

September 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 Shady Hills Power Company, LLC
FERC Docket No. NP10-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Shady Hills Power Company, LLC (SHP), 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 (Attachment A to the Settlement Agreement), 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

Florida Reliability Coordinating Council, Inc. (FRCC) performed a Compliance Spot Check Audit review, at its office in Tampa, Florida, of the evidence supplied by SHP during its 2008 self-certification process. Follow-up evidence requests were made on November 14, 2008, December 16, 2008 and February 4, 2009. On August 10, 2009, FRCC issued a Compliance Spot Check Audit Report (Attachment a) which identified a possible violation of PRC-005-1 R1 because SHP did not have a written Protection System³ maintenance and testing program for Protection Systems that affect the reliability of the bulk power system (BPS) thus violating PRC-

¹ For purposes of this document, the 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).

³ *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."

005-1 Requirement (R) 1.⁴ This Notice of Penalty is being filed with the Commission because FRCC and SHP have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in FRCC's determination and findings of the enforceable violation of PRC-005-1 R1. According to the Settlement Agreement, SHP neither admits nor denies the violation, but has agreed to the assessed penalty of twenty-five thousand dollars (\$25,000), 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 FRCC200900219 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on September 1, 2010, by and between FRCC and SHP. The details of the findings and the basis for the penalty are set forth in the Disposition Document. This Notice of Penalty 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 the violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
FRCC	Shady Hills Power Company, LLC	NOC-270	FRCC200900219	PRC-005-1	1	High ⁵	25,000

The text of the Reliability Standard at issue is set forth in the Disposition Document.

PRC-005-1 R1 - OVERVIEW⁶

As a result of a Spot Check, FRCC determined that SHP, as a Generator Owner, did not have a written Protection System maintenance and testing program as required by PRC-005-1 R1.

⁴ The Compliance Spot Check Audit Report also identified a possible violation of PRC-005-1 R2.1 which was subsequently dismissed by FRCC on March 5, 2010. The FRCC Compliance Staff reviewed the evidence provided by SHP to FRCC for both the 2008 Spot Check and the February 19, 2009 SHP Self-Report on February 1, 2010 in preparation for the SHP settlement meeting scheduled for February 3, 2010. FRCC Enforcement made the determination that since SHP did not have Protection System maintenance and testing intervals in place for protective relays, voltage and current sensing devices and station batteries as required in PRC-005-1 R1 that there is no violation of PRC-005-1 R2.1.

⁵ 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.

⁶ Further information on this violation is contained in the Disposition Document included as Attachment A to the Settlement Agreement.

The duration of the PRC-005-1 R1 violation was from June 18, 2007, when the NERC Reliability Standard became mandatory and enforceable, through August 27, 2009, the date SHP completed its Mitigation Plan.

FRCC concluded that the PRC-005-1 R1 violation did not pose a serious or substantial risk to the reliability of the BPS because SHP was testing all of the elements of its Protection System according to manufacturers' recommendations.

Statement Describing the Proposed 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, Orders⁸ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on July 12, 2010. The NERC BOTCC approved the Settlement Agreement, including FRCC's imposition of a financial penalty, assessing a penalty of twenty-five thousand dollars (\$25,000) against SHP 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:

1. the violation constituted SHP's first occurrence of violation of the subject NERC Reliability Standard;
2. FRCC reported that SHP was cooperative throughout the compliance enforcement process;
3. SHP has a compliance program,⁹ as discussed in the Disposition Document;
4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. FRCC determined that the violation did not pose a serious or substantial risk to the reliability of the BPS, as discussed above and in the Disposition Document; and
6. 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 FRCC considered the SHP's internal compliance program as a neutral factor in determining the penalty.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the assessed penalty of twenty-five thousand dollars (\$25,000) 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 Notice of Penalty 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 Notice of Penalty are the following documents and material:

- a) 2008 FRCC Annual Compliance Spot Check Summary Report for SHP identifying PRC-005-1 R1 dated August 12, 2009, included as Attachment a;
- b) Settlement Agreement by and between FRCC and SHP executed September 1, 2010 included as Attachment b;
 - i. Disposition Document dated September 1, 2010, included as Attachment A to the Settlement Agreement;
- c) SHP's Mitigation Plan MIT-07-2106 for PRC-005-1 R1 submitted August 31, 2009, included as Attachment c;
- d) SHP's Certification of Completion of the Mitigation Plan for PRC-005-1 R1 dated November 10, 2009, included as Attachment d; and
- e) FRCC's Verification of Completion of the Mitigation Plan dated January 6, 2010, included as Attachment e.

