



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

September 25, 2009

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

**Re: NERC Notice of Penalty regarding South Mississippi Electric Power Association,
FERC Docket No. NP09-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding South Mississippi Electric Power Association (SMEPA),² NERC Registry ID: NCR01315,³ 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 of NERC's Compliance Monitoring and Enforcement Program (CMEP).⁴

This Notice of Penalty is being filed with the Commission because, based on information from SERC Reliability Corporation (SERC), SERC and SMEPA have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC's determination and findings of enforceable violations of Reliability Standard INT-009-1 Requirement (R)1. Pursuant to the Settlement Agreement, SMEPA has admitted the violations of Reliability Standard INT-009-1 and has agreed to the proposed penalty of fifteen thousand dollars (\$15,000) to be assessed to SMEPA, in addition to other remedies which include mitigation actions and actions to prevent recurrence and to promote prospective compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers

¹ *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 (2008). *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).

² SMEPA referred to in this filing is registered on the NERC Compliance Registry under NERC ID # NCR01315, and is registered with SERC Reliability Corporation (SERC).

³ SMEPA was included on the NERC Compliance Registry on May 31, 2007 as a Balancing Authority, Distribution Provider, Generator Operator, Generator Owner, Load Serving Entity, Planning Authority, Purchase-Selling Entity, Resource Planner, Transmission Operator, Transmission Owner and Transmission Planner and on March 26, 2008 as an Interchange Authority, and is subject to the requirements of the NERC Reliability Standards set forth herein.

⁴ *See* 18 C.F.R. § 39.7(c)(2).

SERC200800228, SERC200800246 and SERC200800247 are 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 April 28, 2009 by and between SERC and SMEPA, which is included as Attachment b. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. 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 (2007), NERC provides the following summary table identifying each 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 Standard	Req. (R)	VRF	Total (\$) Penalty
SERC	SMEPA	NOC-190	SERC200800228	INT-009-1	1	Medium	\$15,000
SERC	SMEPA	NOC-190	SERC200800246	INT-009-1	1	Medium	
SERC	SMEPA	NOC-190	SERC200800247	INT-009-1	1	Medium	

The purpose of INT-009-1 is to ensure that the implementation of Interchange between Source and Sink Balancing Authorities is coordinated by an Interchange Authority such that the Balancing Authorities implement the Interchange exactly as agreed upon in the Interchange confirmation process.

INT-009-1 R1 requires a Balancing Authority such as SMEPA to implement Confirmed Interchange as received from the Interchange Authority. INT-009-1 R1 has a "Medium" Violation Risk Factor (VRF).

According to the Settlement Agreement, SMEPA submitted a self-report on November 3, 2008, for two violations of INT-009-1 R1. In its November 3, 2008 self-report, SMEPA stated that on October 28, 2008 and October 29, 2008,⁵ it had interchange transactions, one on each date, that were tagged through its tagging software but not implemented as required by the standard. SMEPA was in violation for one hour each day for the violations. SERC Staff determined that the triggering event for these two violations was caused by human error in inadvertently approving extended tags through passive approval, rather than creating new tags.

According to the Settlement Agreement, SERC found that SMEPA failed to implement a Confirmed Interchange as received from its Interchange Authority, because the interchange schedule did not correlate with what was approved through the e-Tag system. The October 28, 2008 violation occurred for one hour and the confirmed interchange difference was 160 MW. The October 29, 2008 violation occurred for one hour and the confirmed interchange difference was 150 MW.

⁵ While the tagging and approval took place at different times and those dates were submitted in the self-report (October 27, 2008 and October 29, 2008), the actual confirmed interchange differences occurred on October 28, 2008 (HE 1:00) and on October 29, 2008 (HE 21:00).

On December 16, 2008, SMEPA submitted an additional self-report to SERC stating that on December 14, 2008, one of its System Operators created an e-Tag that did not correspond with the intended Interchange Schedule and was subsequently implemented as a mismatch on December 15, 2008 that lasted four hours. SERC Staff determined that the triggering event for this violation was related to a different aspect of human performance, because a System Operator inadvertently created an e-Tag that did not correspond with the intended Interchange Schedule that had been entered into the Control System Interchange Scheduler. The error was initially caused by a System Operator entry error in a spreadsheet.

According to the Settlement Agreement, SERC found that SMEPA failed to implement a Confirmed Interchange as received from its Interchange Authority, by creating an e-Tag that did not correspond with the intended Interchange Schedule and that had been entered into the Control System Interchange Scheduler. The December 15, 2008 violation occurred for four hours and the confirmed interchange difference was 23 MW in each hour.

According to the Settlement Agreement, SERC considered the following factors in addition to the reasons explained above to determine the penalty amount: 1) SMEPA had no prior violation of this standard or any closely-related standard during the mandatory period; 2) SMEPA cooperated in a timely and satisfactory manner with SERC Staff during the investigation and enforcement process; 3) SMEPA proactively initiated its own internal investigation and voluntarily provided supporting information to SERC Staff to assist SERC during its investigation; 4) SMEPA possessed a lack of intent to commit or to conceal the violations; 5) SMEPA has a comprehensive compliance program that was developed based on Commission guidance in its orders and policy statements; 6) SMEPA expeditiously resolved this issue via settlement and promptly initiated various mitigation actions and preventative measures before receiving a Notice of Alleged Violation from SERC; and 7) SMEPA is implementing a wide-range of additional measures set forth in Paragraph 28 of the Settlement Agreement to protect against future violations of the same or similar requirements.

Status of Mitigation Plan

SMEPA's Mitigation Plan to address the October 28, 2008, October 29, 2008 and December 15, 2008 violations of INT-009-1 R1 was submitted to SERC on January 23, 2009.⁶ This Mitigation Plan is designated as MIT-08-1522. SERC accepted the Mitigation Plan on March 19, 2009 and submitted the Mitigation Plan to NERC on April 14, 2009.⁷ NERC approved MIT-08-1522 on April 21, 2009 and submitted it as non-public information to FERC on April 21, 2009, in accordance with FERC orders.

⁶ SERC inadvertently sent NERC a copy of a draft Mitigation Plan from SMEPA dated December 2, 2008, which SERC had not accepted, instead of the actual Mitigation Plan that SERC had reviewed and accepted. NERC, thinking this was the SERC-accepted document, approved the draft Mitigation Plan and submitted the draft Mitigation Plan to the Commission on April 1, 2009. The Mitigation Plan dated January 23, 2009 is the only Mitigation Plan approved by both NERC and SERC. Accordingly, the January 23, 2009 Mitigation Plan is being submitted with this Notice of Penalty.

⁷ The Settlement Agreement incorrectly states that the Mitigation Plan was submitted to NERC on March 25, 2009, instead of April 14, 2009.

SMEPA's Mitigation Plan identified human error as the cause for the violations of INT-009-1 R1. Specifically, the two October violations were a result of miscues (or miscommunication) between the SMEPA System Operator and a marketer that involved the utilization of 'extended' tags in the OATI e-Tag software. The confusion over the 'extended' tag contributed to the System Operator approving the tag in error. Thus, SMEPA's interchange scheduler did not correlate with what was approved through the e-Tag system. However, phone records indicated that both companies thought the "correct tag" had been implemented. The December violation was a result of a SMEPA System Operator inadvertently creating an e-Tag that did not correspond with the intended Interchange Schedule that had been entered into the Control System Interchange Scheduler. At 0500 EST, the mismatched e-Tag schedule began running while the Control System Interchange Schedule did not begin until 0600 EST; the error was discovered at approximately 0930 EST and adjustments were made to the Control System Interchange Scheduler immediately. The violations were effectively mitigated as soon as SMEPA implemented the correct interchange. Therefore, the subject Mitigation Plan focused on corrective actions intended to prevent recurrence.

