



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

February 23, 2011

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

**Re: NERC Abbreviated Notice of Penalty regarding Dogwood Energy, LLC,
FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Dogwood Energy, LLC (Dogwood), with information and details regarding the nature and resolution of the violation¹ 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)).²

This NOP is being filed with the Commission because Southwest Power Pool Regional Entity (SPP RE) and Dogwood have entered into a Settlement Agreement to resolve all outstanding issues arising from SPP RE's determination and findings of the enforceable violation of PRC-005-1 Requirement (R) 2.1. According to the Settlement Agreement, Dogwood neither admits nor denies the violation, but has agreed to the assessed penalty of thirty thousand dollars (\$30,000), in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violation identified as NERC Violation Tracking Identification Number SPP200800059 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

¹ 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.

² *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).

Statement of Findings Underlying the Violation

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on January 3, 2011, by and between SPP RE and Dogwood. The details of the findings and the basis for the penalty are set forth in the Disposition Document. 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-254	SPP200800059	PRC-005-1	2/2.1	High ³	6/18/07-3/31/09 ⁴	30,000

The text of the Reliability Standard at issue and further information on the subject violation is set forth in the Disposition Document.

PRC-005-1 R2.1 - OVERVIEW

On October 2, 2008, Dogwood self-reported a violation of PRC-005-1 R2.1. SPP RE determined that Dogwood, as a Generator Owner, could not demonstrate 64% (126 out of 198) of its Protection System devices, specifically its current and voltage sensing devices, had been tested in accordance with the defined three-year interval set forth in its Protection System maintenance and testing program.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁵

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,⁶ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation

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 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.

⁴ SPP RE incorrectly put May 21, 2008 as the completion date in the Notice of Mitigation Plan Completion it provided Dogwood. Dogwood informed SPP RE on March 31, 2009 in its response to an SPP RE request for evidence corroborating Mitigation Plan completion that a documentation error concerning the omission of 37 instrument transformers from its Protection System Testing Plan had been discovered and corrected. SPP RE elected to expand the scope of the existing Mitigation Plan to cover the required changes to the Protection System Testing Plan. SPP RE found the Mitigation Plan to have been completed on March 31, 2009, approximately ten months after the original mitigation plan completion date. The correct completion date coincides with changes to the Dogwood Protection System Testing Plan which were completed as of March 31, 2009.

⁵ See 18 C.F.R. § 39.7(d)(4).

⁶ *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

on October 12, 2010. The NERC BOTCC approved the Settlement Agreement, including SPP RE's assessment of a thirty thousand dollar (\$30,000) financial penalty against Dogwood 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 violation at issue.

In reaching this determination, the NERC BOTCC considered the following factors:⁷

1. the violation constituted Dogwood's second occurrence of violation of the subject NERC Reliability Standard;⁸
2. Dogwood self-reported the violation in preparation of a spot check;
3. SPP RE reported that Dogwood was cooperative throughout the compliance enforcement process;
4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. SPP RE determined that the violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Document; and
6. SPP RE reported other mitigating and aggravating factors or extenuating circumstances that would affect the assessed penalty, as discussed in the Disposition Document.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the assessed penalty of thirty thousand dollars (\$30,000) is appropriate for the violation 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.

of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

⁷ SPP RE did not consider Dogwood's compliance program a factor in determining the penalty, as discussed in the Disposition Document.

⁸ On June 15, 2007, Dogwood self-reported a PRC-005-1 R2.1 violation because Dogwood could not demonstrate that testing and maintenance of Dogwood's generator Protection System relays had been performed within the 3 to 5 year interval contained in Dogwood's transmission and generation Protection System maintenance and testing procedure. SPP RE assigned the 2007 violation NERC Violation Identification Number SPP200704500. Dogwood notified SPP RE on October 25, 2007, that it had completed the Mitigation Plan. SPP RE subsequently determined, based on Dogwood's self-report and responses to requests for information, that the initial mitigation plan had not been completed and that all devices had not been tested and maintained. Therefore, the violation became a post-June 18 violation.

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) Dogwood's Self-Report for PRC-005-1 R2.1 dated October 2, 2008, included as Attachment a;
- b) Settlement Agreement by and between SPP RE and Dogwood executed January 3, 2011, included as Attachment b;
 - i. Disposition Document for PRC-005-1 R2.1, included as Attachment 1 to the Settlement Agreement.
- c) Dogwood's Mitigation Plan for PRC-005-1 R2.1 designated as MIT-07-1120 submitted October 20, 2008 and Certification of Completion therein, included as Attachment c; and
- d) SPP RE's Verification of Mitigation Plan Completion for PRC-005-1 R2.1 dated June 17, 2009, included as Attachment d.