A Form of Notice Suitable for Publication¹⁰

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

¹⁰ 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 gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Donald McBride* Facility Manager Shady Hills Power Company, LLC 14240 Merchant Energy Way Spring Hill, FL 34610 (727) 857-1787 (727) 857-1998 – facsimile donald.mcbride@ge.com</p> <p>Barry Pagel* Director of Compliance Florida Reliability Coordinating Council, Inc. 3000 Bayport Drive, Suite 690 Tampa, FL 33607-8402 (813) 207-7968 (813) 289-5648 – facsimile bpagel@frcc.com</p> <p>Richard Gilbert* Manager of Compliance Enforcement Florida Reliability Coordinating Council, Inc. 3000 Bayport Drive, Suite 690 Tampa, FL 33607-8402 (813) 207-7991 (813) 289-5648 – facsimile rgilbert@frcc.com</p>	<p>Rebecca J. Michael* Assistant General Counsel V. Davis Smith* Attorney 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 davis.smith@nerc.net</p> <p>Sarah Rogers* President and Chief Executive Officer Florida Reliability Coordinating Council, Inc. 1408 N. Westshore Blvd., Suite 1002 Tampa, FL 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, FL 33607-4512 (813) 289-5644 (813) 289-5646 – facsimile lcampbell@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>
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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
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
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(609) 452-9550 – facsimile
gerry.cauley@nerc.net
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/s/ Rebecca J. Michael
Rebecca J. Michael
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Washington, DC 20005-3801
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(202) 393-3955 – facsimile
rebecca.michael@nerc.net
davis.smith@nerc.net

cc: Shady Hills Power Company, LLC
Florida Reliability Coordinating Council, Inc.

Attachments

Attachment a

2008 FRCC Annual Compliance Spot Check Summary Report for SHP identifying PRC-005-1 R1 dated August 12, 2009



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

August 12, 2009

DRAFT ASSESSMENT (Revised)

Mr. Donald McBride
Facility Manager
Shady Hills Power Company, LLC
14240 Merchant Energy Way
Spring Hill, FL 34610

**Re: 2008 FRCC Annual Spot Check for
Reliability Standards:
FAC-003-1, All Requirements
PRC-005-1, All Requirements
VAR-001-1, R5 Only
VAR-002-1, All Requirements**

Dear Mr. McBride,

The evidence submitted by the Shady Hills Power Company (SHP), NCR00069, for the above referenced 2008 FRCC Annual Spot Check of the NERC Reliability Standards has been received by the Florida Reliability Coordinating Council, Inc. (FRCC). After review, the FRCC 2008 Annual Spot Check Team has determined SHP to be:

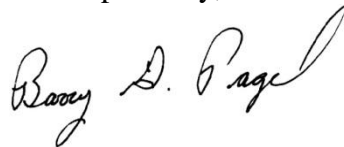
Reliability Standard	Requirement	Finding
FAC-003-1	R1.	Not Applicable
FAC-003-1	R2.	Not Applicable
FAC-003-1	R3.	Not Applicable
FAC-003-1	R4.	Not Applicable
PRC-005-1	R1.	Possible Violation
PRC-005-1	R2.	Possible Violation
VAR-001-1	R5	Not Applicable
VAR-002-1	R1.	Compliant
VAR-002-1	R2.	Compliant
VAR-002-1	R3.	Compliant
VAR-002-1	R4.	Compliant
VAR-002-1	R5.	Compliant