In the Mitigation Plan dated January 23, 2009, SMEPA reported that it had:

- 1) reviewed System Operator actions to determine proper situation awareness solutions;
- 2) removed Passive Approval from its e-Tag system;
- 3) discontinued accepting 'extended' tags from other entities;
- 4) issued a directive via e-mail for System Operators to utilize 'echo' protocol when discussing transactions with other companies;
- 5) included possible violations and mitigation plan review as agenda items for the System Operator Quarterly Meeting;
- 6) developed a written procedure regarding Marketing Activities;
- 7) conducted training on its e-Tag system with all System Operators covering all functions of the e-Tag software with thorough coverage of 'extended' tags;
- 8) distributed a memorandum reiterating the importance of current and new procedures surrounding the possible violations and followed up with a mandatory meeting;
- 9) issued warnings to System Operators involved in the events;
- 10) developed an audible reminder alarm on its EMS that will alert the System Operator to check Interchange Schedules; and
- 11) revised the Interchange Scheduling Spreadsheet to freeze the date and time panes in the display to help prevent data entry errors.

SMEPA submitted the following as evidence of its completion of its Mitigation Plan:

- Proof of removed Passive Approval from OATI e-TAG system. Completed on November 3, 2008. (1.Passive Approve Removal email 11-3-08.pdf)

- Proof of discontinuance accepting 'extended' tags from any company. Completed on November 3, 2008. (2_3w Email Directive on echo protocol-extended tags 11-3-08.pdf)
- Directive through email for System Operators to utilize 'echo' protocol when discussing transactions with other companies. Completed on November 3, 2008. (2_3w Email Directive on echo protocol-extended tags 11-3-08.pdf)
- Agenda from System Operator quarterly meeting showing possible violations and mitigation plan review as agenda item. Completed on December 8, 2008. (4_5 System Operator Agenda meeting 12-8-08)
- Written procedure regarding marketing activities. (5 Procedure for Market Confirmations 12-8-08.doc)
- Proof of training on e-TAG System. OATI (SMEPA's E-tag vendor) held two Webex sessions with all SMEPA System Operators covering all functions of the e-tag software. Extended tags were thoroughly covered. Completed December 10, 2008 and January 8, 2009. (6A_OATI TRAIN2 on eTag 1-8-09.pdf and 6B_OATI TRAIN on eTag 12-10-08.pdf)
- Memorandum reiterating the importance of current and new procedures surrounding the possible violations on December 17, 2008 and followed up with a mandatory meeting on December 22, 2008. (7_8 pOperational_issues memo 12-17-08.doc and 7B_ Operational Issues memo email 12-17-08)
- Evidence that audible reminder alarm on the EMS that will alert the System Operator to check Interchange Schedules was developed. Completed on December 19, 2008. (7_8 pOperational_issues memo 12-17-08.doc and 7B_ Operational Issues memo email 12-17-08)
- Revised Interchange Scheduling spreadsheet to freeze the date and time panes in the display to help prevent mis-entry. Completed in December 16, 2008. (9A_Interchange Spreadsheet Before Revision.xls and 9B Revised Spreadsheet.xls)
- Spot-check of three days corresponding with hours of the events. (10_ E 06-30 0600.pdf, 10_A 6-28 0100.OFS.pdf, 10_B sched-checkout-s28.pdf, 10_C 6-29 2100.OFS.pdf, 10_D sched-checkout-s29.pdf, 10_F sched-checkout-s30.pdf)
- Evidence of OATI WebTran software project implementation. Completed on 6-29-09 (OATI WebTran project completion1 6-30-09.zip)

Additionally, the Mitigation Plan provided that SMEPA would, by May 31, 2009,⁸ purchase, install, and conduct training on a new E-Tag to EMS Scheduler interface that would further reduce the chance of human error and increase System Operator monitoring capability. SMEPA purchased and installed the software to interface E-Tag and SMEPA's EMS Interchange on June 29, 2009.

⁸ On May 21, 2009, SMEPA requested a thirty day extension for completing its Mitigation Plan. SMEPA stated it had experienced some communications issues OATI, which resulted in a delay in final implementation and testing of the software.

On June 30, 2009, SMEPA certified to SERC that its Mitigation Plan was completed on June 29, 2009. On August 5, 2009, SERC reviewed the evidence submitted by SMEPA in support of its certification of completion of its Mitigation Plan and determined that SMEPA was in compliance with Reliability Standard INT-009-1.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed

Basis for Determination

Taking into consideration the Commission's directions in Order No. 693, the NERC Sanction Guidelines, and the Commission's July 3, 2008 Guidance Order,⁹ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on June 10, 2009. The NERC BOTCC approved the Settlement Agreement, including SERC's imposition of a financial penalty of \$15,000 against SMEPA, in addition to other actions to promote prospective 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. SERC Staff's conclusion that the violations were not violations that put bulk power system reliability at serious or substantial risk because the violations did not occur during the loss of generation or transmission resources;
2. the two mismatches that occurred on October 28, 2008 (HE 1:00) and on October 29, 2008 (HE 21:00) took place during hours of minimal load movement and endured for only one hour each. Furthermore, the December 15, 2008 mismatch was 23 MW for each of the four hours of the implemented interchange;
3. SMEPA has no prior violations of this standard or any closely-related standard during the mandatory period; and
4. SMEPA took immediate steps to mitigate the instant violations and prevent any future occurrences arising from human error.

Additionally, SMEPA cooperated in a timely manner with SERC Staff during the assessment and agreed to resolve this issue via settlement prior to SERC issuing a Notice of Alleged Violation and Proposed Penalty or Sanction.

For the foregoing reasons, NERC BOTCC approves the Settlement Agreement and believes that the proposed \$15,000 financial penalty is appropriate for the violation and circumstances in question, and consistent with NERC's goal to promote and ensure reliability of the bulk power system.

⁹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

Pursuant to Order No. 693, 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 the Notice of Penalty

The attachments to be included as part of this Notice of Penalty are the following documents and material:

- a) SMEPA's Self-Reports dated November 3, 2008 and December 16, 2008, included as Attachment a;
- b) Settlement Agreement by and between SMEPA and SERC, executed on April 28, 2009 and included as Attachment b;
- c) SMEPA's Mitigation Plan designated as MIT-08-1522 which was submitted on January 23, 2009, and included all three of the violation, as well as SMEPA's original Mitigation Plan submitted on December 2, 2008, included as Attachment c;
- d) SMEPA's Certification of Completion of the Mitigation Plan designated as MIT-08-1522, dated June 30, 2009, included as Attachment d;
- e) SERC's Statement of Verification that the Mitigation Plan designated as MIT-08-1522 has been completed, dated August 5, 2009, included as Attachment e.

A Form of Notice Suitable for Publication

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

Notices and Communications

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

Rick Sergel
President and Chief Executive Officer
David N. Cook*
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

Jim Compton*
General Manager/CEO
South Mississippi Electric Power Association
7037 US HWY 49
Hattiesburg, MS 39402
(601) 268-2083 Ext. 2401
(601) 601-261-2351 - facsimile
jcompton@smepa.coop

Nathan Brown*
Chief Operating Officer
South Mississippi Electric Power Association
7037 US HWY 49
Hattiesburg, MS 39402
(601) 268-2083 Ext. 2303
(601) 261-2375 - facsimile
nbrown@smepa.coop

Steve McElhaney*
Operations & Planning Director
South Mississippi Electric Power Association
7037 US HWY 49
Hattiesburg, MS 39402
(601) 268-2083 Ext. 6637
(601) 261-2375 - facsimile
smcelhaney@smepa.coop

*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.

Rebecca J. Michael*
Assistant General Counsel
Holly A. Hawkins*
Attorney
North American Electric Reliability Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net
rebecca.michael@nerc.net

Gerry Cauley
President and Chief Executive Officer
SERC Reliability Corporation
2815 Coliseum Centre Drive
Charlotte, NC 28217
(704) 940-8202
(704) 357-7914 – facsimile
gcauley@serc1.org

Thomas J. Galloway*
Vice President and Director of Compliance
SERC Reliability Corporation
2815 Coliseum Centre Drive
Charlotte, NC 28217
(704) 940-8205
(704) 357-7914 – facsimile
tgalloway@serc1.org

Kenneth B. Keels, Jr.*
Manager of Compliance Enforcement
SERC Reliability Corporation
2815 Coliseum Centre Drive
Charlotte, NC 28217
(704) 940-8214
(704) 357-7914 – facsimile
kkeels@serc1.org

Marisa A. Sifontes*
Compliance Legal Counsel
SERC Reliability Corporation
2815 Coliseum Centre Drive, Suite 500
Charlotte, NC 28217
(704) 494-7775
msifontes@serc1.org

Conclusion

NERC respectfully requests that the Commission accept this Notice of Penalty as compliant with its rules, regulations and orders.

