



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

March 1, 2010

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

**Re: NERC Notice of Penalty regarding EFS Parlin Holdings LLC
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding EFS Parlin Holdings LLC (EFS), NERC Registry ID# NCR10257,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

During a spot check conducted on December 27, 2008, ReliabilityFirst Corporation (ReliabilityFirst) identified a possible violation of CIP-001-1 Requirement (R) 2 because EFS had inadequate procedures for the communication of sabotage events to appropriate parties in the Interconnection. This Notice of Penalty is being filed with the Commission because, based on information from ReliabilityFirst, ReliabilityFirst and EFS have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in ReliabilityFirst's determination and findings of the enforceable violation of CIP-001-1 R2. According to the Settlement Agreement, EFS admits that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute a violation of CIP-001-1 R2 and has agreed to the proposed penalty of five thousand dollars (\$5,000) to be assessed to EFS, 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.

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 (2009). *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).

² ReliabilityFirst Corporation confirmed that EFS Parlin Holdings LLC was included on the NERC Compliance Registry as a Generator Owner and Generation Operator on May 12, 2008 and as a Generator Operator, was subject to the requirements of NERC Reliability Standard CIP-001-1.

³ See 18 C.F.R. § 39.7(c)(2).

Accordingly, the violation identified as NERC Violation Tracking Identification Numbers RFC200800114 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Alleged Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on September 25, 2009, by and between ReliabilityFirst and EFS, 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 Std.	Req. (R)	VRF	Total Penalty (\$)
RFC	EFS Parlin Holdings LLC	NOC-384	RFC200800114	CIP-001-1	2	Medium	5,000

CIP-001-1 R2

The purpose of Reliability Standard CIP-001-1 is to ensure that disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies and regulatory bodies.

CIP-001-1 R2 requires a Generator Operator, such as EFS, to have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection. CIP-001-1 R2 has a "Medium" Violation Risk Factor (VRF).

According to the Settlement Agreement, during the Spot Check conducted on December 27, 2008, ReliabilityFirst discovered a possible violation of CIP-001-1 R2 because EFS' procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection did not describe when communication of sabotage events should take place or who is responsible for communicating sabotage events.

During the Spot Check, EFS submitted the following documents for evidence of compliance with CIP-001-1: (1) *EFS Parlin Holdings Company LLC, NERC/FRCC Reliability Standard, CIP-001-1, Sabotage Reporting*; (2) *Parlin Energy Center, EFS Parlin Holdings Company LLC, Emergency Response Plan*; and (3) *NERC Reliability Standard Sabotage Reporting Training*. The "Bomb Threat Checklist" of the Emergency Response Plan did not address who specifically should be contacted. While the "Outside Contacts List" did include phone numbers for PJM Operations, the procedure did not describe when contact should be made nor did it describe who should make contact.

Accordingly, ReliabilityFirst determined that EFS had a violation of CIP-001-1 R2 because EFS' procedures for the communication of information concerning sabotage events to

appropriate parties in the Interconnection did not describe when communication of sabotage events should take place or who is responsible for communicating sabotage events. ReliabilityFirst determined the duration of the violation to be from May 12, 2008, the date EFS was placed on the NERC Compliance Registry, through May 29, 2009,⁴ when EFS completed its Mitigation Plan.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, ReliabilityFirst has assessed a penalty of five thousand dollars (\$5,000) for this violation. In reaching this determination, ReliabilityFirst considered the following factors: (1) EFS remedied the violation in five months; (2) the violation was deemed by ReliabilityFirst not to be a violation that put bulk power system reliability at serious or substantial risk because at the time of the violation, EFS had a general emergency response procedure in place, and no evidence suggested that this procedure would not be followed in the case of a sabotage, although this procedure did not provide sufficient detail regarding actions to be taken nor did it list all the appropriate contacts; and (3) EFS was cooperative throughout the entire violation investigation. ReliabilityFirst determined that, in this instance, the single, aggregate penalty amount of five thousand dollars (\$5,000) bears a reasonable relation to the seriousness and duration of the violation. Further, based on EFS' cooperation, commitment to compliance and agreement to expeditiously reconcile this issue via settlement, ReliabilityFirst determined that the penalty of five thousand dollars (\$5,000) was appropriate.

Status of Mitigation Plan⁵

EFS' Mitigation Plan to address its violation of CIP-001-1 R2 was submitted to ReliabilityFirst on May 14, 2009 with a proposed completion date of June 1, 2009. The Mitigation Plan was accepted by ReliabilityFirst on May 29, 2009 and approved by NERC on June 29, 2009. The Mitigation Plan for this violation is designated as MIT-08-1732 and was submitted as non-public information to FERC on June 29, 2009 in accordance with FERC orders.

