.2 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Company Name: Hardee Power Partners
Company Address: 6695 North County Road 663, Bowling Green Fl 33834
NERC Compliance Registry ID: NCR00035

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: Mike McMullen
Title: Engineer
Email: mmcmullen@invenergyllc.com
Phone: 863-375-3266 X224

Section C: Identification of Alleged or Confirmed Violation(s) Associated with this Mitigation Plan

- C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.



Applicable Standard, Requirement(s) and dates:

| NERC Violation ID # | Reliability Standard | Requirement Number | Violation Risk Factor | Alleged or Confirmed Violation Date ^(*) | Method of Detection (e.g., Audit, Self-report, Investigation) |
|---------------------|----------------------|--------------------|-----------------------|--|---|
| aaaaaYYY Ynnnnn | | Rn.n.n | | MM/DD/YR | |
| | PRC005-1 | R1 | | 11/26/08 | Self Report |
| | PRC005-1 | R2 | | 11/26/08 | Self Report |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by Registered Entity, and subject to modification by the FRCC, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by the FRCC. Questions regarding the date to use should be directed to the FRCC contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment:

Please see the attachment HPPPRC005MIT112608

C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment:

Please see attachment HPPPRC005MIT112608

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment:



Please see attachment HPPPRC005MIT112608

Mitigation Plan Timeline and Milestones

- D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented: August 31, 2009

- D.3 Enter Milestone Activities, with due dates, that your organization is proposing, or has completed, for this Mitigation Plan:

| Milestone Activity | Proposed/Actual Completion Date* (shall not be more than 3 months apart) |
|--|---|
| <p>Complete Procedure for M&T Current and Voltage Devices</p> <ul style="list-style-type: none"> -Includes cataloging all of the devices at the station and putting together a tracking sheet with device id's, circuit id, manufacturer information, ratios, test dates, intervals, field locations, etc. -Includes researching what testing is appropriate and selecting test method. -Includes determining what testing interval and basis is to be used and documenting in procedure. -Includes instructions on how to test each device based on the testing method selected and field conditions. -Includes document controls to produce evidence that is easily retrievable. -Includes writing the companion tasks in Datastream and generating the work orders per the required intervals (schedule). | <p>February 27,2009</p> |
| <p>Complete Procedure for DC Circuit M&T</p> <p>Includes cataloging all of the applicable protective DC circuits at the station and putting together a tracking sheet with circuit ID, drawing references, test dates, required test intervals.</p> <ul style="list-style-type: none"> -Includes researching what testing is | <p>February 27, 2009</p> |



| | |
|--|--------------------------|
| <p>appropriate and selecting the test method.</p> <ul style="list-style-type: none"> -Includes determining what test interval and basis is to be used and documenting in procedure. -Includes instructions on how to test the circuits. -Includes drawing cut sheets for each circuit (or overall drawing where boundary of testing can be clearly displayed) -Includes document controls to produce evidence that is easily retrievable. -Includes writing the companion tasks in Datastream and generating the work orders per the required intervals (schedule). | |
| <p>Complete changes to Relay procedures.</p> <ul style="list-style-type: none"> -Includes revising the filing requirements -Includes performing a complete station audit of all relays to ensure all are identified on a list (this was completed and submitted with spot check documents) -Includes performing a check of the relay tracking sheet and annotating those relays that affect the reliability of the BES and those that do not. | <p>February 27, 2009</p> |
| <p>Consolidate Battery Maintenance and Testing Program currently generated from Datastream System into one overall Procedure</p> <ul style="list-style-type: none"> - Includes cataloging all of the battery systems, locations, relative PM's, test intervals, test dates, etc. on a tracking sheet. -Includes test interval and basis documented in procedure. -Addresses capacity load testing -Includes revising existing PM's to include "NERC BATTERY PM" to alert personnel of the special handling requirements associated with the completed work order. | <p>February 27, 2009</p> |



| | |
|---|---------------------------------------|
| <ul style="list-style-type: none"> - Includes test methods and instructions how to test (can be compilation of datastream PM's) -Includes document controls to produce evidence from storage easily. | |
| <p>Tie Documents together to one Main Document</p> <ul style="list-style-type: none"> -Includes developing a master System Protection document to house all 5 procedures (communications being null). -Master document will also include a separate procedure for document controls. -Master document will also specify how to administer the program since tracking sheets, documents, and procedures will all have to be reviewed and updated periodically to stay current. | <p>February 27, 2009</p> |
| <p>Personnel Training</p> <p>Once the documents and the Datastream system are in place, the program is underway and people are required to administer the program. The people to administer the program are to be trained on such things as</p> <ul style="list-style-type: none"> -following the program procedures -how to handle NERC PM's -when to update tracking sheets -how to file documents for easy retrieval -what documents are required to be filed. -what to do if a discrepancy exists | <p>March 31,2009</p> |
| <p>Device Testing for CT,VT,DC Circuits</p> <ul style="list-style-type: none"> -Prepare a schedule for testing CT,VT,DC | <p>February 27, 2009 for schedule</p> |



| | |
|--|--|
| <p>Circuits</p> <p>-Testing complete on CT,VT,DC Circuits for HPP Generators by date shown.</p> <p>-Testing complete on CT,VT,DC Circuits for TO facilities by date shown.</p> | <p>May 29, 2009 for GO Circuits</p> <p>August 31, 2009 for TO Circuits</p> |
|--|--|