The following items are follow-up actions and are in accordance with the FRCC Compliance Monitoring and Enforcement Program (CMEP):

- The FRCC compliance staff will prepare a draft Spot Check Report and forward it to SHP for review.
- SHP is to provide written comments to FRCC within fourteen (14) days of receipt of the draft report.
- FRCC will complete and document the assessment of SHP for compliance with the Reliability Standards and will provide a final report to SHP indicating the results of the spot check.
- If FRCC concludes that a reasonable basis exists for believing a violation of a Reliability Standard has occurred, FRCC will send SHP an Initial Notice of Alleged Violation.
- Settlement negotiations may occur at any time, including prior to the issuance of a Notice of Alleged Violation and Penalty and Sanctions until a notice of penalty is filed with FERC.
- A Mitigation Plan may be submitted at any time but shall have been submitted by the Registered Entity within thirty (30) days after being served the Notice of Alleged Violation and Penalty or Sanction, if the Registered Entity does not contest the violation and penalty or sanction. Section 6.0 of the FRCC CMEP defines the minimum requirements for the Mitigation Plan. A form for the Mitigation Plan is available on the FRCC website at:
<https://www.frcc.com/Compliance/default.aspx?RootFolder=%2fCompliance%2fShared%20Documents%2fReporting%20Forms&FolderCTID=%2f611593c3-1111-4b61-91b1-14104671b62d&View=%2f611593c3-1111-4b61-91b1-14104671b62d%2f24B58%2dC9D9%2d4205%2d84AF%2d8D212758CE14%7d>
- Subject to the initiation of any Settlement negotiations, enforcement actions may proceed per Section 5.0 of the FRCC CMEP. Including the issuance of a Notice of Alleged Violation and Penalty and Sanction.

Should you have any questions, please feel free to contact me at 813-207-7968.

Respectfully,



Barry G. Pagel
Manager of Compliance
bpagel@frcc.com

BP/gw

cc: S. Rogers, FRCC
L. Campbell, FRCC
NERC mailbox

Attachment b

**Settlement Agreement by and between FRCC and
SHP executed Ugr vgo dgt '3, 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

**SETTLEMENT AGREEMENT
OF
FLORIDA RELIABILITY COORDINATING COUNCIL, INC.
AND
SHADY HILLS POWER COMPANY, LLC**

NERC Registry ID #: NCR00069

I. Introduction

1. Florida Reliability Coordinating Council, Inc. ("FRCC") and Shady Hills Power Company, LLC ("SHP") 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 one alleged violation by SHP of the following NERC Reliability Standard and Requirement:

i. PRC-005-1, Requirement 1 [NERC Tracking #: FRCC200900219]

2. Pursuant to the Settlement Agreement, SHP neither admits nor denies the alleged violation of PRC-005-1 R1 (FRCC200900219) but, SHP has agreed to the proposed penalty of twenty-five thousand dollars (\$25,000) to be assessed to SHP, 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 SHP and FRCC, the matters discussed herein and do not constitute stipulations or admissions for any other purpose, including in any administrative proceeding. SHP and FRCC hereby stipulate and agree to the following:

Page 1 of 5

A. Background

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

B. Alleged Violations

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

III. PARTIES' SEPARATE REPRESENTATIONS

Statement of FRCC

6. Regarding the violation of PRC-005-1, R1 (FRCC200900219)
 - i. FRCC Compliance Staff found that SHP failed to have a Protection System 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. FRCC Compliance Staff issued an Initial Notice of Alleged Violation on August 20, 2009. SHP 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 of R1 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. FRCC agrees this Agreement is in the best interest of the parties, FRCC and SHP, and in the best interest of bulk power system reliability.