EFS' Mitigation Plan required EFS to: (1) modify its Sabotage Reporting procedure to include PJM Interconnection and Jersey Central Power & Light Company as part of the communication process; (2) modify its Emergency Response Plan to include a more detailed plan of action when responding to Sabotage events; and (3) train its personnel on the new procedures. In addition to the mitigating actions described in the attached Mitigation Plan and to help prevent a recurrence of a similar violation, EFS' Mitigation Plan required it to implement annual operator training on CIP-001-1 to ensure all operators are aware of Sabotage Reporting Procedures.

EFS certified on May 29, 2009 that the above Mitigation Plan requirements were completed on May 29, 2009. As evidence of completion of its Mitigation Plan, EFS submitted the following:

- EFS' revised *CIP-001-1 Sabotage Report Procedure* revised April 24, 2009;
- EFS' revised *Emergency Response Plan* revised April 27, 2009; and

⁴ The Settlement Agreement, in paragraph 4 of Addendum B, incorrectly states that the duration of the violation is from June 18, 2007 through April 24, 2009.

⁵ See 18 C.F.R. § 39.7(d)(7).

- EFS also provided an attendance sheet identifying EFS plant personnel that completed training on the new procedures from May 25, 2009 to May 27, 2009.

On July 18, 2009, after reviewing EFS' submitted evidence, ReliabilityFirst verified that EFS' Mitigation Plan was completed on May 29, 2009 and notified EFS that it was in compliance with CIP-001-1 R2 in a letter dated July 21, 2009.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁶

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,⁷ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on January 15, 2010. The NERC BOTCC approved the Settlement Agreement, including ReliabilityFirst's imposition of a financial penalty, assessing a penalty of five thousand dollars (\$5,000) against EFS 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 EFS' first occurrence of violation of the applicable NERC Reliability Standard;
- (2) ReliabilityFirst reported EFS was cooperative throughout the enforcement process;
- (3) there was no evidence of any attempt to conceal a violation nor evidence of intent; and
- (4) the violation did not pose a serious or substantial risk to the BPS as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of five thousand dollars (\$5,000) is appropriate for the violations and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the bulk power system.

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.

⁶ See 18 C.F.R. § 39.7(d)(4).

⁷ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

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) ReliabilityFirst's Summary Spot Check Report for CIP-001-1 R2 dated February 23, 2009, included as Attachment a;
- b) Settlement Agreement by and between EFS and ReliabilityFirst executed September 25, 2009, included as Attachment b;
 - i) EFS' Mitigation Plan designated as MIT-08-1732 for CIP-001-1 R2 submitted May 14, 2009, included as Addendum D-1 to the Settlement Agreement;
 - ii) EFS' Certification of Completion of the Mitigation Plan for CIP-001-1 R2 dated May 29, 2009, included as Addendum D-2 to the Settlement Agreement; and
 - iii) ReliabilityFirst's Verification of Completion of the Mitigation Plan for CIP-001-1 R2 dated July 21, 2009, included as Addendum D-3 to the Settlement Agreement.

A Form of Notice Suitable for Publication⁸

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

⁸ 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* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Timothy R. Gallagher* President and Chief Executive Officer Raymond J. Palmieri* Vice President and Director of Compliance ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 tim.gallagher@rfirst.org ray.palmieri@rfirst.org</p> <p>Robert K. Wargo* Manager of Compliance ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 bob.wargo@rfirst.org</p> <p>Tony Purgar* Senior Consultant – Compliance ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 tony.purgar@rfirst.org</p>	<p>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 rebecca.michael@nerc.net holly.hawkins@nerc.net</p> <p>Christopher Seiple* Senior Vice President EFS Parlin Holdings, LLC 800 Long Ridge Road Stamford, Connecticut 06927 (203) 357-3622 christopher.seiple@ge.com</p> <p>Thomas M. Milillo* Vice President EFS Parlin Holdings, LLC 2581 Brunswick Avenue Linden, New Jersey 07036 (908) 523-4316 thomas.milillo@ge.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

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

Respectfully submitted,

/s/ Rebecca J. Michael

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
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(202) 393-3955 – facsimile
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cc: EFS Parlin Holdings LLC
ReliabilityFirst Corporation

Attachments

Attachment a

**Reliability *First* 's Spot Check
Report for CIP-001-1 R2 dated February 23, 2009**



Summary for Possible Violation

Registered Entity: EFS Parlin Holdings

NERC ID#: NCR10257

Standard and Requirement: CIP-001-1, R2

Registered Function in Violation: GOP

Initial Violation Date: 12/27/2008

Date for Determination of Penalty/Sanction: 8/25/2008

Violation Severity Level: Lower VSL

Violation Reported By: CIP-001-1 Spot Check Team

Basis for the Violation: Evidence does not include communication of sabotage events to appropriate parties in the Interconnection.