Respectfully submitted,

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

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
holly.hawkins@nerc.net
rebecca.michael@nerc.net

cc: South Mississippi Electric Power Association
SERC Reliability Corporation

Attachments

Attachment a

**SMEPA's Self-Reports dated November 3, 2008
and December 16, 2008**



SERC Reliability Corporation
Self-Reporting / Complaint Form Template
Revision 1 (10-25-07)

Report Type (please check): ☒ Self-Report ☐ Complaint

Date of Report: 11/3/08

NAME OF PERSON REPORTING POSSIBLE STANDARD VIOLATION(S)		
CONTACT NAME	CONTACT TELEPHONE NUMBER	
Gary Hutson	601-261-2393	
CONTACT E-MAIL	CONTACT FAX	
ghutson@smepa.coop		
REPORTING COMPANY NAME	ANONYMOUS? (Y/N)	
South Mississippi EPA	N	
NERC OR REGIONAL STANDARD(S) AND SPECIFIC REQUIREMENT(S) POSSIBLY VIOLATED		
NAME OF COMPANY POSSIBLY VIOLATING STANDARD(S)		ENTITY FUNCTION TYPE(S)
South Mississippi EPA		
STANDARD # AND VERSION	MEASURE / REQUIREMENT	DATE OF POSSIBLE VIOLATION(S)
INT-009-1	Requirement 1	10/27 and 10/29
POSSIBLE VIOLATION DESCRIPTION, REASON FOR COMPLAINT, OR QUESTION		
On 10/27, SMEPA had an interchange that was tagged through OATI E-Tag; however, it was not implemented into our EMS. On 10/29, SMEPA implemented a schedule in the EMS; however, it was not properly approved on the OATI E-tag. These errors may have been caused by a feature in E-tag that allows parties to extend existing tags.		
RELIABILITY IMPACT (IF KNOWN)		
None		

SERC Staff will contact the person providing the report as soon as possible.

If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).

Please complete the form as completely as possible and email to serccomply@serc1.org.



SERC Reliability Corporation
Self-Reporting / Complaint Form Template
Revision 1 (10-25-07)

Report Type (please check): ☒ Self-Report ☐ Complaint

Date of Report: 12/15/08

NAME OF PERSON REPORTING POSSIBLE STANDARD VIOLATION(S)		
CONTACT NAME	CONTACT TELEPHONE NUMBER	
Gary Hutson	601-261-2393	
CONTACT E-MAIL	CONTACT FAX	
ghutson@smepa.coop		
REPORTING COMPANY NAME	ANONYMOUS? (Y/N)	
South Mississippi EPA	N	
NERC OR REGIONAL STANDARD(S) AND SPECIFIC REQUIREMENT(S) POSSIBLY VIOLATED		
NAME OF COMPANY POSSIBLY VIOLATING STANDARD(S)	ENTITY FUNCTION TYPE(S)	
South Mississippi EPA	BA,DP,GO,GOP,IA,LSE, PA,PSE,TO,RP,TP, and TP	
STANDARD # AND VERSION	MEASURE / REQUIREMENT	DATE OF POSSIBLE VIOLATION(S)
INT-009-1	Requirement 1	12-15-08
POSSIBLE VIOLATION DESCRIPTION, REASON FOR COMPLAINT, OR QUESTION		
On 12/14/08, one of SMEPA System Operators inadvertently created an E-Tag that did not correspond with the intended Interchange Schedule that had been entered into the Control System Interchange Scheduler. At 0500 on 12/15/08, the mismatched E-Tag schedule began running while the Control System Interchange Schedule didn't begin until 0600. The error was discovered at approximately 0930 and adjustments were made to the Control System Interchange Scheduler immediately. The mismatch results were 23MW HE0600, 23MW HE0700, 23MW HE0800, and 23MW HE0900.		
RELIABILITY IMPACT (IF KNOWN)		
None		

SERC Staff will contact the person providing the report as soon as possible.

If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).



Please complete the form as completely as possible and email to serccomply@serc1.org.

Attachment b

Settlement Agreement by and between SMEPA and SERC, executed on April 28, 2009

SETTLEMENT AGREEMENT
OF
SERC RELIABILITY CORPORATION
AND
SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION

I. INTRODUCTION

1. SERC Reliability Corporation (“SERC”) and South Mississippi Electric Power Association (“SMEPA”) enter into this Settlement Agreement (“Settlement Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, of three alleged violations by SMEPA of NERC Reliability Standard INT-009-1, Requirement 1 (Implementation of Interchange) (SERC Issue Tracking Nos. 08-146, 08-170 and 08-164; NERC Violation ID Nos. SERC200800228, SERC200800246 and SERC200800247).

II. STIPULATION

2. The facts stipulated herein are stipulated solely for the purpose of resolving, between SMEPA and SERC, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. SMEPA and SERC hereby stipulate and agree to the following:

Background

3. SMEPA is a non-profit cooperative, which generates, transmits, and sells wholesale power to eleven member distribution cooperatives. These eleven Member systems own and maintain approximately 53,500 miles of distribution line and provide service to more than 400,000 members in 56 counties in Mississippi. SMEPA and the eleven Member systems, who own the Association, are consumer-owned, non-profit businesses; therefore, SMEPA’s rates reflect only the cost of supplying wholesale power to its rural electric systems. The SMEPA Transmission system is located in the southeast quarter of the state of Mississippi (located in a general area below Interstate 20 and East of Interstate 55). The internal Control Area peak load

is approximately 680 MW. The SMEPA transmission system has historically been summer peaking with the last system peak occurring on August 14, 2007 and reaching 1386 MW.

4. SMEPA has 45 miles of 230 kV lines, 397 miles of 161 kV lines, and 1008 miles of 69 kV lines within the SMEPA system. SMEPA also owns a total of 236 miles of 115 kV lines within the Mississippi Power Company and Entergy Areas. SMEPA owns and operates two manned generation facilities: Plant Morrow and Plant Moselle. Plant Morrow is a 400 MW coal fired steam plant consisting of two 200 MW units. Plant Moselle is a 343 MW natural gas or oil fired steam plant consisting of three 59 MW steam units and two 83 MW combustion turbines. SMEPA also owns and operates two peaking units that have a combined rated output of 36 MW and are unmanned and operated remotely from SMEPA's Control Center. SMEPA also has 10% undivided interest (125 MW) in Entergy's Grand Gulf Nuclear Station. SMEPA also owns a 129 MW simple-cycle peaking station. In addition, SMEPA has a generation site that includes three 83 MW simple-cycle peaking units that connects to the Entergy Mississippi, Inc. transmission system. SMEPA owns a total of 1282 MW of generation.

Alleged Violations

5. NERC Reliability Standard INT-009-1, Requirement 1 requires that a "Balancing Authority implement Confirmed Interchange, as received from the Interchange Authority."¹
6. On November 3, 2008, SMEPA submitted a self-report to SERC stating that on October 28 and October 29, 2008, SMEPA had an interchange that was tagged through its tagging software but was not implemented, as required by the standard.
7. On December 16, 2008, SMEPA submitted an additional self-report to SERC stating that on December 14, 2008, one of its System Operators created an electronic tag that did not correspond with the intended interchange schedule and was subsequently implemented as a mismatch on December 15, 2008.
8. Each of these three incidents was reviewed and processed by SERC as separate alleged violations.

¹ NERC Standard INT-009-1 – Implementation of Interchange, approved by NERC Board of Trustees on May 2, 2006, approved by FERC effective June 18, 2007.