STATEMENT OF SHADY HILL POWER COMPANY, LLC

8. SHP neither admits nor denies the facts set forth and agreed to by the parties for purposes of this Agreement constitute violation of PRC-005-1, R1 (FRCC200900219).
9. SHP 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. SHP 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

10. FRCC and SHP agree that SHP has completed and FRCC has verified completion of the mitigation actions set forth in Section IV of the Disposition documents (Attachment A).
11. FRCC Staff also considered the specific facts and circumstances of the violation and SHP 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 [SHP] 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).
12. Based on the above factors, as well as the mitigation actions and preventative measures taken, SHP shall pay a monetary penalty for the violation of PRC-005-1, R1 (FRCC200900219) of \$25,000 (twenty-five thousand dollars). FRCC shall present an invoice to SHP within twenty days after the Agreement is either approved by FERC or by operation of law, and FRCC shall notify the North American Electric Reliability Corporation if the payment is not received.
13. 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 additional violation(s) and may subject SHP to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
14. If SHP 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

15. 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 SHP 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.

16. 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 SHP 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 SHP 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.
17. 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.
18. SHP agrees that this Agreement, when approved by NERC and FERC, shall represent a final settlement of all matters set forth herein and SHP waives its right to further hearings and appeal, unless and only to the extent that SHP contends that any NERC or FERC action on the Agreement contains one or more material modifications to the Agreement.
19. FRCC reserves all rights to initiate enforcement, penalty or sanction actions against SHP in accordance with the NERC Rules of Procedure in the event that SHP fails to comply with the mitigation plan and compliance program agreed to in this Agreement. In the event SHP 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 SHP to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. SHP shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
20. SHP 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 SHP 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 SHP consent to the use of this Agreement by any other party in any other action or proceeding.

21. 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.
22. 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.
23. The Agreement may be signed in counterparts.
24. 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.

9/1/10
Date


Christopher D. Seiple
Vice President
Shady Hills Power Company, LLC

Aug. 31, 2010
Date

**Disposition Document dated August 3, 2010,
included as Attachment A to the Settlement
Agreement**

DISPOSITION OF VIOLATION¹**Dated September 1, 2010**NERC TRACKING
NO.**FRCC200900219**REGIONAL ENTITY TRACKING
NO.**SHP-2009-02**

NOC#

NOC-0270

REGISTERED ENTITY

Shady Hills Power Company, LLC (SHP)

NERC REGISTRY ID

NCR00069

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											
		05/29/07	5/29/07											

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

SHP's power generation plant is located in Spring Hill, Florida. It is comprised of three gas turbines with a total generating capacity of 517 MW which represents less than 1% (one percent) of the FRCC regional generation load. The plant began commercial operation as a peaking plant in March 2002. In May 2007, the plant was purchased and is currently operated by General Electric (GE) Energy Financial Services.

II. VIOLATION INFORMATION

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

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

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

The purpose of Reliability Standard PRC-005-1 is “[t]o ensure that all transmission and generation Protection Systems³ affecting the reliability of the Bulk Electric System (BES) are maintained and tested” (footnote added).

PRC-005-1 R1 provides that:

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.

VIOLATION DESCRIPTION

FRCC performed a Compliance Spot Check Audit review of the evidence supplied by SHP during its 2008 self-certification process, at the FRCC office in Tampa, Florida.⁴ Follow-up evidence requests were made by FRCC on November 14, 2008, December 16, 2008 and February 4, 2009.

On August 10, 2009, FRCC issued a Compliance Spot Check Audit Report in which FRCC Auditor staff identified, and FRCC Enforcement staff confirmed, a possible violation of PRC-005-001 R1 because SHP did not have a written Protection System maintenance and testing program for Protection Systems that affect the reliability of the bulk power system (BPS) that includes adequate maintenance and testing intervals and their basis and a summary of maintenance and testing procedures. Specifically, the program did not include:

- 1. a basis for the maintenance and testing interval of switchyard protective relays, associated communication systems, DC control circuitry, voltage and current sensing devices, and station batteries;**
- 2. a basis for the maintenance and testing interval of generator and 5 kV associated communication systems, voltage and current sensing devices, station batteries protective relays, and DC control circuitry; and**

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.

³ *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.”