Facts and Evidence presented at time of Review: Although PJM contact information is included in the Emergency Response Plan under Outside Contacts, the procedure does not describe or explain who is responsible for contacting PJM or for what type of sabotage event PJM is to be notified.

Impact to Bulk Electrical System: Moderate – A possibility exists that PJM as the BA, TOP and RC may not be made aware of a sabotage event that could impact the reliability of the BES.

Attachment b

**Settlement Agreement by and between EFS and
ReliabilityFirst executed September 25, 2009**

In re)	
)	
EFS PARLIN HOLDINGS LLC)	DOCKET NUMBER
)	RFC200800114
NERC Registry ID # NCR10257)	

**PRO FORMA SETTLEMENT AGREEMENT
OF
RELIABILITYFIRST CORPORATION
AND
EFS PARLIN HOLDINGS LLC**

I. Introduction

1. ReliabilityFirst and EFS Parlin Holdings LLC (the “Settling Parties”) enter into this Pro Forma Settlement Agreement (the “Settlement Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in ReliabilityFirst’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, alleging a violation by EFS Parlin Holdings LLC of the NERC Reliability Standard CIP-001-1, Requirement 2.
2. The Settling Parties acknowledge and agree that this Pro Forma Settlement Agreement is intended to apply only in the limited circumstances as outlined in the NERC Compliance Process Bulletin #2009-003 – Pro Forma Settlement Process for Documentary Requirements.
3. The Settling Parties further acknowledge and agree that this Settlement Agreement is not binding on ReliabilityFirst, the North American Electric Reliability Corporation [“NERC”], or the Federal Energy Regulatory Commission (Commission) with respect to matters not specifically settled herein. The Settling Parties further acknowledge and agree that should NERC determine that one or more of the required conditions specified in Paragraph 2 above not apply, NERC may reject this Settlement Agreement on that basis.
4. This Settlement Agreement is further subject to the general terms and conditions provided in the attached Addendum A, which are incorporated herein by reference.

II. Stipulation Regarding Facts And Background Statement

5. Except as provided in Paragraph 7 of Addendum A, the facts stipulated herein are stipulated solely for the purpose of resolving between EFS Parlin Holdings LLC and ReliabilityFirst the matters discussed herein and do not constitute stipulations or admissions for any other purpose. EFS Parlin Holdings LLC and ReliabilityFirst hereby stipulate and agree to the facts, findings and conclusions provided in the attached Addendum B.

III. Parties' Separate Representations

A. Statement of ReliabilityFirst

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

B. Statement of EFS PARLIN HOLDINGS LLC

7. (Check one of the following)
☒ EFS Parlin Holdings LLC admits that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute a violation of CIP-001-1 R2.

☐ EFS Parlin Holdings LLC neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute [a violation][violations] of _____.
8. EFS Parlin Holdings LLC has agreed to enter into this Settlement Agreement with ReliabilityFirst 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.
9. EFS Parlin Holdings LLC agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.

IV. Penalty Determination

10. The Settling Parties stipulate and agree to the penalty determination set forth in Addendum C. The Settling Parties further stipulate and agree for purposes of this Settlement Agreement that the penalty determined and reflected in Addendum C is reasonable in relation to the seriousness of the violation(s) alleged herein and takes into consideration efforts by EFS Parlin Holdings LLC to remedy the violation in a timely manner.
11. The Settling Parties further stipulate and agree that the penalty determined and reflected in Addendum C appropriately takes into consideration the factors specified and procedure stipulated in Appendix 4B of the NERC Rules of Procedure, NERC Sanction Guidelines, Sections 3 and 4.

12. In consideration of the terms and conditions of this Settlement Agreement, EFS Parlin Holdings LLC hereby waives any objection to the penalty determination set forth in Addendum C and stipulates and agrees to the imposition of the penalty.

V. Penalty Payment

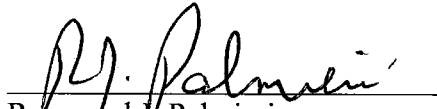
13. EFS Parlin Holdings LLC shall pay a monetary penalty of \$5,000.00 to ReliabilityFirst via wire transfer within twenty days after receipt of an invoice from ReliabilityFirst to be issued after this Settlement Agreement has either been approved by the Commission or has become effective by operation of law. ReliabilityFirst shall notify EFS Parlin Holdings LLC and NERC if the payment is not received.