9. SMEPA cooperated fully with SERC during every aspect of the investigation and remediation. SMEPA promptly self-reported the violations and immediately took steps to prevent reoccurrence.
10. Following its receipt and review of SMEPA's self-reports, SERC Staff confirmed SMEPA's NERC Registration Status as a Balancing Authority and that SMEPA was subject to Requirement 1 of NERC Reliability Standard INT-009-1.
11. After confirming SMEPA's NERC Registration Status, SERC Staff commenced its detailed compliance assessment. On November 17, 2008 and January 5, 2009, SERC Staff issued to SMEPA a Compliance Assessment Notice advising SMEPA of the initiation of two formal assessments to determine its compliance relative to Reliability Standard INT-009-1 and directing SMEPA to preserve all relevant records and information. SERC Staff promptly established direct contact with representatives of SMEPA to begin the process of gathering information and documentation for the detailed compliance assessment. SERC Staff also reported the possible violations to NERC which, in turn, reported the possible violations to the Federal Energy Regulatory Commission (the "Commission") in accordance with the Compliance Monitoring and Enforcement Program (CMEP) of the NERC Rules of Procedure. SERC Staff also provided SMEPA with a set of detailed questions as part of its assessments, to which SMEPA promptly responded.
12. SERC Staff also reviewed information from a previous self-report involving NERC Reliability Standard INT-009-1 that took place on January 5, 2007. In this event, SMEPA improperly implemented the ramp for a schedule interchange. SERC Staff undertook this review to determine if the root cause of the previous incident was consistent with the incidents discussed herein. SERC Staff determined that the January 5, 2007 incident was different from the current violations. During the earlier incident, the schedule and associated tag for the hour were consistent, however, the operator failed to include a 10 minute ramp on the schedule, consistent with a recent change in the contract with a neighboring utility. SMEPA had a long-standing contract with that utility that allowed SMEPA to implement the schedule between the utilities with a zero ramp. Prior to the January 5, 2007 event, there was a change in the contract that, in part, memorialized the other utility's request that SMEPA start implementing a 10 minute schedule ramp when using this contract instead of a zero ramp. In response to the January 2007 incident, SMEPA initiated training on entering ramps for schedules, including special emphasis on unique contracts that would allow schedules to be implemented at any time during the hour.
13. SMEPA responded promptly to SERC staff's requests for information and often included senior management on conference calls and discussions about the facts and circumstances. On January 30, 2009 and February 3, 2009, SERC Staff requested snapshots of the Tags and EMS screens and copies of the System Operators' NERC Certification Certificates. SMEPA's management promptly sent copies of the completed tags and snapshots of the EMS screens for specific events. SMEPA also

supplied verification of System Operator NERC certifications for the individuals involved and SERC staff reviewed the appropriated information to validate their certification.

14. On February 12, 2009 SERC staff held a conference call with SMEPA's senior management to discuss various sections of the mitigation plan and the CMEP 5.4 settlement process, On February 13, 2009 SMEPA formally requested settlement discussions for the three INT-009-1 items.
15. As a result of its investigation, SERC Staff concluded that the facts and evidence supported a finding that SMEPA violated Requirement 1 of INT-009-1 because evidence showed that SMEPA failed to implement a Confirmed Interchange, as required by the standard, on October 28, 2008, October 29, 2008 and on December 15, 2008. NERC Reliability Standard INT-009-1, Requirement 1, is assigned a "Medium" Violation Risk Factor ("VRF") consistent with the VRF filed by NERC in Docket No. RR07-12-000 and approved by the Commission on June 26, 2007. SERC Staff further concluded that there was a lower risk to the reliability of the bulk-power system because the violations did not occur during the loss of generation or transmission resources and did not trigger any reportable Disturbance Control Standard (DCS) events. The two mismatches that occurred on October 28, 2008 (HE 1:00) and on October 29, 2008 (HE 21:00) took place during off-peak hours and endured for one hour each. The December 15, 2008 mismatch took place during HES 06:00 through 09:00 and was less than 25MWs for each of the four hours of the implemented interchange.

III. PARTIES' SEPARATE REPRESENTATIONS

Statement of SERC and Summary of Findings

16. SMEPA uses Electronic Tagging software for coordinating the implementation of tags. SERC Staff determined that the triggering event for the first two violations of October 28, 2008 and October 29, 2008 was human error in inadvertently approving extended tags through passive approval, rather than creating new tags. SMEPA's policy of accepting extended tags as an electronic tagging shortcut increased the possibility of improper implementation of tags into the EMS Interchange Scheduler. SERC Staff determined that the third violation of December 15, 2008 was related to a different aspect of human performance as a System Operator inadvertently created an e-Tag that did not correspond with the intended Interchange Schedule that had been entered into the Control System Interchange Scheduler. The error was initially caused by an operator entry error in a spreadsheet. The design of that spreadsheet was not optimal for System Operator's use and was a contributing factor to the human performance error.

17. SERC finds that on October 28, 2008, SMEPA, as a Balancing Authority, failed to implement a Confirmed Interchange as received from its Interchange Authority, since the interchange schedule did not correlate with what was approved through the e-Tag system. This is a violation of INT-009-1, Requirement 1 for not implementing a confirmed schedule. This occurrence endured for one hour and the confirmed interchange difference was 160 MW.
18. SERC finds that on October 29, 2008, SMEPA, as a Balancing Authority, failed to implement a Confirmed Interchange as received from its Interchange Authority, since the interchange schedule did not correlate with what was approved through the e-Tag system. This is a violation of INT-009-1, Requirement 1 for not implementing a confirmed schedule. This occurrence endured for one hour and the confirmed interchange difference was 150 MW.
19. SERC finds that on December 15, 2008, SMEPA, as a Balancing Authority, failed to implement a Confirmed Interchange as received from its Interchange Authority, by creating an e-Tag that did not correspond with the intended Interchange Schedule which had been entered into the Control System Interchange Scheduler. This is a violation of INT-009-1, Requirement 1 for not implementing a confirmed schedule. This occurrence endured for four hours and the confirmed interchange difference was 23 MW in each hour.
20. SERC considered a number of factors in determining the penalty for this violation including:
 - (i) SMEPA has no prior violation of this standard or any closely-related standard during the mandatory period.
 - (ii) SMEPA cooperated in a timely and satisfactory manner with SERC Staff during the investigation.² SMEPA provided prompt responses to all of SERC Staff's data requests and cooperated with SERC Staff during meetings between the parties to discuss these events. SMEPA proactively initiated its own internal investigation and voluntarily provided supporting information to SERC Staff to assist in SERC Staff's review of the facts and circumstances. This included the submission of evidence in the form of interchange schedules, copies of tags, and inadvertent interchange reports, plus operating personnel information. SMEPA's comprehensive response to SERC Staff's questions enabled SERC Staff to conduct a thorough investigation in an efficient manner.

² Revised Policy Statement on Enforcement, 123 FERC ¶ 61,156, P 65 (May 15, 2008).

- (iii) SMEPA promptly self-reported the violations. Once SMEPA became aware of first two possible violations on October 29, 2008 and confirmed the surrounding information, it filed a self-report with SERC on November 3, 2008. Once SMEPA became aware of the third possible violation on December 14, 2008 and confirmed the surrounding information, it filed a self-report with SERC on December 15, 2008. SMEPA's diligence in investigating the possible violations and in self-reporting the events to SERC are commendable and a significant factor in a reduction of the penalty.³
- (iv) SMEPA possessed a lack of intent to commit or to conceal the alleged violations. SMEPA did not attempt to conceal the alleged violations which is evident by its prompt self-reports of the alleged violations. Furthermore, SMEPA did not intend to commit such violations.
- (v) SMEPA has a comprehensive compliance program that was developed using Commission guidance.⁴ SMEPA has a designated compliance officer for NERC Compliance. Monitoring and coordination of compliance activities is performed by the Compliance Administrator and the Director of Operations and Planning to ensure that the standards are maintained at all levels. SMEPA participated in voluntary compliance programs prior to the effective date of the mandatory and enforceable reliability standards. This comprehensive program includes substantial, high-level support and dedicated compliance personnel who are responsible for its implementation.
- (vi) SMEPA agreed to expeditiously resolve this issue via settlement and promptly initiated various mitigation actions and preventative measures before receiving a Notice of Alleged Violation from SERC.
- (vii) SMEPA is implementing a wide-range of additional measures set forth in Paragraph 27 to protect against future violations of the same or similar requirements.⁵ Among the measures proposed by SMEPA is the purchase and installation of new e-Tag/EMS Scheduler interface software by May 31, 2009. This new technology will reduce the chance of human error and will increase System Operator monitoring capability. SMEPA's commitment to prevent a recurrence of this violation by remediating of the root cause of the violations is evidence of its continued commitment to bulk-power system reliability, the prevention of standards violations, and its strong compliance program.