⁴ The Compliance Spot Check Audit Report also identified a possible violation of PRC-005-1 R2.1 which was subsequently dismissed by FRCC on March 5, 2010. The FRCC Compliance Staff reviewed the evidence provided by SHP to FRCC for both the 2008 Spot Check and the February 19, 2009 SHP Self-Report on February 1, 2010 in preparation for the SHP settlement meeting scheduled for February 3, 2010. FRCC Enforcement made the determination that since SHP did not have Protection System maintenance and testing intervals in place for protective relays, voltage and current sensing devices and station batteries as required in PRC-005-1 R1 that there is no violation of PRC-005-1 R2.1.

3. an interval for the maintenance and testing of switchyard associated communication systems and DC control circuitry, protective relays, voltage and current sensing devices, and station batteries.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the BPS because SHP was performing testing and maintenance on BPS Protection System components based on manufacturers' recommendations for testing and maintenance.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input checked="" type="checkbox"/>
ADMITS TO IT	YES	<input type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

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	<input type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input checked="" type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) **6/18/07 (mandatory and enforceable date)** through **8/27/09 (Mitigation Plan completed)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **06/23/09**

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-07-2106
DATE SUBMITTED TO REGIONAL ENTITY	08/31/09
DATE ACCEPTED BY REGIONAL ENTITY	10/15/09
DATE APPROVED BY NERC	11/10/09
DATE PROVIDED TO FERC	11/10/09

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

N/A

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE	8/27/09
EXTENSIONS GRANTED	N/A
ACTUAL COMPLETION DATE	8/27/09

DATE OF CERTIFICATION LETTER	11/10/09
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	8/27/09

DATE OF VERIFICATION LETTER	1/06/10
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	8/27/09

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

SHP created a Protection System maintenance and testing program procedures document that was approved by SHP's Operations Manager and Facility Manager for Protection Systems that affect the reliability of the BPS. The document includes maintenance and testing intervals for all required switchyard, generation and 5 kV Protection System devices and their basis and a summary of maintenance and testing procedures.

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)

***SHP-001- Shady Hills Transmission and Generation Protection System
Maintenance and Testing Procedure – ID # WI 07.03, Revision No. 1 dated
August 26, 2009***

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **TWENTY-FIVE THOUSAND (\$25,000)** FOR **ONE** VIOLATION OF RELIABILITY STANDARDS.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY
STANDARD(S) OR REQUIREMENT(S) THEREUNDER
YES ☐ NO ☒

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR
REQUIREMENTS THEREUNDER
YES ☐ NO ☒

LIST ANY PRIOR CONFIRMED OR SETTLED 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 PROGRAM⁵
YES ☒ NO ☐

⁵ FRCC considered the SHP's internal compliance program as a neutral factor in determining the penalty.

EXPLAIN

During a February 1, 2010 review of SHP's compliance program, FRCC found that SHP has a fully documented Internal Compliance Program (ICP) that was established in 2009. It was not in place at the start of the violation on June 18, 2007 and was not part of the mitigation actions to address the violation. The ICP has been reviewed and approved by an Authorized Entity Officer or equivalent of SHP.

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 detailed training for employees that have a direct responsibility for compliance.

The GE Energy Financial Services Compliance Manager performs SHP ICP oversight. The Compliance Manager has independent access to the President and CEO of GE Energy Financial Services and all other senior leaders of the organization.

(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

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

**2008 FRCC Annual Compliance Spot Check Report for SHP identifying
PRC-005-1 R1 dated 8/10/09**

MITIGATION PLAN

SHP's Mitigation Plan MIT-07-2106 for PRC-005-1 R1 submitted 8/31/09

CERTIFICATION BY REGISTERED ENTITY

**SHP's Certification of Completion of the Mitigation Plan for PRC-005-1 R1
dated 11/10/09**

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: OR N/A ☒

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **08/31/09** 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

OUTCOME

APPEAL REQUESTED

Attachment e

**SHP's Mitigation Plan MIT-07-2106 for PRC-005-
1 R1 submitted August 31, 2009**



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 8-31-09

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: Shady Hills Power Company
Company Address: 14240 Merchant Energy Way
NERC Compliance Registry ID: NCR 00069

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

Name: Chris Seiple
Title: Vice President, Shady Hills Power Company, LLC
Email: chris.seiple@ge.com
Phone: (203) 357-3622

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)
FRCC2009 00219	PRC-005-01	R1.	High	6/18/07	Spot Check

(*) 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:

Insufficiently organized evidence to show clear examples of generator protection system maintenance and testing intervals, the basis for the intervals and a summary of the program.