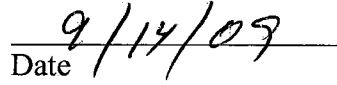
VI. Mitigation Actions and Actions to Prevent Recurrence

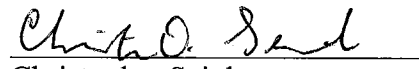
14. The Settling Parties agree that the mitigation actions to achieve compliance with the requirements of the Reliability Standards addressed in this Settlement Agreement, as set forth in the Mitigation Plan attached as Addendum D, have been completed as of May 29, 2009.
15. EFS Parlin Holdings LLC's Mitigation Plan to address the alleged violation(s) set forth in this Settlement Agreement was submitted to ReliabilityFirst on May 14, 2009. The Mitigation Plan was accepted by ReliabilityFirst on May 29, 2009 and approved by NERC on June 29, 2009. The Mitigation Plan is identified as MIT-08-1732 and was submitted as non-public information to the Commission on June 29, 2009 in accordance with Commission orders.
16. EFS Parlin Holdings LLC certified on May 29, 2009 that the Mitigation Plan was completed on May 29, 2009. EFS Parlin Holdings LLC's Mitigation Plan, its Certification of Mitigation Plan Completion and the Statement of ReliabilityFirst Regarding Completion of Mitigation Plan are included in Addendum D.
17. In addition to the mitigating actions described in the attached Mitigation Plan, EFS Parlin Holdings LLC will implement the following measures to help prevent a recurrence of a similar violation:
 - i. Annual Operator Training on CIP-001 to insure all operators' are aware of Sabotage Reporting Procedures.
18. ReliabilityFirst has reviewed the preventative measures described in paragraph 17 and has determined that these measures will assist EFS Parlin Holdings LLC in improving prospective compliance with the requirements of the Reliability Standard(s) addressed in this Settlement Agreement and will ultimately enhance the reliability of the bulk-power system within an appropriate time-frame.

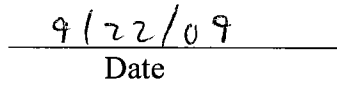
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Signatures to be affixed to the following page.***

Agreed to and accepted:

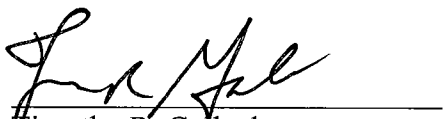

Raymond J. Palmieri
Vice President and Director of Compliance
ReliabilityFirst Corporation

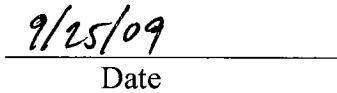

Date


Christopher Seiple
Senior Vice President
EFS Parlin Holdings LLC


Date

Approved by:


Timothy R. Gallagher
President and Chief Executive Officer
ReliabilityFirst Corporation


Date

ADDENDUM A

GENERAL TERMS AND CONDITIONS TO PRO FORMA SETTLEMENT AGREEMENT

1. 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 EFS Parlin Holdings LLC to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
2. If EFS Parlin Holdings LLC does not make the monetary penalty payment above at the times agreed by the parties, interest payable to ReliabilityFirst will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.
3. 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 ReliabilityFirst or EFS Parlin Holdings LLC has been made to induce the signatories or any other party to enter into the Settlement Agreement.
4. ReliabilityFirst 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 ReliabilityFirst and EFS Parlin Holdings LLC 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 ReliabilityFirst will attempt to negotiate a revised settlement agreement with EFS Parlin Holdings LLC 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.
5. 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.
6. EFS Parlin Holdings LLC agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and EFS Parlin Holdings LLC waives its right to further hearings and appeal, unless and only to the extent that EFS Parlin Holdings LLC contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. ReliabilityFirst reserves all rights to initiate enforcement, penalty or sanction actions against EFS Parlin Holdings LLC in accordance with the NERC Rules of Procedure in the event that EFS Parlin Holdings LLC fails to

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

7. EFS Parlin Holdings LLC consents to the use of ReliabilityFirst's determinations, findings, and conclusions set forth in this Settlement Agreement for the purpose of assessing the factors, including the factor of determining the EFS Parlin Holdings LLC's history of violations, that are set forth in the May 15, 2008 Revised Policy Statement on Enforcement issued by the Commission,¹ or that may be set forth in any successor policy statement or order. Such use may be in any enforcement action or compliance proceeding undertaken by ReliabilityFirst, NERC or the Commission. Nothing contained in this Settlement Agreement shall be construed as precluding NERC, ReliabilityFirst, or the Commission from considering the matter in question in future proceedings as a repeat violation.
8. 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.
9. 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.
10. The Settlement Agreement may be signed in counterparts.
11. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

¹ *Revised Policy Statement on Enforcement*, 123 FERC ¶ 61,221 (2008).

ADDENDUM B

STIPULATED FACTS, FINDINGS AND CONCLUSIONS **(‘Pro Forma Settlement Agreement’)**

1. Identification of Regional Entity: ReliabilityFirst

2. Identification of the Registered Entity: EFS Parlin Holdings LLC

3. Description of the Registered Entity.

EFS Parlin Holdings LLC is an Electric Wholesale Generator engaged in the sale of energy and capacity to PJM. The generating station is located in Parlin, New Jersey as are the principle business offices for EFS Parlin Holdings LLC.