21. SERC Staff concluded that the actual or foreseeable impact of the alleged violations on the reliability of the bulk-power system was lower because: the violations did not

³ Policy Statement on Compliance, 125 FERC ¶ 61,058, P 19 (October 16, 2008).

⁴ Policy Statement on Compliance, 125 FERC ¶ 61,058, PP 6, 13-15 (October 16, 2008).

⁵ Policy Statement on Compliance, 125 FERC ¶ 61,058 (October 16, 2008).

occur during the loss of generation or transmission resources and did not trigger any reportable DCS events. Additionally, the two mismatches that occurred on October 28, 2008 (HE 1:00) and on October 29, 2008 (HE 21:00) took place during hours of minimal load movement and endured for only one hour each. Furthermore the December 15, 2008 mismatch was less than 25MWs for each of the four hours of the implemented interchange.

22. SERC agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.

Statement of SMEPA

23. SMEPA admits that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute violations of Reliability Standard INT-009-1.
24. SMEPA has agreed to enter into this Settlement Agreement with SERC 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. SMEPA agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure and further agrees to be bound to all actions hereafter listed as part of the agreement.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

25. In addition to the actions completed by SMEPA pursuant to the Mitigation Plan and the preventative measures implemented pursuant to Paragraph 27 of this Settlement Agreement, SMEPA shall pay a monetary penalty of \$15,000 to SERC.
26. SMEPA's Mitigation Plan dated January 23, 2009, was accepted by SERC on March 19, 2009 and submitted to NERC for its approval on March 25, 2009. SMEPA's Mitigation Plan is due to be completed no later than May 31, 2009. SMEPA's Mitigation Plan is attached hereto as Appendix A-1.
27. Mitigation of a violation of INT-009-1, Requirement 1 is completed as soon as the registered entity implements an Interchange that matches the Confirmed Interchange submitted by the Interchange Authority. As such, SMEPA was compliant with the standard once it corrected the mismatched Interchange. Therefore, in its mitigation plan, SMEPA focuses on the actions it can take to prevent recurrence.
28. Actions implemented by SMEPA in its Mitigation Plan (see Appendix A-1) will help to prevent a recurrence of any similar violation. Specifically:
 - (i) After the incidents on October 28 and 29, 2008, SMEPA removed the "Passive Approval" function from the Electronic Tagging (eTag) system and

discontinued the acceptance of 'extended' tags from marketing entities. Extended tags are a feature or 'short cut' of the energy trading software application that allows the user to use an existing tag to extend to the next hour. SMEPA determined that their acceptance of one marketer's use of extended tags was creating the chance for more mistakes to occur.

- (ii) Additionally, SMEPA reviewed System Operator actions to determine proper situation awareness solutions and issued directives through email for System Operators to utilize 'echo' protocol when discussing transactions with other companies.
 - (iii) SMEPA will purchase and install new e-Tag/EMS Scheduler interface software by May 31, 2009. This new technology will reduce the chance of human error and will increase System Operator monitoring capability.
 - (iv) Continuous training of System Operators will remain a priority at SMEPA. Additional improvements in personnel performance management, operating procedures, and improved technology to decrease margins of human error, will assist SMEPA efforts to minimize future risks to the reliability of the Bulk Electric System.
29. SERC has reviewed the preventative measures described in the Mitigation Plan and in Paragraph 27 and has determined that these measures will assist SMEPA in improving prospective compliance with the requirements of INT-009-1 and will ultimately enhance the reliability of the bulk-power system within an appropriate time-frame. In order to facilitate SERC's need to communicate the status and provide accountability to NERC, if SMEPA does not complete its mitigation plan by May 31, 2009, SMEPA will provide monthly status updates on the implementation of the preventative measures until its completion date. SMEPA will submit these status updates to SERC in accordance with the confidentiality provisions of Section 1500 of the NERC Rules of Procedure. It is understood that SERC Staff may audit the implementation of these preventative measures, including, but not limited to, site inspection, interviews, and may request documentation to validate completion under this Settlement Agreement. SERC shall reasonably coordinate audits and information requests with SMEPA related to these preventative measures.
30. SERC Staff based its determination of duration of the proposed penalty on its assessment that each violation was for a limited duration, for one hour on October 28, 2008, one hour on December 29, 2008 and for four hours on December 15, 2008. Accordingly, SERC finds that, as a result of human error, the three violations of the applicable standard lasted for a total of six hours.
31. SERC Staff also considered the specific facts and circumstances of the violation and SMEPA's actions in response to the alleged 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 [SMEPA] to remedy the violation in a timely manner.”⁶ The factors considered by SERC Staff in the determination of the appropriate penalty for SMEPA’s alleged violation of INT-009-1 pursuant to this Settlement Agreement included the following:

- (i) The alleged violation had minimal actual or foreseeable impact on the reliability of the bulk-power system because: the violations did not occur during the loss of generation or transmission resources and did not trigger any reportable events. The two mismatches that occurred on October 28, 2008 (HE 1:00) and on October 29, 2008 (HE 21:00) took place during hours of minimal load movement and endured for only one hour each. The December 15, 2008 mismatch took place during HEs 06:00 through 09:00 and was less than 25MWs for each of the four hours of the implemented interchange.
- (ii) SMEPA has no prior violation of this standard or any closely-related standard during the mandatory reliability period.
- (iii) SMEPA cooperated in both a timely manner with SERC Staff during the investigation.⁷ SMEPA provided prompt responses to all of SERC Staff’s data requests and cooperated with SERC Staff during meetings between the parties to discuss these events. SMEPA proactively initiated its own internal investigation and voluntarily provided supporting information to SERC Staff to assist in SERC Staff’s review of the facts and circumstances. This included the submission of evidence in the form of interchange schedules, copies of tags, and inadvertent interchange reports, plus operating personnel information. SMEPA’s comprehensive response to SERC Staff’s questions enabled SERC Staff to conduct a thorough investigation in an efficient manner.
- (iv) SMEPA promptly self-reported the alleged violations. Once SMEPA became aware of the possible violations on October 29, 2008 and confirmed the surrounding information, it filed a self-report with SERC on November 3, 2008. Similarly, after becoming aware of the possible violation on December 14, 2008, SMEPA filed a self-report with SERC on December 15, 2008. SMEPA’s diligence in investigating the possible violations and in self-

⁶ 16 U.S.C. § 824o(e)(6).

⁷ Revised Policy Statement on Enforcement, 123 FERC ¶ 61,156, P 65 (May 15, 2008).

reporting the events to SERC are commendable and a significant factor in a reduction of the penalty.⁸

- (v) SMEPA agreed to expeditiously resolve this issue via settlement and promptly initiated various mitigation and preventative measures before receiving a Notice of Alleged Violation from SERC.
 - (vi) SMEPA possessed a lack of intent to commit or to conceal the alleged violation. SMEPA did not attempt to conceal the alleged violation which is evident by its prompt self-report of the alleged violation. Furthermore, SMEPA did not intend to commit such a violation.
 - (vii) SMEPA has a quality comprehensive compliance program that was developed using Commission guidance.⁹ SMEPA has participated in voluntary compliance programs prior to the effective date of the mandatory and enforceable reliability standards. This comprehensive program includes substantial, high-level support and dedicated compliance personnel who are responsible for its implementation.
 - (viii) SMEPA is implementing a wide-range of measures to address the alleged violations and to protect against future violations of the same or similar requirements, as set forth in Paragraph 27. SMEPA's commitment to prevent a recurrence of these violations by remediating the root cause through numerous program improvements -- including additional accountability and enhanced training, quality controls, and technology utilization -- are evidence of its commitment to bulk-power system reliability, the prevention of standards violations, and its strong compliance program.
31. Based on the above factors, as well as the mitigation actions and preventative measures taken (or to be taken), SMEPA shall pay \$15,000 to SERC as set forth in this Settlement Agreement. SMEPA shall remit the payment to SERC via check, or by wire transfer to an account to be identified by SERC ("SERC Account"), within twenty days after SERC provides SMEPA with a notice of penalty payment due and invoice, to be issued by SERC after this Settlement Agreement is either approved by the Commission or by operation of law. SERC shall notify NERC, and NERC shall notify the Commission, if the payment is not timely received. If SMEPA does not remit the payment by the required date, interest payable to SERC will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date that payment is due, and shall be payable in addition to the payment.

⁸ Policy Statement on Compliance, 125 FERC ¶ 61,058, P 19 (October 16, 2008).

⁹ Policy Statement on Compliance, 125 FERC ¶ 61,058, PP 6, 13-15 (October 16, 2008).

32. 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, may subject SMEPA to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. SMEPA will retain all rights to defend against such enforcement actions in accordance with the NERC Rules of Procedure.

V. ADDITIONAL TERMS

33. The signatories to the Settlement Agreement agree that they enter into the 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 SERC or SMEPA has been made to induce the signatories or any other party to enter into the Settlement Agreement. The signatories agree that the terms and conditions of this Settlement Agreement are consistent with the Commission's regulations and orders, and NERC's Rules of Procedure.
34. SERC 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 SERC and SMEPA 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 SERC will attempt to negotiate a revised settlement agreement with SMEPA 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.
35. 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.
36. SMEPA agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and SMEPA waives its right to further hearings and appeal, unless and only to the extent that SMEPA contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. SERC reserves all rights to initiate enforcement, penalty or sanction actions against SMEPA in accordance with the NERC Rules of Procedure in the event that SMEPA fails to comply with the mitigation plan and compliance

program agreed to in this Settlement Agreement. In the event SMEPA fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, SERC will initiate enforcement, penalty, or sanction actions against SMEPA 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, SMEPA shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

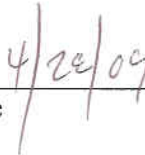
37. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Settlement Agreement on the entity's behalf.
38. The undersigned representative of each party affirms that he or she has read the Settlement Agreement, that all of the matters set forth in the Settlement Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the 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.
39. The Settlement Agreement may be signed in counterparts.
40. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

Agreed to and accepted:



Thomas J. Galloway
Vice President and Director of Compliance
SERC RELIABILITY CORPORATION

Date



Nathan L. Brown
Chief Operating Officer
SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION

Date



**APPENDIX A
TO
SETTLEMENT AGREEMENT
OF
SERC RELIABILITY CORPORATION
AND
SOUTH MISSISSIPPI ELECTRIC POWER ASSOCIATION**

(1) SMEPA's Mitigation Plan

APPENDIX A-1

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 01/23/2009

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan:

Section A: Compliance Notices¹

- Section 6.2 of the CMEP² 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.

¹ This document will become part of the public record to be included in the Notice of Penalty filing to be submitted to the Federal Energy Regulatory Commission (Commission) upon determination that a confirmed violation has occurred or in the event a settlement agreement is reached between the Registered Entity and the Regional Entity. The entire document will be submitted as part of the public record, unless the Registered Entity marks specific information as confidential Critical Energy Infrastructure Information or Privileged Information in accordance with the NERC Rules of Procedure Section 1500 and the Commission's regulations, rules and orders. The Registered Entity must provide adequate justification supporting designation of information that is submitted to the Commission as Confidential Information. Until such time as this document is submitted to the Commission, it will remain confidential within NERC and the Regional Entity compliance organization pursuant to Section 1500 of the Rules of Procedure.

² "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.

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- (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.
- This submittal form shall be used to provide a required Mitigation Plan for review and approval by SERC and NERC.
 - The Mitigation Plan shall be submitted to SERC 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 violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
 - If the Mitigation Plan is approved by SERC and 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.
 - SERC 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.

Section B: Registered Entity Information

B.1 Identify your organization:

Company Name: South Mississippi Electric Power Association
 Company Address: P.O. Box 15849 Hattiesburg, MS 39404-5849
 NERC Compliance Registry ID **[if known]**: NCR 01315

B.2 Identify the individual in your organization who will serve as the Contact to SERC regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to SERC regarding this Mitigation Plan.

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Name: Steve Mcelhaney
Title: Director Of Operations And Planning
Email: smcelhaney@smepa.coop
Phone: 601-705-6637

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Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

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

C.1 Standard: Standard: INT-009-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	SERC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
SERCYYYYnnnnn	08-146	R1	10/28/2008
	08-164	R1	10/29/2008
	08-170	R1	12/15/2008

(*) Note: The Violation Date shall be: (i) the date that the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by SERC. Questions regarding the date to use should be directed to SERC.

C.3 Identify the cause of the violation(s) identified above:

The potential violation on October 28th and 29th was a result of miscues between the South Mississippi Electric Power Association (SMEPA) System Operator and a marketer which involved the utilization of 'extended' tags in the OATI ETAG software. The confusion over the 'extended' tag in both cases contributed to the Operator approving both tags in error. The System Operator, not recognizing his approval of the tag in error, inserted what he thought to be the approved tag into the EMS Interchange Scheduler. Thus, on 10/28/2008 for HE 0100 and on 10/29/2008 for HE 2100, SMEPA's interchange schedule did not correlate with what was approved through the E-TAG system. However, phone records indicate that both companies thought the "correct tag" had been implemented. The mismatch between E-tag and Interchange Scheduling was 160MW on Oct. 28th and 150MW on Oct. 29th.

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On 12/14/2008, one of the SMEPA System Operators inadvertently created an E-Tag that did not correspond with the intended Interchange Schedule that had been entered into the Control System Interchange Scheduler. At 0500 on 12/15/08, the mismatched E-Tag schedule began running while the Control System Interchange Schedule didn't begin until 0600. The error was discovered at approximately 0930 and adjustments were made to the Control System Interchange Scheduler immediately. The mismatch results were 23MW HE 0600, 23MW HE 0700, 23MW HE 0800, and 23MW HE 0900. The error was initially caused by an entry error in a spreadsheet. The design of that spreadsheet was not optimal for the System Operator's use and contributed to the error.

SMEPA has deployed exceptional operating tools to perform Balancing Authority functions of the Bulk Electric System. The overall root cause of the possible violations was human error.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

- C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

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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 violations identified above in Part C.2 of this form:

Once SMEPA's Compliance Team identified and reported the possible violation to SERC, SMEPA's management immediately reviewed the events and developed the following Mitigation Plan:

COMPLETED

- o Reviewed System Operator actions to determine proper situation awareness solutions. Completed in November 3, 2008 and December 17, 2008.
- o Removed Passive Approval from OATI E-TAG system. Completed in November 3, 2008.
- o Discontinued accepting 'extended' tags from any company. Completed in November 3, 2008.
- o Issued Directive through email for System Operators to utilize 'echo' protocol when discussing transactions with other companies. Completed November 3, 2008
- o Included possible violations and mitigation plan review as agenda item for System Operator Quarterly Meeting. Completed December 8, 2008
- o Developed a written procedure regarding Marketing Activities. Completed December 8, 2008
- o Training on E-TAG System. OATI (SMEPA's E-tag vendor) held two WebX sessions with all SMEPA System Operators covering all functions of the E-tag software. Extended tags were thoroughly covered. Completed December 10, 2008 and January 8, 2009.
- o Emailed Memorandum reiterating the importance of current and new procedures surrounding the possible violations on December 17, 2008 and followed up with a mandatory meeting on December 22, 2008.
- o Issued warnings to System Operators involved in the events. Issued and completed all warnings by January 23, 2009.
- o Developed audible reminder alarm on the EMS that will alert the

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System Operator to check Interchange Schedules. Completed December 19, 2008.

- o Revised Interchange Scheduling Spreadsheet to freeze the date and time panes in the display to help prevent misentry. Completed in December 16, 2008.

FUTURE

- o Purchase and install software to interface E-TAG and SMEPA's EMS Interchange Scheduler. Schedule implementation by May 31, 2009. Implementation procedures will began after scheduled EMS upgrade is completed.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Check this box ☐ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

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: SMEPA has made provisions to omit the normal "Request for Purchase" to expedite securing an already chosen software package for interface of E-Tag and SMEPA's EMS Interchange Scheduler. Because SMEPA's Control Systems group will be implementing an upgrade to the Control System during the Febuary and March time frame, the projected date of completion is May 31st.

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D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Purchase E-Tag/EMS Scheduler interface software	3/31/2009
Install E-Tag/EMS Interchange Scheduler interface software	5/31/2009

(*) 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.

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]

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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:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section E: Interim and Future Reliability Risk

Check this box ☐ and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part 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:

SMEPA takes compliance with NERC Standards very seriously and will continue to do everything possible to remain compliant with every requirement set forth. Once the last item on the Mitigation Plan is complete, SMEPA will have a state of the art Interchange Tool. Unfortunately, as long as humans are required to interface with the System, there will always be risks of errors such as these.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

APPENDIX A-1



Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part 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:

SMEPA has made a thorough review of the possible violations. All efforts have been extinguished in response to these possible violations. New technology to reduce the chance of human error will continually be monitored and continuous training of System Operators will always remain a priority at SMEPA. Through training, clear and precise procedures, and continuously searching for new and better ways to decrease margins of human error, SMEPA believes it has made every possible effort to not burden or risk the reliability of the Bulk Electric System.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

[Continued on Next Page](#)

APPENDIX A-1**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 the Mitigation Plan, as laid out in Section D of this form, to SERC for acceptance by SERC 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 the Chief Operating Officer of South Mississippi Electric Power Association.
 2. I am qualified to sign this Mitigation Plan on behalf of South Mississippi Electric Power Association.
 3. I have read and understand South Mississippi Electric Power Association'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. South Mississippi Electric Power Association agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by SERC and approved by NERC.

Authorized Individual Signature

(Electronic signatures are acceptable; see CMEP)

Name (Print): Nathan Brown
 Title: Chief Operating Officer
 Date: 01/23/2009

APPENDIX A-1



Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Submittal Instructions:

Please convert the completed and signed document to a text-searchable Adobe .pdf document using the following naming convention:

[(MP Entity Name (STD-XXX) MM-DD-YY).pdf]

Email the pdf file to serccomply@serc1.org.

Please direct any questions regarding completion of this form to:

Ken Keels
Manager, Compliance Enforcement
SERC Reliability Corporation
704-357-7372
kkeels@serc1.org



P. O. Box 15849
Hattiesburg, MS 39404-5849

7037 US Highway 49
Hattiesburg, MS 39402

Phone: 601.268.2083
Fax: 601.261.2375

May 21, 2009

Mr. Tom Galloway
Vice President and Director of Compliance
SERC Reliability Corporation
2815 Coliseum Centre Drive
Suite 500
Charlotte, NC 28217

Subject: Request for Extension of Milestone
SERC Tracking Numbers: 08-146, 08-170, 08-164

Dear Tom,

Due to the potential for delay in the full implementation of the E-Tag/EMS Interchange Scheduler Interface Software, SMEPA requests a 30-day extension for completion its Mitigation Plan.

SMEPA has experienced some communications issues with the vendor, Open Access Technologies International (OATI), which has resulted in a delay in final implementation and testing of the software. Although the first installation Milestone was completed on time, the communications issues along with some operational issues have kept us from going live with the software as planned. We believe we have the significant issues resolved and our Control Systems staff is currently testing and monitoring the software to ensure those problems have been corrected.

As you know, SMEPA must functionally test the software to ensure reliable operation before going live. Our current implementation schedule has the "go live" test of the software scheduled to occur on Wednesday, May 27th. Although this is prior to our May 31st deadline to complete the installation according to the Mitigation Plan, any unanticipated problems could result SMEPA not meeting its Mitigation deadline. As a result, we believe it is prudent to submit this request in accordance with Section 6.3 (Timetable for Completion of Mitigation Plans) of the SERC Compliance Monitoring and Enforcement Program.

Mr. Tom Galloway

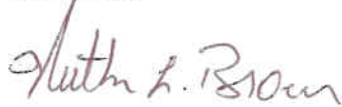
May 21, 2009

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You have our assurance that the software will be installed and implemented as soon as possible, with due regard to performance and reliability. In addition, we commit to provide SERC with a weekly update on the status, until the project is completed.

Please let me know if this is acceptable to SERC and if you need any additional information.

Sincerely,

A handwritten signature in dark ink, appearing to read "Nathan L. Brown". The signature is fluid and cursive, with the first name "Nathan" being more prominent.

Nathan L. Brown, P.E.
Chief Operating Officer

/lh

cc: Mickey Bellard, Compliance Engineer (SERC)
Ken Keels, Manager of Compliance Enforcement (SERC)
Jim Compton, General Manager

Attachment c

SMEPA's Certification of Completion of the Mitigation Plan designated as MIT-08-1522



P.O. Box 15849
Hattiesburg, MS 39404-5849

7037 US Highway 49
Hattiesburg, MS 39402

Phone: 601.268.2083
Fax: 601.261.2375

Certification of a Completed Mitigation Plan

SERC Reliability Corporation Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification:
South Mississippi Electric Power Association

Date of Certification: 6/30/2009

Name of Standard and the Requirement(s) of mitigated violation(s): INT-009-1R1

SERC Tracking Number (contact SERC if not known): 08-146, 08-164, and 08-170

NERC Violation ID Number (if assigned): NCR01315

Date of completion of the Mitigation Plan: 6/29/2009

Summary of all actions described in Part D of the relevant mitigation plan:

- Reviewed System Operator actions to determine proper situation awareness solutions. Completed November 3, 2008 and December 17, 2008.
- Removed Passive Approval from OATI E-TAG system. Completed November 3, 2008.
- Discontinued accepting 'extended' tags from any company. Completed November 3, 2008.
- Issued Directive through email for System Operators to utilize echo' protocol when discussing transactions with other companies. Completed November 3, 2008.
- Included possible violations and mitigation plan review as agenda item for System Operator Quarterly Meeting. Completed December 8, 2008.
- Developed a written procedure regarding Marketing Activities. Completed December 8, 2008.
- Training on E-TAG System. OATI (SMEPA's E-tag vendor) held two WebEx sessions with all SMEPA System Operators covering all functions of the E-tag software. Extended tags were thoroughly covered. Completed December 10, 2008 and January 8, 2009.

June 30, 2009

Page Two

- Emailed Memorandum reiterating the importance of current and new procedures surrounding the possible violations on December 17, 2008 and followed up with a mandatory meeting on December 22, 2008.
- Issued warnings to System Operators involved in the events. Completed January 23, 2009.
- Developed audible reminder alarm on the EMS that will alert the System Operator to check Interchange Schedules. Completed December 19, 2008.
- Revised Interchange Scheduling Spreadsheet to freeze the date and time panes in the display to help prevent miss-entry. Completed December 16, 2008.
- Purchased and installed software to interface E-TAG and SMEPA's EMS Interchange Scheduler. Completed June 29, 2009

Description of the information provided to SERC for their evaluation:

The potential violation was a result of miscues between the South Mississippi Electric Power Association (SMEPA) System Operator and a Marketer which involved the utilization of 'extended' tags in the OATI ETAG Software. The confusion over the 'extended' tag in both cases contributed to the Operator approving both tags in error. The System Operator, not recognizing his approval of the tag in error, inserted what he thought to be the approved tag into the EMS Interchange Scheduler. Thus, on October 28th at HE 01:00 and on October 29th at HE 21:00, SMEPA's interchange schedule did not correlate with what was approved through the E-TAG system. However, phone records indicate that both companies thought the "correct tag" had been implemented.

I certify that the mitigation plan for the above-named violation has been completed on the date shown above. In doing so, I certify that all required mitigation plan actions described in Part D of the relevant mitigation plan have been completed, compliance has been restored, the above-named entity is currently compliant with all of the requirements of the referenced standard, and that all information submitted is complete and correct to the best of my knowledge.

Name: Nathan L. Brown
Title: Chief Operating Officer
Entity: South Mississippi Electric Power Association
Email: nbrown@smepa.coop
Phone: 601-268-2083

Designated Signature _____ Date 6/30/09

[NOTE – Closure Form should be signed by same individual that signed Mitigation Plan]

(Form Revised August 13, 2008)

Attachment d

**SERC's Statement of Verification that the
Mitigation Plan designated as MIT-08-1522 has
been completed**



SERC Reliability Corporation
2815 Coliseum Centre Drive | Suite 500
Charlotte, NC 28217
704.357.7372 | Fax 704.357.7914 | www.serc1.org

Statement of SERC Reliability Corporation Compliance Staff Regarding Completion of Mitigation Plan

Registered Entity: South Mississippi Electric Power Association (SMEPA)
SERC Tracking IDs: 08-146, 08-164, 08-170
NERC Violation No: SERC200800228, SERC200800247, SERC200800246
NERC Mitigation Plan ID: MIT-07-1522
Standard: INT-009-1
Requirement: R1

Violation Summary:

Entity as a Balancing Authority failed to implement a Confirmed Interchange as received from the Interchange Authority since the interchange schedule did not correlate with what was approved through the e-TAG system. This is a violation of R1 for not implementing a confirmed schedule on three separate occurrences. The first occurrence on October 28, 2008 endured for one hour and the Confirmed Interchange difference was 160 MW. The second occurrence on October 29, 2008 endured for one hour and the Confirmed Interchange difference was 150 MW. The third occurrence on December 15, 2008 endured for four hours and the Confirmed Interchange difference was 23 MW for each hour.

Mitigation Plan Summary:

SMEPA's Mitigation Plan to address the referenced violations was submitted on January 23, 2009, was accepted by SERC on March 19, 2009, and approved by NERC on April 21, 2009. The Mitigation Plan is identified as MIT-07-1522 and was submitted as non-public information to FERC on April 21, 2009 in accordance with FERC orders.

On May 21, 2009, SMEPA submitted to SERC its request to extend the overall Mitigation Plan completion date from its current end of May 31, 2009 to June 30, 2009. SMEPA's e-Tag/EMS Interchange Scheduler interface software installation was ahead of schedule; however, SMEPA began experiencing communications and operational issues that required additional testing. SMEPA continued to functionally test the interface software with the goal of completing the implementation once all system errors were eliminated. Based on this information, on May 29, 2009 SERC Compliance Staff accepted SMEPA's request for an extension of the Mitigation Plan as outlined.

SMEPA implemented a wide range of corrective measures to restore compliance during the mitigation process including the purchase and implementation of a new e-Tag/EMS Interchange Scheduler interface software tool. Corrective actions implemented by SMEPA as outlined in D.1 section of plan, includes the following:

- i. Removed Passive Approval from OATI e-TAG system.
- ii. Discontinued accepting 'extended' tags from any company.
- iii. Issued directive through email for System Operators to utilize 'echo' protocol when discussing transactions with other companies.

- iv. Included possible violations and mitigation plan review as agenda items for System Operator quarterly meeting.
- v. Developed a written procedure regarding marketing activities.
- vi. Training on e-TAG System. OATI (SMEPA's E-tag vendor) held two WebX sessions with all SMEPA System Operators covering all functions of the e-tag software. Extended tags were thoroughly covered.
- vii. Emailed memorandum reiterating the importance of current and new procedures surrounding the possible violations on December 17, 2008 and followed up with a mandatory meeting on December 22, 2008.
- viii. Developed audible reminder alarm on the EMS that will alert the System Operator to check Interchange Schedules.
- ix. Revised Interchange Scheduling spreadsheet to freeze the date and time panes in the display to help prevent mis-entry.
- x. OATI WebTran software project implementation

SERC's Monitoring of Registered Entity's Mitigation Plan Progress:

SERC Reliability Corporation Compliance Staff ("SERC Staff") monitors the Registered Entity's progress towards completion of its Mitigation Plans in accordance with Section 6.0 of the uniform Compliance Monitoring and Enforcement Program, ("CMEP"). Pursuant to the CMEP, Registered Entities are required to establish implementation milestones no more than three (3) months apart. SERC Staff solicits quarterly reports from all Registered Entities with open mitigation plans to monitor the progress on completion of milestones. SERC Staff also produces and reviews daily Mitigation Plan status reports highlighting Mitigation Plans that are nearing the scheduled completion date. If the Registered Entity fails to complete its Mitigation Plan according to schedule, appropriate additional enforcement action is initiated to assure compliance is attained.

Mitigation Plan Completion Review Process:

SMEPA certified on June 30, 2009 that the subject Mitigation Plan was completed on June 29, 2009. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit. That action was followed by another compliance staff member's peer review of the initial conclusion.

Evidence Reviewed:

SMEPA submitted and SERC Staff reviewed the following evidence in support of its certification that its Mitigation Plan was completed in accordance with its terms:

- i. Removed Passive Approval from OATI e-TAG system. Completed on November 3, 2008. ([1.Passive Approve Removal email 11-3-08.pdf](#))
- ii. Discontinued accepting 'extended' tags from any company. Completed on November 3, 2008. ([2_3w Email Directive on echo protocol-extended tags 11-3-08.pdf](#))
- iii. Issued directive through email for System Operators to utilize 'echo' protocol when discussing transactions with other companies. Completed on November 3, 2008. ([2_3w Email Directive on echo protocol-extended tags 11-3-08.pdf](#))

- iv. Included possible violations and mitigation plan review as agenda item for System Operator quarterly meeting. Completed on December 8, 2008. (4 5 System Operator Agenda meeting 12-8-08)
- v. Developed a written procedure regarding marketing activities. (5 Procedure for Market Confirmations 12-8-08.doc)
- vi. Training on e-TAG System. OATI (SMEPA's E-tag vendor) held two Webex sessions with all SMEPA System Operators covering all functions of the e-tag software. Extended tags were thoroughly covered. Completed December 10, 2008 and January 8, 2009. (6A OATI TRAIN2 on eTag 1-8-09.pdf and 6B OATI TRAIN on eTag 12-10-08.pdf)
- vii. Emailed memorandum reiterating the importance of current and new procedures surrounding the possible violations on December 17, 2008 and followed up with a mandatory meeting on December 22, 2008. (7 8 pOperational issues memo 12-17-08.doc and 7B Operational Issues memo email 12-17-08)
- viii. Developed audible reminder alarm on the EMS that will alert the System Operator to check Interchange Schedules. Completed on December 19, 2008. (7 8 pOperational issues memo 12-17-08.doc and 7B Operational Issues memo email 12-17-08)
- ix. Revised Interchange Scheduling spreadsheet to freeze the date and time panes in the display to help prevent mis-entry. Completed in December 16, 2008. (9A Interchange Spreadsheet Before Revision.xls and 9B Revised Spreadsheet.xls)
- x. Spot-check of three days corresponding with hours of the events. (10 E 06-30 0600.pdf, 10 A 6-28 0100.OFS.pdf, 10 B sched-checkout-s28.pdf, 10 C 6-29 2100.OFS.pdf, 10 D sched-checkout-s29.pdf, 10 F sched-checkout-s30.pdf)
- xi. OATI WebTran software project implementation. Completed on 6-29-09 (OATI WebTran project completion1 6-30-09.zip)

Conclusion:

On August 5, 2009, SERC Reliability Corporation Compliance Staff ("SERC Staff") completed its review of the evidence submitted by SMEPA in support of its Certification of Completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and SMEPA is in compliance with the subject Reliability Standard Requirement.

This Statement, along with the subject Mitigation Plan, may become part of a public record upon final disposition of the possible violation.

Respectfully submitted,

Mickey Bellard, SERC Compliance Engineer
Randy Haynes, SERC Senior Auditor

Attachment e

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

South Mississippi Electric Power Association

Docket No. NP09-____-000

NOTICE OF FILING
September 25, 2009

Take notice that on September 25, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding South Mississippi Electric Power Association in the SERC Reliability Corporation 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