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:

Appendix A contains the revised Shady Hills Generator Protection System Maintenance and Testing procedure.

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:

Appendix A, attached hereto, is the revised Shady Hills PRC-005-1 procedure. Since the instances of noncompliance are based on insufficient documentation regarding the intervals, the basis of the intervals, and a summary of the maintenance and testing program, the approved procedure included as Appendix A represents the mitigation of those issues (Please see Section 1.2 for the testing intervals and their bases, and Section 4.1 for a summary of the maintenance and testing procedures). It has been crafted, reviewed and approved by the Shady Hills management and staff and satisfies the elements of R1. As a result, the mitigation plan is complete.

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 27, 2009. The plan is fully implemented.

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)
Approve revised PRC-005-1 procedure.	8-27-09

(*) 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:**

As this is a documentation issue, there is no risk to the BPS as actual maintenance and testing activity is ongoing.

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:**

The document management system and periodic reviews of all procedures will ensure no similar potential violations are encountered in the future.



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) Chris Seiple acknowledges:
 - 1. I am Vice President of Shady Hills Power Company, LLC.
 - 2. I am qualified to sign this Mitigation Plan on behalf of Shady Hills Power Company, LLC..
 - 3. I understand Shady Hills Power Company, 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)).
 - 3. I have read and am familiar with the contents of this Mitigation Plan.
 - 4. Shady Hills Power Company, LLC agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by the FRCC and approved by NERC.

Authorized Individual Signature

Chris Seiple

Name (Print): Chris Seiple

Title: Vice President, Shady Hills Power Company, LLC

Date: 8/31/09

CONFIDENTIAL



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 f

SHP's Certification of Completion of the Mitigation Plan for PRC-005-1 R1 dated November 10, 2009



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: Shady Hills Power Company, LLC
Company Address: 14240 Merchant Energy Way
NERC Compliance Registry ID (if known): NCR 00069

Date Original Mitigation Plan was submitted to FRCC: August 31, 2009

Date Mitigation Plan was completed: August 27, 2009

Name of Standard and the Requirement(s) covered under the accepted Mitigation Plan: Standard PRC-005, R1

NERC Violation ID # (if known): FRCC200900219

Date of Certification: 11/10/2009

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: Chris Seiple

Title: Vice President, Shady Hills Power Company, LLC

Email: chris.seiple@ge.com

Phone: (203) 357-3622

Authorized Individual Signature

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

Attachment g

FRCC's Verification of Completion of the Mitigation Plan dated January 6, 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

January 06, 2010

Parker Hobson
Vice President, Risk
Shady Hills Power Company, LLC
14240 Merchant Energy Way
Spring Hill, FL 34610

**Re: Shady Hills Power Company, LLC
(SHP)
Mitigation Plans – Spot Check violation of
NERC Standard PRC-005-1, R 1
NERC Violation ID #: FRCC200900219**

Dear Mr. Hobson,

The mitigation plan submitted by Shady Hills Power Company, LLC (SHP), for the above referenced self-reported violation, has been received by the Florida Reliability Coordinating Council, Inc. (FRCC). After review, the FRCC finds this mitigation plan for PRC-005-1 is **completed**. The FRCC will inform the North American Electric Reliability Corporation (NERC) that the mitigation plan has been completed by SHP.

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

Respectfully,

Barry Pagel
Manager of Compliance
bpagel@frcc.com

BP/tb

Attachment h

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Shady Hills Power Company, LLC

Docket No. NP10-____-000

NOTICE OF FILING
September 30, 2010

Take notice that on September 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Shady Hills Power Company, LLC 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