(*) Note: Implementation milestones no more than three (3) months apart are permissible only for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment:

Please see attachment HPPPRC005MIT112608

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of this Mitigation Plan will prevent or minimize the probability that your organization incurs further risk or Alleged violations of the same or similar reliability standards requirements in the future. Additional detailed information may be provided as an attachment:

Please see attachment HPPPRC005MIT112608



Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits this Mitigation Plan for acceptance by the FRCC and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 - 1. I am Engineer of Hardee Power Partners.
 - 2. I am qualified to sign this Mitigation Plan on behalf of Hardee Power Partners.
 - 3. I understand Hardee Power Partners' obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 - 3. I have read and am familiar with the contents of this Mitigation Plan.
 - 4. Hardee Power Partners agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by the FRCC and approved by NERC.

Authorized Individual Signature

Name (Print): Mike McMullen

Title: Engineer

Date: 11/26/2008



Section G: Regional Entity Contact

Please direct any questions regarding completion of this form to:

Madeline Alba, FRCC Compliance Program Administrator
813-207-7965
malba@frcc.com



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity’s point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity’s point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity’s action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity’s action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by the FRCC and approval by NERC.
- III. This Mitigation Plan is submitted to the FRCC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

¹ “Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;” a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC’s website.



- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is accepted by the FRCC and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. The FRCC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.



Attachment HPPRC005MIT112608

This attachment is to accompany HPP Mitigation Plan for PRC005 dated 11/26/2008

General. As HPP was collecting and reviewing compliance documentation for PRC005-1, it has come to our attention that deficiencies are apparent requiring attention and HPP would like to formally self-report. The areas requiring attention and corrective action are as follows:

- R1 Item 1: No maintenance and testing program for current and voltage sensing devices, DC circuitry, and associated communications systems (Note that HPP does not have applicable communications systems). HPP does not have maintenance and testing intervals or basis for the intervals (R1.1) or a summary of the maintenance and testing procedures (R1.2) for CT,VT,DC circuits.
- R1 Item 2: HPP has maintenance and testing program for the station batteries but it is not contained in one complete document. Rather it is subdivided in our maintenance management system (Datastream). HPP proposes to consolidate this program and all of the related procedures for battery maintenance and testing into the same Protective Systems Program document format for consistency. HPP has the maintenance intervals determined (R1.1) with the exception of documentation of interval and basis for the particular task of capacity load testing.
- R1 Item 3: HPP has maintenance and testing program for protective relays but improvements are required with regard to interval basis (R1.1), administering the program, tracking component status, and filing documentation.
- R2 Item 4: No evidence of maintaining and testing current and voltage sensing devices, DC circuitry and associated communication systems (note that HPP does not have applicable communication systems).
- R2 Item 5: For protective device test dates prior to June 18,2007, no evidence or evidence to the contrary that "R2.1 maintaining and testing within the defined intervals" was accomplished for several protective relays.
- R2 Item 6: For Battery MT. Documentation absent for some PM's.

C2: Identify the cause of the Alleged or Confirmed violation(s) identified above:

1. For Item 1 above, HPP focused on a program for protective relays and was not aware that Protective Systems included the four additional components (voltage and current sensing devices, batteries, communication systems). The cause: We missed the term glossary and its corresponding importance to the scope of certain standards.



2. For Item 2 above, a cause does not apply but rather HPP found, through the learning experience of a recent spot check audit, that a central document rather than several separate documents is advantageous for program administration and for evidence documentation. With regard to item R1.1, intervals for battery capacity load testing not included within the program, the program was lacking in this detail.
3. For Item 3 above, upon completing the recent spot check audit, it was apparent that the program currently in force lacked sufficient detail to administer the program and provide evidence as needed. The cause was a lack of understanding of how detailed a program is required to be implemented to enable the production of evidence with ease.
4. For Item 4 above, the cause of having a lack of evidence is not having a program for these items. The cause of not having a program for these items is explained in item C2:1.
5. For Item 5, the cause of this lack of evidence is due to i) problems associated with documentation filing and retrieval and ii) problems with the original device listing (did not include all of the relays requiring testing) and iii) lack of a system in place to monitor relay status to ensure intervals are on a list, maintained, documented, filed, and available for reporting.
6. For Item 6, the cause of this lack of evidence is due to problems with documenting and filing the pms.