The EFS Parlin Holdings LLC plant is a combined cycle gas turbine facility with a plant rating of 114 MW. The plant consists of two GE frame 6B Gas Turbines and two Alstrom Steam Turbines.

EFS Parlin Holdings LLC was included on the NERC Compliance Registry on May 12, 2008 as a Generator Operator (GO) and Generator Owner (GO) and was subject to the requirements of NERC Reliability Standard CIP-001-1 at the time of the alleged violation.

4. Facts and Circumstances Related to the Alleged Violation of CIP-001-1, Requirement 2:

a. Discovery Date: December 27, 2008

b. Discovery Method: Spot Check

c. Duration of Violation: From June 18, 2007 until April 24, 2009.

i. NOTE: The rationale for this duration is that the following relevant documents did not contain the information, pertinent to this requirement, even at the time of their initial release dates. Due to this fact, the violation start date is June 18, 2007, the date standard CIP-001-1 become mandatorily enforceable.

- *EFS Parlin Holdings Company LLC, NERC/FRCC Reliability Standard, CIP-001-1, Sabotage Reporting.*

- *Initial Release Date = 8/25/2008*

- *Parlin Energy Center, EFS Parlin Holdings Company LLC, Emergency Response Plan.*

- *Initial Release Date = 1/29/2008*

d. Brief Summary of Regional Entity’s Findings Supporting Its Allegation of a Violation:

On February 23, 2009, ReliabilityFirst finalized a Non-Public CIP-001-1 Sabotage Reporting Spot Check Report and distributed the report to EFS

Parlin Holdings LLC. The report contains the following summary of findings supporting ReliabilityFirst's Allegation of the Violation:

"The following documentation was submitted and reviewed by the audit team:

- ***EFS Parlin Holdings Company LLC, NERC/FRCC Reliability Standard, CIP-001-1, Sabotage Reporting.***
- ***Parlin Energy Center, EFS Parlin Holdings Company LLC, Emergency Response Plan.***
- ***NERC Reliability Standard Sabotage Reporting Training.***

EFS Parlin Holdings Company LLC, NERC/FRCC Reliability Standard, CIP-001-1, Sabotage Reporting. Section 6.1.3 lists personnel to be notified per checklist which include FBI Domestic Terrorism, Sayreville Police Department, Fire Department, and Facility Manager. ***Parlin Energy Center, EFS Parlin Holdings Company LLC, Emergency Response Plan.*** Section 3.8.1, Bomb Threat, for written threat the procedure states that the Control Room Operator should notify the police and other authorities without delay and inform the Emergency Response Coordinator (ERC). For telephone threats, the ERC directs the control room operator to notify the police and fire department. Bomb Threat Procedure Checklist does not address who is specifically contacted. Outside Contacts list includes phone numbers for PJM Operations but procedure does not describe when calls should be made or by whom. ***NERC Reliability Standard Sabotage Reporting Training*** conducted by the EHS training coordinator with attendance sheet for July/August 2008. Slide for notification of personnel lists FBI Domestic Terrorism, Sayreville Police and Fire Dept, Dupont, and Facility Manager."

"The audit team found that EFS Parlin Holdings LLC has a possible alleged violation with this requirement during the audit period. Evidence did not include communication of sabotage events to appropriate parties in the Interconnection such as LCC, BA, TOP & RC. PJM Operations is included on contact list but not referenced in procedure for reporting."

e. Actual and Foreseeable Impact on Bulk-Power System Reliability:

In conducting the facts and circumstance review and Mitigation Plan development, ReliabilityFirst and EFS Parlin Holdings LLC exchanged information regarding the violation and actions taken that led to acceptable mitigation of the violation. With the facts presented, ReliabilityFirst has determined the seriousness of the violation to be "high" in accordance with the official NERC Violation Severity Levels, dated June 30, 2009.

Furthermore, with regard to risk to the BPS Reliability, ReliabilityFirst has determined that the risk is "minimal" due to the mitigating actions taken by EFS Parlin Holdings LLC. Specifically, EFS provides the following detail in the Mitigation Plan:

Section D.1:

“CIP-001-1 Sabotage Report procedure was modified to include PJM and JCP&L as part of the communication process. Section 3.8 of the site Emergency Response Plan was also modified to include a more detailed plan of action when responding to Sabotage events.”

With regard to risk to the BPS reliability, EFS Parlin Holdings states,
Section E.1 – Abatement of Interim BPS Reliability Risk,

“CIP-001-1 Sabotage Report procedure was modified to include PJM and JCP&L as part of the sabotage communication procedure. Personnel are instructed to utilize the revised communication procedure contained in Section 3.8 of the site Emergency Response plan to respond to emergency events”

Section E.2 – Prevention of Future BPS Reliability Risk, EFS Parlin Holdings states,

“Use of the modified CIP-001-1 Sabotage Report procedure will now require operators to contact PJM and JCP&L when alerted to any suspicious activity as described in the procedure. Operators will use Section 3.8 of the site Emergency Response plan to coordinate communication.”

5. EFS Parlin Holdings LLC’s Statement.

Sections 5.2 and 8.0 of the NERC Compliance Monitoring and Enforcement Program (CMEP) afford a Registered Entity an opportunity to submit a statement EFS Parlin Holdings LLC hereby agrees to waive the opportunity for this statement.

ADDENDUM C

FACTORS CONSIDERED IN DETERMINATION OF PENALTY **(‘Pro Forma Settlement Agreement’)**

1. Pursuant to Section 4.3 of the Sanction Guidelines, ReliabilityFirst took into account the following Adjustment Factors (mitigating or aggravating) applicable to the Base Penalty Amount with the accompanying explanation where applicable:

Check if applicable:

☐ Sec. 4.3.1 Repetitive Violation and Compliance History _____

☐ Sec. 4.3.2 Failure to Comply with Compliance Directive _____

☐ Sec. 4.3.3 Self-Disclosure and Voluntary Corrective Action _____

☒ Sec. 4.3.4 Degree and Quality of Cooperation in Violation Investigation and Remedial Action

EFS Parlin Holdings LLC was extremely cooperative in the ReliabilityFirst investigation process. For example, EFS Parlin Holdings LLC proactively notified ReliabilityFirst when specific information, required for processing the violation, was being sent to ReliabilityFirst. Furthermore, EFS Parlin Holdings LLC contacted ReliabilityFirst with any questions prior to submitting updated information to ensure submittals were sufficient, accurate and complete.

☐ Sec. 4.3.6 Violation Concealment _____

☐ Sec. 4.3.7 Intentional Violation _____

☐ Sec. 4.3.8 Extenuating Circumstances _____

☐ Other Factors (Including financial ability to pay pursuant to Section 4.4 of the Sanction Guidelines).

2. The Final Settled Penalty Amount is:

NERC Violation ID	Reliability Std.	Req. (R)	VRF	VSL	Final Settled Penalty (\$)
RFC200800114	CIP-001-1	R2	Medium	High	\$5,000.00

3. Relationship of seriousness of the alleged violation and effort by the EFS Parlin Holdings LLC to voluntarily remedy the alleged violation:

Based on the facts presented during the enforcement processing, ReliabilityFirst has determined the seriousness of the violation to be “high” in accordance with the official NERC Violation Severity Levels, dated June 30, 2009.

Furthermore, with regard to risk to the BPS Reliability, ReliabilityFirst has determined that the risk is “minimal” due to the mitigating actions taken by EFS Parlin Holdings LLC. Specifically, EFS provides the following detail in the Mitigation Plan:

Section D.1:

“CIP-001-1 Sabotage Report procedure was modified to include PJM and JCP&L as part of the communication process. Section 3.8 of the site Emergency Response Plan was also modified to include a more detailed plan of action when responding to Sabotage events.”

With regard to risk to the BPS reliability, EFS Parlin Holdings LLC states, Section E.1 – Abatement of Interim BPS Reliability Risk,

“CIP-001-1 Sabotage Report procedure was modified to include PJM and JCP&L as part of the sabotage communication procedure. Personnel are instructed to utilize the revised communication procedure contained in Section 3.8 of the site Emergency Response plan to respond to emergency events”

Section E.2 – Prevention of Future BPS Reliability Risk, EFS Parlin Holdings states,

“Use of the modified CIP-001-1 Sabotage Report procedure will now require operators to contact PJM and JCP&L when alerted to any suspicious activity as described in the procedure. Operators will use Section 3.8 of the site Emergency Response plan to coordinate communication.”

Lastly, EFS Parlin Holdings was extremely cooperative and forthcoming throughout the entire enforcement process. Their CIP-001-1, R.2 violation was not intentional, and was not concealed. EFS Parlin Holdings LLC provided ReliabilityFirst staff with sufficient documentation of the violation, and offered to explain and clarify the format of the documentation presented, if necessary. No actions were taken by EFS Parlin Holdings LLC to impede the ReliabilityFirst investigation.

ADDENDUM D

D-1: MITIGATION PLAN

D-2: CERTIFICATION OF COMPLETION OF MITIGATION PLAN

D-3: RELIABILITY*FIRST* VERIFICATION OF MITIGATION PLAN COMPLETION

Addendum D-1

Mitigation Plan

Dated May 14, 2009

Mit Plan ID #:
MIT-08-1732



RFC200800114

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 5.14.2009

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."
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 ☒ 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: EFS Parlin Holdings, LLC

Company Address: 790 Washington Road, Parlin NJ

NERC Compliance Registry ID: NCR10257

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

Name: Thomas Milillo

Title: VP

Email: Thomas.milillo@ge.com

Phone: 908-523-4316

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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.

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC200800 114	CIP-001-1	2	Medium	December 27, 2008	Spot Check

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, 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 ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst 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.

The audit team found that EFS Parlin Holdings LLC has a possible alleged violation with this requirement during the audit period. Evidence did not include communication of sabotage events to appropriate parties in the Interconnection such as LCC, BA, TOP & RC. PJM Operations is included on contact list but not referenced in the procedure for reporting.

Note: If a formal root cause analysis evaluation was performed, submit a copy of the summary report.

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.

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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 Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.

CIP-001-1 Sabotage Report procedure was modified to include PJM and JCP&L as part of the communication process. Section 3.8 of the site Emergency Response Plan was also modified to include a more detailed plan of action when responding to Sabotage events.

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, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

CIP-001-1 Sabotage Report procedure was modified on 4.24.2009. The site Emergency Response Plan was modified on 4.27.2009. Training of plant personnel on new procedure is ongoing and will be completed by 6.1.2009

- D.3 Enter Key Milestone Activities (with due dates) that can be used to track and indicate progress towards timely and successful completion of this Mitigation Plan.

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
CIP-001-1 modified to include PJM and JCP&L as part of the communication process.	Completed on 4.24.2009
Site Emergency Response plan was modified to include a more detailed plan of action when responding to Sabotage	Completed on 4.27.2009

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events.	
Personnel training on new procedure	Proposed completion 6.1.2009

(*) Note: Additional violations could be determined for not completing work associated with accepted milestones.

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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.

CIP-001-1 Sabotage Report procedure was modified to include PJM and JCP&L as part of the sabotage communication procedure. Personnel are instructed to utilize the revised communication procedure contained in Section 3.8 of the site Emergency Response plan to respond to emergency events.

Prevention of Future BPS Reliability Risk

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

Use of the modified CIP-001-1 Sabotage Report procedure will now require operators to contact PJM and JCP&L when alerted to any suspicious activity as described in the procedure. Operators will use Section 3.8 of the site Emergency Response plan to coordinate communication.

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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 ReliabilityFirst and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am [Title] of [Organization].
 2. I am qualified to sign this Mitigation Plan on behalf of [Organization].
 3. I have read and am familiar with the contents of this Mitigation Plan.
 4. [Organization] agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature



Name (Print):

Thomas Milillo

Title:

VP Portfolio

Date:

5.14.2009

Section G: Regional Entity Contact

Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address mitigationplan@rfirst.org.

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.



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.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. This Mitigation Plan is submitted to ReliabilityFirst and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- 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

¹ "Compliance Monitoring and Enforcement Program" of the ReliabilityFirst Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on the ReliabilityFirst website.

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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 Reliability*First* 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. Reliability*First* 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.

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DOCUMENT CONTROL

Title: Mitigation Plan Submittal Form
Issue: Version 2.0
Date: 11 July 2008
Distribution: Public
Filename: ReliabilityFirst Mitigation Plan Submittal Form - Ver 2.DOC
Control: Reissue as complete document only

DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Senior Consultant Compliance	Raymond J. Palmieri Vice President and Director Compliance	<i>Raymond J. Palmieri</i>	1/2/08

DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue – Replaces “Proposed Mitigation Plan” Form	1/2/08
2.0	Tony Purgar	Revised email address from compliance@rfirst.org to mitigationplan@rfirst.org	7/11/08

Addendum D-2

Certification of
Completion of Mitigation Plan
Submitted May 29, 2009

Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for ReliabilityFirst Corporation to verify completion of the Mitigation Plan. ReliabilityFirst Corporation may request 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 Name: EFS Parlin Holdings, LLC

NERC Registry ID:NCR10257

Date of Submittal of Certification:5.29.2009

NERC Violation ID No(s):RFC200800114

Reliability Standard and the Requirement(s) of which a violation was mitigated:CIP-001-1, R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan:6.1.2009

Date Mitigation Plan was actually completed:5.29.2009

Additional Comments (or List of Documents Attached):Plant employees trained on the revised CIP-001 Reliability Standard and Emergency Response Plan.

Documents:

Certification of Mitigation Plan Completion Sheet

CIP001/Emergency Response Plan Training Attendance Sheet

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name:Thomas Milillo

Title:VP Portfolio

Email:thomas.milillo@ge.com

Phone:908-523-4316



Authorized Signature Henry Lee

Date 5.28.09


Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address mitigationplan@rfirst.org.

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.

DOCUMENT CONTROL

Title: Certification of Mitigation Plan Completion
Issue: Version 1
Date: 5 January 2008
Distribution: Public
Filename: Certification of a Completed Mitigation Plan_Ver1.doc
Control: Reissue as complete document only

DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Manager of Compliance Enforcement	Raymond J. Palmieri Vice President and Director Compliance		1/5/2009

DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue	1/5/2009

Addendum D-3

Reliability *First* Verification of
Mitigation Plan Completion

Dated July 21, 2009



July 21, 2009

Summary and Review of Evidence of Mitigation Plan Completion

NERC Violation ID #:	RFC200800114
NERC Plan ID:	MIT-08-1732
Registered Entity:	EFS Parlin Holdings, LLC
NERC Registry ID:	NCR10257
Standard:	CIP-001-1
Requirement:	2
Status:	Complete

Review Process:

On May 29, 2009, EFS Parlin Holdings, LLC (hereinafter EFS) certified via electronic mail that Mitigation Plan MIT-08-1732 for NERC Reliability Standard CIP-001-1, Requirement 2 has been completed. ReliabilityFirst requested and received evidence of completion for actions taken by EFS as specified in the Mitigation Plan. On July 18, 2009, ReliabilityFirst performed an in-depth review and analysis of the information provided to verify that all actions specified in the Mitigation Plan were successfully completed.

CIP-001-1, R2 states:

Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.

Evidence Submitted:

EFS provided modified versions of their CIP-001-1 Sabotage Report Procedure and site Emergency Response Plan. The CIP-001-1 Sabotage Report Procedure was revised on April 24, 2009 to include PJM (PJM Interconnection, LLC) and JCP&L (Jersey Central Power & Light) as part of the communication process. The site Emergency Response Plan was revised on April 27, 2009 to include a more detailed plan of action when responding to Sabotage.

EFS also provided the CIP-001/Emergency Response Plan Training Attendance Sheet signed by EFS plant personnel that completed this training conducted by an EHS Training Coordinator

Summary and Review of Mitigation Plan Completion
EFS Parlin Holdings, LLC
July 21, 2009
Page 2 of 3

EFS has addressed communication of information concerning sabotage events to appropriate parties in the Interconnection, by revising their previous CIP-001-1 Sabotage Report Procedure, Section 6.0, Compliance Procedures, Page 5. Under Section 6.1- Sabotage Response Guidelines, 6.1.2 states:

After a preliminary assessment by the Plant Manager of the nature of the suspected or confirmed event, it will be communicated to all plant employees, JCP&L (Transmission Owner, LLC), PJM (Reliability Coordinator, Transmission Operator, Balancing Authority) and RFC (Regional Reliability Organization).

By including JCP&L and PJM in this guideline, EFS has satisfied the conditions of Requirement 2.

EFS has also updated contact information and the Security Emergencies section of their site Emergency Response Plan in support of compliance to Requirement 2. On Page 3-16, Section 3.8 - Responding to Security Emergencies - Immediate Actions - Item “g” states:

Emergency Response Coordinator contacts the appropriate parties for the Interconnection as listed in the Emergency Notification Numbers (section C) below to report the security emergency.

The Emergency Notification Numbers are listed on Page 3-17 and include phone numbers for JCP&L TSO and PJM Dispatch. These two listings are designated with an asterisk (*) as Interconnection Parties.

By including JCP&L and PJM in this listing, EFS has satisfied the conditions of Requirement 2.

The CIP-001/Emergency Response Plan Training Attendance Sheet signed by EFS plant personnel confirms that EFS has followed their guideline established in CIP-001-1, Sabotage Report Procedure, Section 7.0 – Personnel Training which states:

Personnel shall be trained annually regarding sabotage awareness and response guidelines.

The signed attendance sheet includes operator names, SSO#, and associated date of training from 5/25/09 to 5/27/09.

Summary and Review of Mitigation Plan Completion
EFS Parlin Holdings, LLC
July 21, 2009
Page 3 of 3

Review Results:

ReliabilityFirst Corporation reviewed the evidence EFS Parlin Holdings, LLC submitted in support of its Certification of Completion. On July 18, 2009, ReliabilityFirst verified that the Mitigation Plan was completed in accordance with its terms and has therefore deemed EFS Parlin Holdings, LLC compliant to the aforementioned NERC Reliability Standard.

Respectfully Submitted,

Robert K. Wargo /s/

Robert K. Wargo
Manager of Compliance Enforcement
ReliabilityFirst Corporation

Attachment c

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

EFS Parlin Holdings LLC

Docket No. NP10-____-000

NOTICE OF FILING
March 1, 2010

Take notice that on March 1, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding EFS Parlin Holdings LLC in the Reliability *First* 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