A Form of Notice Suitable for Publication⁹

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

⁹ 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>Mr. Frank Schneider* VP, Regulatory Compliance Dogwood Energy, LLC 6700 Alexander Bell Drive, Suite 360 Columbia, MD 21046 (703) 286-7743 frank.schneider@kelsoneenergy.com</p> <p>Robert Janssen* President Dogwood Energy, LLC 6700 Alexander Bell Drive, Suite 360 Columbia, MD 21046 (202) 249-0215 (410) 872-9460 – facsimile rob.janssen@kelsonenergy.com</p> <p>Pete Lepage* Plant Manager Dogwood Energy, LLC P.O. Box 110 25111 East 175th Street Pleasant Hill, MO 64080 (816) 540-6505 (816) 540-6555 - facsimile plepage@kelsonmo.com</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>Stacy Dochoda* General Manager Southwest Power Pool Regional Entity 16101 La Grande, Ste 103 Little Rock, AR 72223 (501) 688-1730 (501) 821-8726 – facsimile sdochoda@spp.org</p> <p>Joe Gertsch* Manager of Enforcement Southwest Power Pool Regional Entity 16101 La Grande, Ste 103 Little Rock, AR 72223 (501) 688-1672 (501) 821-8726 – facsimile jgertsch@spp.org</p> <p>Deborah Carpentier* Counsel Dickstein & Shapiro 1825 Eye Street NW Washington, D.C. 20006-5403 (202) 420-2200 (202) 420-2201 - facsimile carpentierd@dicksteinshapiro.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>
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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
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/s/ Rebecca J. Michael
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cc: Dogwood Energy, LLC
Southwest Power Pool Regional Entity

Attachments

Attachment a

**Dogwood's Self-Report for PRC-005-1 R2.1 dated
October 2, 2008**



CONFIDENTIAL NON-PUBLIC INFORMATION

Self Report

Date Submitted: October 2, 2008

Registered Entity: Dogwood Energy, LLC

Registry ID: NCR01089

Standard and Requirement: PRC-001-1 R2

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.

Alleged Violation Description and Cause:

Dogwood is reporting a violation of R.2.1 of PRC-005-1. The violation is an oversight by plant personnel to include the plant current transformers (CTs) and potential transformers (PTs) along with the protective relays in a previous Compliance Violation Self-Reporting of this Standard PRC-005-1 dated June 15, 2007. In the 2007 Self-Report, Dogwood reported violation of R2.1 for having not tested the relays only within the SPP required 3 year interval. In actuality, Dogwood should have included the CTs and PTs also.

The proposed violation was discovered during a recent self-evaluation that was triggered by the SPP Spot-Check request dated April 28, 2008. The Spot-Check pertained to the Dogwood Mitigation Plan that was submitted June 15, 2007 and completed in October 2007. Mitigation Plan P. C.2

Dogwood's failure to include the CT/PT equipment in the initial mitigation plan was affected, in part, by the transition during the change in ownership of the facility from Calpine to Dogwood Energy and the associated transfer of documents and records. Based on interviews with existing plant staff, Dogwood believed that the only equipment that needed to be included in the self-report and mitigation plan was the relay equipment identified therein. Subsequently, as testing was conducted in accordance with the mitigation plan and Dogwood further reviewed its records, Dogwood determined that the CT/PT equipment should have been included in the initial mitigation plan as well. Dogwood arranged for the additional testing (November 2007 and May 2008) during non-operations and planned outages and the plant is now fully compliant with the defined test intervals. Mitigation Plan P. C.3

Potential Impact to the Bulk Power System:

Minimal impact – The plant is fairly new and the CTs and PTs were tested at the start of commercial operation. Upon discover of the violation, the equipment was immediately

Exhibit A



CONFIDENTIAL NON-PUBLIC INFORMATION

inspected and then tested during the following shutdown. There was a low risk to the BES due to this violation.

Comments:

Dogwood submitted a self report on June 15, 2007 for violation of PRC-005-1 R2.1 on May 22, 2007.

Attachment b

**Settlement Agreement by and between SPP RE
and Dogwood executed January 3, 2011**

SETTLEMENT AGREEMENT

OF

Southwest Power Pool Regional Entity

AND

Dogwood Energy, LLC

I. INTRODUCTION

- Southwest Power Pool Regional Entity (“SPP RE”) and Dogwood Energy, LLC (“Dogwood”) (hereinafter referred to individually as “Party” and collectively as the “Parties”) enter into this Settlement Agreement (“Settlement Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SPP RE’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, of an alleged violation by Dogwood of NERC Reliability Standard PRC-005-1, R2 (Regional Entity Tracking No. 2008-009; NERC Violation ID No. 200800059).
- Dogwood neither admits nor denies the violation of NERC Reliability Standard PRC-005-1 and has agreed to the proposed penalty of \$30,000 to be assessed to Dogwood under the terms and conditions of the Settlement Agreement.

II. STIPULATION

- The facts stipulated herein are stipulated solely for the purpose of resolving, between Dogwood and SPP RE, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. The attached Disposition Document is incorporated herein in its entirety. Dogwood and SPP RE hereby stipulate and agree to the following:

Background

- See Section I of the Disposition Document (Attachment 1) for a description of Dogwood.

Violation of NERC Reliability Standard PRC-005-1, R2

- See Section II of the Disposition Document (Attachment 1) for the description of the violation.

III. PARTIES' SEPARATE REPRESENTATIONS

STATEMENT OF SPP RE AND SUMMARY OF FINDINGS

- a. SPP RE finds that in June 2008, while preparing a response to a Compliance Spot Check, Dogwood discovered that the test records for its current and voltage sensing devices were incomplete.
- b. SPP RE finds that although Dogwood had tested all of its current and sensing devices by May 22, 2008, because Dogwood was unable to locate records of current and voltage sensing device testing performed prior to January 16, 2007, (the date Dogwood purchased the Generating Facility from Calpine Corporation), Dogwood could not provide documentation evidencing that testing and maintenance of its current and voltage sensing devices had been performed within the maintenance and testing interval established in its protection system testing plan.
- c. SPP RE staff finds that because the maintenance and testing of Dogwood's voltage and current sensing devices was performed within an industry accepted interval of seven (7) years, this violation did not pose a serious or substantial risk to the BPS.
- d. SPP RE agrees that this agreement is in the best interest of the parties and in the best interest of bulk power system reliability.

STATEMENT OF DOGWOOD

1. Dogwood neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Agreement constitute violations of PRC-005-1, R2.
2. The incomplete records that resulted in the alleged violation addressed in this Agreement occurred during the activities associated with Dogwood's initial acquisition of the Facility from a party in bankruptcy, which coincided with Dogwood's initial implementation of the new, mandatory Reliability Standards. Dogwood has now trained all of its personnel involved in Reliability Standards compliance to have an understanding of the requirements of applicable Reliability Standards, including Dogwood's internal Protection System maintenance, testing and recordkeeping procedures, and has tested all instrument transformers, thereby remedying the issue of incomplete records.
3. Dogwood further notes that while it could not substantiate that its instrument transformers were tested within the three-year testing interval established in its protection system maintenance and testing program, the maximum verification interval for unmonitored instrument transformers is 7 years in the NERC Protection System Maintenance Technical Reference (Sept. 13, 2007). Since the instrument transformers were tested at the start of commercial operations in July

2001, at the time Dogwood completed its instrument transformer testing in May 2008, the instrument transformers had been in service less than seven (7) years. Therefore, there was no risk to the Bulk Power System.

4. Although Dogwood does not admit to, nor does it deny, the alleged violation, Dogwood has agreed to enter into this Settlement Agreement with SPP RE 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. Dogwood 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

5. SPP RE and Dogwood agree that Dogwood has completed and SPP RE has verified completion of the mitigating actions set forth in Section IV of the Disposition Document. The Mitigating Actions, Remedies and Sanctions are discussed in detail in the Disposition Document.
6. SPP RE Staff considered the specific facts and circumstances of the violation and Dogwood's actions in response to the violation 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 a Registered Entity to remedy the violation in a timely manner."¹ The factors considered by SPP RE Staff in the determination of the appropriate penalty are set forth in Section V of the Disposition Document.
7. Based on the above factors, as well as the mitigation actions and preventative measures taken, Dogwood shall pay the monetary penalty of \$30,000 to SPP RE, via wire transfer or cashier's check to a SPP RE account that will be outlined in a Notice of Payment sent to Dogwood upon approval of this Settlement Agreement by both NERC and FERC, or by operation of law. Payment to SPP RE shall be made twenty days after the receipt of the Notice of Payment. SPP RE shall inform NERC if the payment is not timely received.
8. 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 violation that initiated this Settlement and/or an additional violation, and may subject Dogwood to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.

¹ 16 U.S.C. § 824o(e)(6).

9. If Dogwood does not make the monetary penalty payment above at the times agreed by the Parties, interest payable to SPP RE will begin to accrue pursuant to the Commission'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. Dogwood shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.


V. ADDITIONAL TERMS

10. The signatories to this Settlement Agreement agree that they enter into this Settlement 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 SPP RE or Dogwood has been made to induce the signatories or any other party to enter into the Settlement Agreement.
11. SPP RE shall report the terms of all settlements of compliance matters to NERC. NERC will review this Settlement Agreement 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 this Settlement Agreement or reject it and notify Dogwood and SPP RE of changes to the Settlement Agreement that would result in approval. If NERC rejects this Settlement Agreement, NERC will provide specific written reasons for such rejection and SPP RE will attempt to negotiate a revised Settlement Agreement with Dogwood 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 the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post this Settlement Agreement.
12. This Settlement Agreement shall become effective upon the Commission's approval of the Settlement Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the Parties.
13. Dogwood agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and Dogwood waives its right to further hearings and appeal, unless and only to the extent that Dogwood contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. SPP RE reserves all rights to initiate enforcement, penalty or sanction actions against Dogwood in accordance with the NERC Rules of Procedure in the event that Dogwood fails to comply with any mitigating actions and/or compliance program changes agreed to in this Settlement Agreement. In the event Dogwood fails to comply with any of the


stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, SPP RE will initiate enforcement, penalty, or sanction actions against Dogwood to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. Except as otherwise specified in this Settlement Agreement, Dogwood shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

14. Dogwood consents to the use of SPP RE's determinations, findings and conclusions set forth in this Settlement Agreement for the purpose of assessing the factors, including the factor of determining Dogwood's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however, that Dogwood does not consent to the use of the specific acts set forth in this Settlement Agreement as the sole basis for any other action or proceeding brought by NERC and/or SPP RE, nor does Dogwood consent to the use of this Settlement Agreement by any other party in any other action or proceeding
15. Each of the undersigned warrants that he or she is an authorized representative of the Party designated, is authorized to bind such Party and accepts the Settlement Agreement on the Party's behalf.
16. The undersigned representative of each Party affirms that he or she has read this Settlement Agreement, that all of the matters set forth in this Settlement Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that this Settlement 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 Settlement Agreement.
17. This Settlement Agreement may be signed in counterparts.
18. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.


Agreed to and accepted:



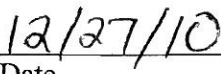
Stacy Dochoda
General Manager
Southwest Power Pool Regional Entity



Date



Robert Janssen
President
Dogwood Energy, LLC



Date

Disposition Document for PRC-005-1 R2.1

DISPOSITION OF VIOLATION¹
Dated December 20, 2010

NERC TRACKING NO. SPP200800059	REGIONAL ENTITY TRACKING NO. 2008-009	NOC# NOC-254
REGISTERED ENTITY Dogwood Energy, LLC (Dogwood)	NERC REGISTRY ID NCR01089	
REGIONAL ENTITY Southwest Power Pool Regional Entity (SPP RE)		

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												
		5/31/07												

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

Dogwood is a wholly owned subsidiary of Kelson Energy, Inc. (Kelson Energy) an independent power company with a total generating capacity of 2,902 MW. The Dogwood generating facility (Facility) was purchased from the Calpine Corporation through a bankruptcy auction process on January 16, 2007.² The Facility is a 655 MW two-on-one combined cycle generating facility consisting of Combustion Turbine 1, Combustion Turbine 2 and the Steam Turbine Generator. The Facility is located in Cass County, Missouri, near the town of Pleasant Hill, Missouri. It is interconnected with the bulk power system (BPS) at the Aquila Pleasant Hill substation.

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 Dogwood's generating facility was formerly known as the Calpine Corp-Aries Power Plant.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	R2	R2.1	High ³	High

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

The purpose statement of PRC-005-1 provides: “To ensure all transmission and generation Protection Systems^[4] affecting the reliability of the Bulk Electric System (BES) are maintained and tested.” (footnote added)

PRC-005-1 R 2 provides:

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^[5] 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. The date each Protection System device was last tested/maintained.

VIOLATION DESCRIPTION

In June 2008, while preparing a response to an April 28, 2008 SPP RE Spot Check (2008 Spot Check),⁶ Dogwood identified a possible violation of PRC-005-1 R2.1.

³ PRC-005-1 R2 has a “Lower” Violation Risk Factor (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 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. In the context of this case, SPP RE determined that the violation related to R2.1 and R2.2 and therefore a “High” VRF is appropriate in this case.

⁴ *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.”

⁵ Consistent with applicable FERC precedent, the term ‘Regional Reliability Organization’ in this context refers to SPP.

⁶ The SPP RE Spot Check was issued to substantiate completion of a Mitigation Plan for a violation of PRC-005-1 R2.1 in 2007. Dogwood’s 2007 PRC-005-1 R2.1 violation resulted because Dogwood could not demonstrate that testing and maintenance of Dogwood’s generator Protection System relays had been

Dogwood's internal compliance program requires plant personnel to review the Facility's compliance with all applicable Reliability Standards and internal implementing procedures, including PRC-005-1, on an annual basis. Dogwood's annual review had been scheduled for summer 2008, but because Dogwood's third party consultants were in place and working with plant personnel on the 2008 Spot Check effort, Dogwood accelerated the timing of the annual review.

In the performance of the annual compliance review, Dogwood was unable to locate records of current and voltage sensing device (hereinafter collectively instrument transformer) testing prior to January 16, 2007, the date Dogwood purchased the Facility from Calpine.⁷ Although Dogwood had tested all of its instrument transformers as of May 22, 2008, Dogwood did not have historical records from Calpine and could not substantiate that the testing of its instrument transformers met the three (3) year interval established in its transmission and generation Protection System maintenance and testing procedure (Protection System Testing Plan). Additionally, Dogwood discovered that although its Protection System Testing Plan identified the 35 instrument transformers associated with Combustion Turbine No. 1, the Protection System Testing Plan did not correctly identify the 54 instrument transformers associated with Combustion Turbine 2 and the Steam Turbine Generator. Dogwood added the 54 instrument transformer associated with Combustion Turbine 2 and the Steam Turbine Generator to its Protection System Testing Plan in June 2008. On October 2, 2008, Dogwood submitted a Self-Report for its violation of PRC-005-1 R2.1 (2008 Self-Report).

On October 15, 2008, SPP RE issued Dogwood an Initial Notice of Alleged Violation for PRC-005-1 R2.1. In that notice, SPP RE requested that Dogwood submit a Mitigation Plan in the SPP RE Compliance Data Management System.

On October 20, 2008, Dogwood submitted its Mitigation Plan for the violation of PRC-005-1 R2.1 (2008 Mitigation Plan). Therein, Dogwood notified SPP RE that its Mitigation Plan was completed because (1) the instrument transformers associated with Combustion Turbine No. 1 had been fully tested on November 6, 2007 through November 8, 2007, and (2) the instrument transformers associated with Combustion Turbine No. 2 and the Steam Turbine had been fully tested on May 19, 2008 through May 22, 2008.⁸ SPP RE accepted the 2008 Mitigation Plan, finding that the plan provided for the testing of all of Dogwood's instrument transformers. The 2008 Mitigation Plan provided reasonable assurance that the underlying violation

performed within the 3 to 5 year interval contained in Dogwood's transmission and generation Protection System maintenance and testing procedure. The violation was self-reported by Dogwood on June 15, 2007. SPP RE assigned the 2007 violation NERC Violation Identification Number SPP200704500. Dogwood notified SPP RE on October 25, 2007, that it had completed the Mitigation Plan for the 2007 PRC-005-1 R2.1 violation. SPP RE confirmed completion of Dogwood's Mitigation Plan on June 5, 2009.

⁷ The purchased plant consisted of three units – Combustion Turbine No. 1, Combustion Turbine No. 2 and the Steam Turbine Generator.

⁸ The Dogwood Mitigation Plan was submitted as complete and stated Dogwood had completed the Mitigation Plan on May 21, 2008. SPP RE's review of the test data supplied by Dogwood indicated that instrument transformer testing was completed on May 22, 2008.

would not be repeated because Dogwood had in place a Protection System Testing Plan and the instrument transformers were included in such Plan.

On February 20, 2009, SPP RE provided Dogwood with interrogatories and a request for documentation to supply evidence corroborating the completion of its 2008 Mitigation Plan (Interrogatories). On March 31, 2009, Dogwood informed SPP RE that while preparing its responses to the Interrogatories, Dogwood had identified an additional 37 instrument transformers that, while tested, were not identified in Dogwood's Protection System Testing Plan and were not included in the 2008 Mitigation Plan. Because SPP had not completed its review of the completion of the 2008 Mitigation Plan, SPP RE expanded the scope of the 2008 Mitigation Plan to include the 37 instrument transformers identified in Dogwood's responses to the Interrogatories.⁹

On June 5, 2009, SPP RE completed its review of the evidence in support of the completion of Dogwood's 2008 Mitigation Plan, finding that Dogwood had successfully completed its plan on March 31, 2009. The SPP RE staff reviewed instrument transformer test results for all three units of the Facility. Individual equipment test reports were compared with Dogwood's Protection System Testing Plan. An equipment test report was submitted for each instrument transformer listed in the Protection System Testing Plan. The 50 instrument transformers associated with Combustion Turbine No. 1 were tested on November 6, 2007 through November 8, 2007. The 76 instrument transformers associated with Combustion Turbine No. 2 and the Steam Turbine were fully tested on May 19, 2008 through May 22, 2008. All of the instrument transformers passed testing and inspections. Additionally, Dogwood revised its Protection System Testing Plan to include the 37 unidentified instrument transformers on March 31, 2009.

Dogwood's 2008 violation of PRC-005-1 R2.1 occurred during the implementation period of the Mitigation Plan for a 2007 violation of PRC-005-1 R2.1 (see footnote 7).¹⁰ and continued until:

- (1) November 8, 2007 for the instrument transformers associated with Combustion Turbine No. 1 when Dogwood completed testing of those instrument transformers;
- (2) May 22, 2008 for the instrument transformers associated with Combustion Turbine No. 2 and the Steam Turbine when Dogwood completed testing of those instrument transformers; and
- (3) March 31, 2009 for the documentation of instrument transformers in Dogwood's Protection Systems Testing Plan, when Dogwood amended its

⁹ SPP RE incorrectly put May 21, 2008 as the completion date in the Notice of Mitigation Plan Completion it provided Dogwood. The correct completion date coincides with changes to the Dogwood Protection System Testing Plan which were completed as of March 31, 2009.

¹⁰ Dogwood acknowledged in its 2008 Self-Report that it should have included in its 2007 Self-Report that the instrument transformers at the Facility were not compliant with PRC-005-1 R2.1.

Protection Systems Testing Plan to include the 37 unidentified instrument transformers.

For the purpose of determining the violation duration, SPP RE established June 18, 2007, the date PRC-005-1 R2.1 became enforceable as the start date and March 31, 2009, as the end date for the 2008 violation.

Dogwood has a total of 198 Protection System devices that are subject to compliance with PRC-005-1. Dogwood could not demonstrate that 126 instrument transformers, which represent 64% of its Protection System devices, had been tested within the three (3) year interval set forth in its Protection System Testing Plan.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

SPP RE determined that this violation resulted in minimal risk to the BPS for the following reasons: (1) the instrument transformers were tested at the start of commercial operation in July 2001; (2) Dogwood undertook instrument transformer maintenance and testing within 16 months of its acquisition of the Facility from Calpine, and within 11 months of the date when the Reliability Standard became enforceable; (3) the maximum verification interval for unmonitored instrument transformers is 7 years in the *NERC Protection System Maintenance Technical Reference* (September 13, 2007), therefore, at the time Dogwood completed its instrument transformer testing in May 2008, the instrument transformers had been in service less than seven (7) years.

IS THERE A SETTLEMENT AGREEMENT YES NO

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES
ADMITS TO IT YES
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES

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) June 18, 2007 (when the Standard became mandatory and enforceable) through March 31, 2009 (Mitigation Plan completion).

**DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY
October 2, 2008**

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-07-1120**
 DATE SUBMITTED TO REGIONAL ENTITY **10/20/08**
 DATE ACCEPTED BY REGIONAL ENTITY **11/7/08**
 DATE APPROVED BY NERC **2/9/09**
 DATE PROVIDED TO FERC **2/9/09**

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

N/A

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **Submitted as complete**
 EXTENSIONS GRANTED **0**

ACTUAL COMPLETION DATE 3/31/09¹¹

DATE OF CERTIFICATION LETTER 10/20/08¹²
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF 5/21/08

DATE OF VERIFICATION LETTER 6/17/09
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF 3/31/09

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE

Dogwood completed testing of its instrument transformers and amended its Protection System Testing Plan to include all applicable instrument transformers as set for in Section II.

Dogwood developed plant preventative maintenance (PM) schedules in its Mainsaver Maintenance Management System. Mainsaver tracks the maintenance intervals and the work activity either by PM or work order. The PMs have been set-up within Mainsaver to alert Dogwood of the required maintenance of Protection System devices with sufficient time to schedule the work within the required interval. The development and implementation of these revised PMs enable Dogwood to manage the maintenance and testing of Protection Systems within the requirements of NERC Reliability Standard PRC-005-1.

Dogwood has trained all of its personnel involved in Reliability Standards compliance to have an understanding of the requirements of applicable Reliability Standards, including Dogwood's Protection System maintenance, testing and recordkeeping procedures, and to raise any compliance-related issues with compliance personnel at both the Facility and Kelson Energy.

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)

**November 28, 2007 Siemens *Engineering Service Report Job # MKCRN66*
containing Combustion Turbine Unit 1 instrument transformer test results.**

¹¹ Dogwood informed SPP RE on March 31, 2009 in its response to an SPP RE request for evidence corroborating Mitigation Plan completion that a documentation error concerning the omission of 37 instrument transformers from its Protection System Testing Plan had been discovered and corrected. SPP RE elected not to expand the scope of the existing Mitigation Plan to cover the required changes to the Protection System Testing Plan. SPP RE found the Mitigation Plan to have been completed on March 31, 2009, approximately ten months after Dogwood's stated completion date.

¹² The Mitigation Plan was submitted as complete by Dogwood, and no Certification of Completion was required by SPP RE prior to verification of completion at that time.

June 10, 2008 Siemens Field Engineer's Report Job # 5200106944 containing Combustion Turbine Unit 2 and Steam Turbine instrument transformer test results.

March 31, 2009, Dogwood response to SPP RE February 19, 2009, *First Interrogatories and Request for Production of Documents, Exhibit 1, Plant Procedure: DEF-NRS-2100 Rev1, Transmission and Generation Protection System Maintenance and Testing.*

March 31, 2009, Dogwood response to SPP RE February 19, 2009, *First Interrogatories and Request for Production of Documents, Exhibit 1(a) – 1(d) attachment to DEF-NRS-2100 identifying the list of Protection Systems devices.*

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OF **\$30,000** FOR ONE VIOLATION OF RELIABILITY STANDARDS.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PREVIOUSLY FILED VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER
YES NO

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER
YES NO

LIST VIOLATIONS AND STATUS

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
EXPLAIN

SPP RE observed Dogwood’s internal compliance program to be comprehensive, well organized and adequately documented. The program appears to be widely disseminated within Dogwood and its contractors. SPP RE did not consider the internal compliance program a factor in determining the penalty.

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 program is supervised by Kelson Energy’s Vice President of Compliance, who has independent access to the President of Dogwood and Kelson Energy’s Board of Directors. The VP of Compliance briefs the CEO and senior management on a weekly basis regarding all compliance matters. He will immediately report to the CEO any significant compliance issues which may include actual or potential violations of applicable Reliability Standards. Appropriate action on compliance matters is the responsibility of the CEO, VP Compliance and senior management working in collaboration with each other. Dogwood’s management, employees and contractors receive annual training on Dogwood’s internal reliability compliance program. Dogwood performs an annual review of the program to ensure internal procedures are amended to reflect changes in the reliability standards requirements. Dogwood’s internal compliance program provides for an internal audit conducted by an independent third party each year at one of the three Kelson Energy generating facilities on a rotating basis. Plant management from each of the other two plants are strongly encouraged to participate in the selected plant’s

internal audit. Sufficient systems and protocols appear to be in place to allow for the monitoring, identification and tracking of incidents of non-compliance, with submission of the results to senior management and the Kelson Energy Board.

(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

Dogwood purchased the Facility through a bankruptcy auction process from Calpine less than six (6) months before the Reliability Standards became enforceable.

SPP RE concluded that the violation posed a minimal risk to the reliability of the BPS because the instrument transformer testing and maintenance required by NERC Reliability Standard PRC-005-1 R2.1 was completed within 16 months of Dogwood's acquisition of the Dogwood generating facility from Calpine, and within 11 months of the date when Reliability Standards became mandatory. Further, the maximum verification interval for unmonitored instrument transformers is 7 years in the *NERC Protection System Maintenance Technical Reference* (September 13, 2007). Since the Facility began commercial operations in July 2001, at the time Dogwood completed its instrument transformer testing in May 2008, the instrument transformers had been in service less than seven (7) years.

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES NO
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES NO
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

Dogwood's Self-Report for PRC-005-1 R2.1 dated October 2, 2008

MITIGATION PLAN

Dogwood's Mitigation Plan for PRC-005-1 R2.1 designated as MIT-07-1120 submitted October 20, 2008 and Certification of Completion therein

VERIFICATION BY REGIONAL ENTITY

SPP RE's Verification of Mitigation Plan Completion for PRC-005-1 R2.1 dated June 17, 2009

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED

DATE: OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **6/17/09** OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

SUPPLEMENTAL RECORD INFORMATION

DATE(S) **7/14/10** OR N/A

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS PENALTY BOTH NO CONTEST **X**

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

Attachment c

**Dogwood's Mitigation Plan for PRC-005-1 R2.1
designated as MIT-07-1120 submitted October 20,
2008 and Certification of Completion therein**

Southwest Power Pool RE



Mitigation Plan

Mitigation Plan submitted on: **Oct 20, 2008**

Mitigation Plan Completed (Yes/No):

Mitigation Plan Completed On:

Southwest Power Pool RE

Section A: Compliance Notices

• Section 6.2 of the NERC 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 B.

(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) Key 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.

• This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.

• The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

• This Mitigation Plan 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.

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.

Southwest Power Pool RE



-
- If the Mitigation Plan is accepted by regional entity(ies) 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.
 - Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
 - Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
 - The user has read and accepts the conditions set forth in these Compliance Notices.

Southwest Power Pool RE



Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: ***Dogwood Energy, LLC***

Address: ***6700 Alexander Bell Drive, Suite 360, Columbia, Maryland 21046, United States***

NERC Compliance Registry ID: *[If known]* ***NCR01089***

B.2

Identify the individual in your organization who will serve as the Contact to Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan.:

Name: ***Robert Janssen***

Title: ***Director of Regulatory Affairs***

Email: ***rob.janssen@kelsonenergy.com***

Phone: ***202-249-0215***

Southwest Power Pool RE



Section C: Identity of Reliability Standard Violation associated with this Mitigation Plan

C.1

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

Standard Requirement: **PRC-005-1 R2**

Description: ***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:***

Violation Date: ***Jun 18, 2007***

C.2

Identify the cause of the violation(s) identified above:

Dogwood is reporting a violation of R.2.1 of PRC-005-1. The violation is an oversight by plant personnel to include the plant current transformers (CTs) and potential transformers (PTs) along with the protective relays in a previous Compliance Violation Self-Reporting of this Standard PRC-005-1 dated June 15, 2007. In the 2007 Self-Report, Dogwood reported violation of R2.1 for having not tested the relays only within the SPP required 3 year interval. In actuality, Dogwood should have included the CTs and PTs also.

The proposed violation was discovered during a recent self-evaluation that was triggered by the SPP Spot-Check request dated April 28, 2008. The Spot-Check pertained to the Dogwood Mitigation Plan that was submitted June 15, 2007 and completed in October 2007.

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: *[If known]*
Dogwood's failure to include the CT/PT equipment in the initial mitigation plan was affected, in part, by the transition during the change in ownership of the facility from Calpine to Dogwood Energy and the associated transfer of documents and records. Based on interviews with existing plant staff, Dogwood believed that the only equipment that needed to be included in the self-report and mitigation plan was the relay equipment identified therein. Subsequently, as testing was conducted in accordance with the mitigation plan and Dogwood further reviewed its records, Dogwood determined that the CT/PT equipment should have been included in the initial mitigation plan as well. Dogwood arranged for the additional testing (November 2007 and May 2008) during non-operations and planned outages and the plant is now fully compliant with the defined test intervals.

Southwest Power Pool RE



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 violation(s) identified above in Section C.1 of this form:

A Mitigation Plan will not be submitted for this item since the maintenance and testing has already been performed. For the CTs & PTs - The Combustion Turbine 1 maintenance and testing was performed in Nov 2007, and for Combustion Turbine 2 and the Steam Turbine (STG) the maintenance and testing was performed in May 2008. Copies of the Siemens test reports are attached.

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: ***May 21, 2008***

D.3

Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
--------------------	---	------------------------

(*) Note: 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.

Additional Relevant Information (Optional)

D.4

If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1

While your organization is implementing the Mitigation Plan proposed in Section D of this form, the reliability of the Bulk Power System 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 or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

There has been no actual impact on the Bulk Power System reliability based on this proposed violation. The CTs and PTs for all units have now been tested and are now compliant with PRC-005-1 requirements, as of May 2008. The PTs, CTs and relays discussed in this mitigation plan provide equipment protection at Dogwood and do not adversely impact the BPS. The BPS protection is provided by the relay system of Aquila/MPS in the Pleasant Hill Substation.

Prevention of Future BPS Reliability Risk

E.2

Describe how successful completion of the Mitigation Plan as laid out in Section D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

Dogwood has developed plant preventative maintenance (PM) schedules in their Mainsaver Maintenance Management System. Mainsaver tracks the maintenance intervals and the work activity either by PM or work order. The PM's have been set-up within Mainsaver to alert Dogwood of the upcoming maintenance of the Protection System devices with sufficient time to schedule the work within the required interval. The development and implementation of these revised PM's enable Dogwood to manage the maintenance and testing of Protection Systems within the requirements of NERC Reliability Standard PRC-005.

E.3

Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Section D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Section C.1, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

The PTs, CTs and relays discussed in this mitigation plan provide equipment protection at Dogwood and do not adversely impact the BPS. The BPS protection is provided by the relay system of Aquila/MPS in the Pleasant Hill Substation.

Southwest Power Pool RE**Section F: Authorization**

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance and approval by NERC, and
- (b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- (c) Acknowledges:
 - 1. I am **President of Dogwood Energy, LLC**.
 - 2. I am qualified to sign this Mitigation Plan on behalf of **Dogwood Energy, LLC**.
 - 3. I have read and understand **Dogwood Energy, LLC's** 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)).
 - 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 - 5. **Dogwood Energy, LLC** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity and approved by NERC.

Authorized Individual Signature _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Name: **Robert Svendsen**

Title: **President**

Authorized On: **Oct 20, 2008**

Attachment d

SPP RE's Verification of Mitigation Plan Completion for PRC-005-1 R2.1 dated June 17, 2009



Joe Gertsch
Lead Compliance Engineer
jgertsch@spp.org

Southwest Power Pool Regional Entity
415 N. McKinley, Ste 140
Little Rock, AR 72205-3020
P [501 688 1672
F 501.821.8726

June 17, 2009

BY E-MAIL AND U.S. MAIL

Mr. Frank Schneider
Vice President, Regulatory Compliance
Dogwood Energy, LLC
6700 Alexander Bell Drive, Suite 360
Columbia, Maryland 21046

CONFIDENTIAL NON-PUBLIC INFORMATION – This Notice is Confidential until approved as a Confirmed Violation by the NERC Board of Trustees Compliance Committee. Once approved by the NERC BOTCC, this document will become part of the public record of this violation.

Re: Mitigation Plan Completion Notice for:

NERC Violation Identification Number SPP200900059

Dear Mr. Schneider:

The Southwest Power Pool Regional Entity (SPP RE) has completed its review of the evidence in support of completion of the Mitigation Plan for the subject violation. SPP RE finds that Dogwood Energy has successfully completed Mitigation Plan MIT-07-1120 on May 21, 2008.

If you have any questions, please contact me.

Respectfully,

Joe Gertsch

Joe Gertsch

Cc: SPP RE Enforcement

Attachment e

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Dogwood Energy, LLC

Docket No. NP11-____-000

NOTICE OF FILING
February 23, 2011

Take notice that on February 23, 2011, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Dogwood Energy, LLC in the Southwest Power Pool Regional Entity 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