C.4 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment:

None

Abatement of Interim BPS Reliability Risk

E.3 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment:



HPP does not know of any such risks imposed by this delay in CT,VT,DC Circuit testing. HPP has completed the protective relay audit at the station and has all relays HPP is responsible for testing currently up to date. In addition, by virtue of a breaker replacement project in 2006, the area one might consider of greatest impact to the BES, the HPP switchyard, has all new CT's and although not documented at the time, all breakers were trip tested, timed, CT's loop checked, factory tested, etc. (Factory test reports can be transmitted if requested for these breakers). HPP feels no additional risk is imposed by the delay resulting from HPP's deficiencies of the program and resulting field-testing delays.

Prevention of Future BPS Reliability Risk

- E.4 Describe how successful completion of this Mitigation Plan will prevent or minimize the probability that your organization incurs further risk or Alleged violations of the same or similar reliability standards requirements in the future. Additional detailed information may be provided as an attachment:

Implementation of the mitigation plan will ensure a program compliant with PRC005 when complete. Implementation of the mitigation plan will also ensure that controls are in place to administer the program from that point forward. HPP recognizes that program administration will be the greatest challenge once the program is firmly rooted. By using the Datastream System in conjunction with documentation procedures, personnel training, and management oversight, HPP is confident that it can meet the administration challenges of this program. HPP also intends to utilize third party audits in the future to aide with discovery, reporting, and correction of deficiencies. With these control measures, HPP believes this will minimize the probability of problems associated with this or similar reliability standards in the future.

Attachment d

HPP's Certification of Completion of the Mitigation Plan for PRC-005-1 R1 and R2 dated August 28, 2009

Hardee Power Partners

Invenergy



FRCC Mitigation Plan Completion Form

Certification of a Completed Mitigation Plan

All Mitigation Plan Completion Certification submittals shall include data or information sufficient for FRCC to verify completion of the Mitigation Plan. FRCC may request such additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity Information

Company Name: Hardee Power Partners Limited
Company Address: 6695 North County Road 663, Bowling Green Florida 33834
NERC Compliance Registry ID (if known): NCR00035

Date Original Mitigation Plan was submitted to FRCC: 11/26/08

Date Mitigation Plan was completed: 8/28/09

Name of Standard and the Requirement(s) covered under the accepted Mitigation Plan: **PRC005 Requirements R1 and R2**

NERC Violation ID # (if known): R1: FRCC200800130 (HPS_2008_04) & R2: FRCC200800131 (HPS_2008_05)

Date of Certification: **8/28/09**

I certify that the mitigation plan for the above named alleged or confirmed violation has been completed on the date shown above, and that all information submitted information is complete and correct to the best of my knowledge.

Name: **Mike McMullen**
Title: **Engineer**
Email: **mmcmullen@invenergyllc.com**
Phone: **863-375-3266 x224**

Authorized Individual Signature

A handwritten signature in black ink that reads "Mike McMullen". The signature is written in a cursive style and is positioned to the right of the "Authorized Individual Signature" label.

To close out a completed Mitigation Plan, fill out this form, save and email it to compliancemanager@frcc.com.

Attachment e

**FRCC's Verification of Completion of the
Mitigation Plan for PRC-005-1 R1 and R2 dated
May 19, 2010**



FLORIDA RELIABILITY COORDINATING COUNCIL, INC.
1408 N. WESTSHORE BLVD., SUITE 1002
TAMPA, FLORIDA 33607-4512
PHONE 813.289.5644 • FAX 813.289.5646
WWW.FRCC.COM

VIA E-MAIL

May 19, 2010

Mike McMullen
Plant Engineer
Hardee Power Partners
6695 N. County Road 663
Bowling Green, FL 33834

**Re: Hardee Power Partners
Mitigation Plans –Self-Reported violations
of NERC Standard PRC-005-1, R.1 & R.2
NERC Violation #: FRCC200800130/131**

Dear Mr. McMullen,

The mitigation plan completion form and supporting evidence submitted by Hardee Power Partners (HPP), for the above referenced self-reported violations, has been received by the Florida Reliability Coordinating Council, Inc. (FRCC). After review, the FRCC finds this mitigation plan for PRC-005-1 to be completed.

If you have any questions you may reach me at 813-207-7968.

Respectfully,

Barry Pagel
Director of Compliance
bpagel@frcc.com

BP/tb

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Hardee Power Partners Limited

Docket No. NP11-____-000

NOTICE OF FILING
November 30, 2010

Take notice that on November 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Hardee Power Partners Limited in the Florida Reliability Coordinating Council, Inc. region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary