



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

June 5, 2008

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

Re: NERC Notice of Penalty regarding Caledonia Generating, LLC, FERC Docket No. NP08-_-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty regarding Caledonia Generating, LLC,¹ in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C NERC Compliance Monitoring and Enforcement Program (CMEP).²

This Notice of Penalty is being filed with the Commission because, based on information from SERC Reliability Corporation, Caledonia Generating, LLC does not dispute the violation of FAC-008-1 Requirement (R.) 1 and the proposed penalty of \$0 to be assessed to Caledonia Generating, LLC at issue in this Notice of Penalty. Accordingly, the violation identified as NERC Violation Tracking Identification Number SERC200700052 is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates by reference the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOC) issued on March 26, 2008, by SERC Reliability Corporation. The details of the findings and basis for the penalty are set forth in Table 1 of the NOC, as well as the determinations of the NERC Board of Trustees Compliance Committee (NERC BOTCC) in its decision. 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 Reliability Standard violated by Caledonia Generating, LLC.

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 See 18 C.F.R. § 39.7(c)(2).

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-20	SERC	Caledonia Generating, LLC	NOC-28	SERC200700052	FAC-008-1	1	Lower	0

In summary, FAC-008-1 R.1 requires an entity such as Caledonia Generating, LLC that is registered as a Generator Owner to document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities.

Based upon its review of a self-certification provided to SERC Reliability Corporation by Caledonia Generating, LLC, and facts and circumstances surrounding the self-certification, SERC Reliability Corporation determined that, while Caledonia Generating LLC had a Facility Rating Methodology, the methodology failed to include all of the considerations in R1.1 and R1.2.2. Specifically, Caledonia Generating, LLC was found to be in violation of FAC-008-1 R.1 because it did not include the most limiting equipment rating and it did not include, at a minimum, both the Normal and Emergency ratings.

FAC-008-1 R.1 has a “Lower” VRF, although the sub-requirements have a “Medium” VRF. While the standard as approved utilizes Levels of Non-Compliance, SERC Reliability Corporation assigned a Violation Severity Level (VSL) of “Lower” because Caledonia Generating, LLC’s Facility Rating Methodology included most of the substantive elements required by FAC-008-1 and had been applied to its generating units. According to the Base Penalty Table in the NERC Sanction Guidelines, the ERO base penalty range for a “Lower” VRF with a VSL of “Lower” is \$1,000 to \$3,000; and for a “Medium” VRF with a “Lower” VSL is \$2,000 to \$30,000.

However, Section 4.4.2 of the NERC Sanction Guidelines states that:

If the actual or foreseen impact of the violation is judged to be inconsequential by NERC or the regional entity and the violation is the first incidence of violation of the requirement in question by the violator, NERC or the regional entity may at its discretion: (i) set the Base Penalty Amount to a value it deems appropriate within the initial value range set above pursuant to Section 4.1, or (ii) *excuse the penalty for the violation (i.e. set the Base Penalty Amount to 0\$).*³

SERC Reliability Corporation exercised its discretion to assess no penalty for these violations because (1) they occurred during the period of transition to mandatory standards during which the Commission authorized such discretion (*see* Order Nos. 693 and 693-A⁴); and (2) the violations were deemed by SERC Reliability Corporation not to be violations that put bulk power system reliability at serious or substantial risk.

³ *Id.* (emphasis added).

⁴ *See* n.1 *supra*.

Status of Mitigation Plan⁵

Caledonia Generating, LLC's Mitigation Plan to address the referenced violation was accepted by SERC Reliability Corporation, February 21, 2008 and was approved by NERC on March 7, 2008. The Mitigation Plan for the violation is designated as MIT-07-0437 and was submitted as non-public information to FERC on March 7, 2008 in accordance with FERC orders. Caledonia Generating, LLC certified to SERC Reliability Corporation that its Mitigation Plan was completed on December 26, 2007. SERC Reliability Corporation reviewed evidence submitted by Caledonia Generating, LLC in support of its Certification of Completion of the subject Mitigation Plan and on January 29, 2008 verified that Caledonia Generating, LLC's Mitigation Plan was completed.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁶

FERC Order Excerpts

In Order No. 693, the Commission provided guidance to NERC and the industry on the determination of penalties during the first six month period of mandatory and enforceable Reliability Standards:

222. . . . In light of commenters' concerns, including the fact that there are new aspects to the Reliability Standards and the proposed compliance program that will apply to all users, owners and operators of the Bulk-Power System, *the Commission directs the ERO and Regional Entities to focus their resources on the most serious violations during an initial period through December 31, 2007.* This thoughtful use of enforcement discretion should apply to all users, owners and operators of the Bulk-Power System, and not just those new to the program as originally proposed in the NOPR. This approach will allow the ERO, Regional Entities and other entities time to ensure that the compliance monitoring and enforcement processes work as intended and that all entities have time to implement new processes.

223. *By directing the ERO and Regional Entities to focus their resources on the most serious violations through the end of 2007, the ERO and Regional Entities will have the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.* Further, even if the ERO or a Regional Entity declines to assess a monetary penalty during the initial period, they are authorized to require remedial actions where a Reliability Standard has been violated. Furthermore, where the ERO uses its discretion and does not assess a penalty for a Reliability Standard violation, we encourage the ERO to establish a process to inform the user, owner or operator of the Bulk-Power System of the violation and the potential penalty that could have been assessed to such entity and how that

⁵ See 18 C.F.R § 39.7(d)(7).

⁶ See 18 C.F.R § 39.7(d)(4).

penalty was calculated. We leave to the ERO's discretion the parameters of the notification process and the amount of resources to dedicate to this effort. Moreover, the Commission retains its power under section 215(e)(3) of the FPA to bring an enforcement action against a user, owner or operator of the Bulk-Power System.

224. *The Commission believes that the goal should be to ensure that, at the outset, the ERO and Regional Entities can assess a monetary penalty in a situation where, for example, an entity's non-compliance puts Bulk-Power System reliability at risk. Requiring the ERO and Regional Entities to focus on the most serious violations will allow the industry time to adapt to the new regime while also protecting Bulk-Power System reliability by allowing the ERO or a Regional Entity to take an enforcement action against an entity whose violation causes a significant disturbance. Our approach strikes a reasonable balance in ensuring that the ERO and Regional Entities will be able to enforce mandatory Reliability Standards in a timely manner, while still allowing users, owners and operators of the Bulk-Power System time to acquaint themselves with the new requirements and enforcement program. In addition, our approach ensures that all users, owners and operators of the Bulk-Power System take seriously mandatory, enforceable reliability standards at the earliest opportunity and before the 2007 summer peak season.*⁷

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693 and the NERC Sanction Guidelines, the NERC BOTCC reviewed the NOC and supporting documentation on April 24, 2008 and May 5, 2008.

The NERC BOTCC affirmed SERC Reliability Corporation's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Caledonia Generating, LLC, based upon the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

In reaching this determination, NERC BOTCC considered the following: (1) As to the instant violations of FAC-008-1 R.1, Caledonia Generating, LLC submitted a self-certification to SERC Reliability Corporation. SERC Reliability Corporation found that, while Caledonia Generating, LLC had a Facility Rating Methodology, the methodology failed to include all of the considerations in R1.1 and R1.2.2. Specifically, Caledonia Generating, LLC was found to be in violation of FAC-008-1 R.1, because it did not include the most limiting equipment rating and it did not include, at a minimum, both the Normal and Emergency ratings; (2) No system disturbance occurred as a result of the violations, and the violations were deemed not to be violations that put bulk power system reliability at serious or substantial risk; (3) The violations occurred prior to January 2008 (during the period the Commission stated NERC and the

⁷ Order No. 693 at PP 222-224 (emphasis added).

Regional Entities should focus their enforcement resources on the most serious violations and those that involved a significant disturbance); (4) The violations are the first incidence of violations of the Requirement at issue by Caledonia Generating, LLC; (5) Caledonia Generating, LLC worked cooperatively with SERC; (6) Caledonia Generating, LLC acted immediately to mitigate and/or correct the violations; (7) The violation was mitigated in accordance with the approved Mitigation Plan and SERC Reliability Corporation has verified Caledonia Generating, LLC's Certification of Completion; and (8) The actions taken by Caledonia Generating, LLC ensure that reliability is maintained.

Therefore, NERC believes that the proposed zero dollar penalty is appropriate and consistent with NERC's goal to 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.

The Record of the Proceeding⁸

The record of the proceeding includes the following documents and material, which are set forth in the Attachments below:

- a) Caledonia Generating, LLC Self-Certification;
- b) SERC Reliability Corporation Determination Summary;
- c) Notice of Alleged Violation and Penalty or Sanction. Caledonia Generating, LLC did not submit a response thereto;
- d) Notice of Confirmed Violation and Penalty or Sanction.;
- e) Mitigation Plan designated as MIT-07-0437;
- f) Caledonia Generating, LLC's certification of completion of the Mitigation Plan;
- g) SERC Reliability Corporation's statement of verification that the Mitigation Plan has been completed; and
- h) NERC BOTCC Decision.

⁸ See 18 C.F.R § 39.7(d)(5).

A Form of Notice Suitable for Publication⁹

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

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

Rebecca J. Michael*
Assistant General Counsel
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

*Persons to be included on the Commission's service list are indicated with an asterisk.

⁹ See 18 C.F.R § 39.7(d)(6).

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
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(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net

cc: Caledonia Generating LLC
SERC Reliability Corporation

Attachment(s)

Attachment a

Caledonia Generating, LLC Self-Certification



Logged in as:

Christine Morrow

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FAC-008-1-T LOC - Facility Ratings Methodology - 2007

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Attachments (0)

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If you need to edit data contained in this form, please contact a [SERC Administrator](#).**

This form was submitted on 6/1/2007.

* Required Fields

Status: Read Only

Technical Contact

- The information in this submittal is designated as "Confidential". As such, it may include trade secrets, commercial or financial information that the submitter believes is commercially valuable and does not customarily disclose to the public. Disclosure of this information to the public could reasonably be expected to cause substantial competitive harm to the submitter. SERC will disclose this information to NERC and other third parties, only as required, and in accordance with established procedures pursuant to section 1500 of the NERC rules of procedure.

As an officer of **Caledonia Generating LLC**,

I confirm the following:

Section A:

1. The NERC Reliability Standard FAC-008-1 (Facility Ratings Methodology) applies to **Caledonia Generating LLC** and in accordance with NERC Reliability Standard FAC-008-1, **Caledonia Generating LLC** has on file or is able to readily provide, documentation of its methodology for developing Facility Ratings of its solely and jointly owned Facilities. The documented methodology: (check all that apply):
 - Includes a statement that the Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises the Facility.
 - Includes the method by which, as a minimum, both Normal and Emergency Ratings are determined for generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices, as applicable.
 - Includes consideration of ratings provided by equipment manufacturers, design criteria, ambient conditions, operating limitations, and other assumptions.
 - Is available for inspection and technical review by **Caledonia Generating LLC's** associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) within 15 days of receipt of their request.
 - a. **Caledonia Generating LLC** has received written comments on its Facility Ratings Methodology from its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and/or Transmission Operator(s)
 - Caledonia Generating LLC** has provided written response(s) to all commenting entities within 45 days of receipt of the comments.
 - b. **Caledonia Generating LLC** has not received any written comments on its Facility Ratings Methodology.
2. The NERC Reliability Standard FAC-008-1 (Facility Ratings Methodology) applies to **Caledonia Generating LLC**, however **Caledonia Generating LLC** does not have on file or is not able to readily provide, documentation of its methodology for developing Facility Ratings of its solely and jointly owned Facilities that meet the requirements of FAC-008-1.
3. The NERC Reliability Standard FAC-008-1 does not apply to **Caledonia Generating LLC** because:

No further submittals are required in addition to this Letter of Certification.

4. The NERC Reliability Standard FAC-008-1 applies to **Caledonia Generating LLC** and our data has been coordinated with and is covered by the submittal(s) of

	Master Account	First Name	Last Name	Telephone	Email

Section B:

1. This submittal also covers:

	Master Account	First Name	Last Name	Telephone	Email

Note: For companies not listed, please contact

2. Caledonia Generating LLC is registered as both a Transmission Owner (TO) and Generation Owner (GO).

This form covers all facilities owned by Caledonia Generating LLC. Submittal of FAC-008-1-G LOC is **not required**.

This form does **not** cover the generation facilities owned by Caledonia Generating LLC. Submittal of FAC-008-1-G LOC is **required**.

Additional Comments:

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Submit to SERC (By checking this box, you will be unable to edit this form)

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Attachment b

SERC Reliability Corporation Determination Summary



Determination Summary

SERC Tracking Num	07-182		
Standard	FAC-008-1		
Requirement	R1		
Method of Discovery	Self-Certification		
Date Issue Occured	6/18/2007	Issue Reported to SERC	9/1/2007
SPOC	Mickey Bellard		
Registered Entity	Caledonia Generating LLC		
NERC Registry ID	NCR01187	NERC Violation #	SERC200700052
Sufficient Basis?	<input checked="" type="checkbox"/>	NAVAPS Date	12/11/2007
VRF	Lower		
VSL	Lower		
Reliability Impact	Minimal impact. All related requirements have a Lower risk factor.		
Text of Requirement	FAC-008-0 R1.1. A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility. R1.2.2. The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.		
Factual Basis	Entity's facility rating methodology fails to include all of the considerations in R1.1 and R1.2.2.		
Violation Summary	The entity is in violation of Requirement 1 because they didn't include the most limiting equipment rating and they didn't include at a minimum the Normal and Emergency ratings.		
Peer Reviewer	Mark Ladrow		
Peer Review Date	11/5/2007		
CEM	Ken Keels		
CEM Approval Date	11/19/2007		
CD	Tom Galloway		
CD Concur Date	11/23/2007		

Attachment c

Notice of Alleged Violation and Penalty or Sanction and Caledonia Generating, LLC's response



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

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Notice of Alleged Violation and Proposed Penalty or Sanction

VIA EMAIL AND CERTIFIED MAIL

December 11, 2007

Caledonia Generating LLC

[REDACTED]

Re: Notice of Alleged Violation and Proposed Penalty or Sanction

NERC Violation Tracking Identification Number(s): SERC200700052

In accordance with the NERC Rules of Procedure including Appendix 4C thereto, which contains the NERC Compliance Monitoring and Enforcement Program (CMEP), SERC Reliability Corporation (SERC) hereby notifies Caledonia Generating LLC (Caledonia) of an Alleged Violation of the NERC Reliability Standards and the Proposed Penalty or Sanction. In support hereof, SERC states as follows:

On June 18, 2007, Caledonia was registered on the NERC Compliance Registry for the function(s) listed in Table A. As discussed herein, SERC has determined to charge Caledonia with a violation based upon information available to it that Caledonia did not comply or was not in compliance with the NERC Reliability Standards listed in Table A. However, as discussed further below, SERC has determined to exercise its discretion to assess no penalty against Caledonia for these violations at this time, unless Caledonia fails to complete and implement its Mitigation Plan as discussed in greater detail below.

Reliability Standard(s) and Requirement(s) Allegedly Violated and Discovery Details

The facts and evidence of each Alleged Violation, the date(s) when each Alleged Violation occurred, the date(s) each Alleged Violation was discovered and the discovery method are also listed in Table A.

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Proposed Penalty or Sanction

As authorized and in accordance with the orders of the Federal Energy Regulatory Commission (FERC), SERC has elected to exercise its discretion and will not assess a penalty on Caledonia at this time for these Alleged Violations. If, however, Caledonia fails to complete all or part of the approved mitigation plan for any of the Alleged Violations in accordance with the terms and time established by the mitigation plan, SERC may take action to assess and collect a penalty from Caledonia, which penalty will be determined pursuant to the NERC Rules of Procedure and the NERC Sanction Guidelines considering the period beginning on June 18, 2007 until the violation is fully mitigated. The terms of the mitigation plan and time line for completion may be modified only upon express written approval by SERC and NERC.

Procedures for Response by Registered Entity to this Notice

As required by Section 5.1 of the NERC CMEP, within thirty (30) days of the date of this notification, Caledonia must notify SERC in writing of its decision to elect one of the following options:

1. Caledonia agrees with or does not contest the Alleged Violation(s) and proposed penalty or sanction, and agrees to submit and implement a mitigation plan to correct the violation and its underlying causes;
2. Caledonia agrees to or does not contest the Alleged Violation(s) and agrees to submit and implement a mitigation plan to eliminate the violation and its underlying causes, but contests the proposed penalty or sanction; or
3. Caledonia contests both the Alleged Violation(s) and the proposed penalty or sanction for the Alleged Violation(s).

With respect to election options 1-3, Caledonia may submit a response in accordance with CMEP Section 5.2. Caledonia's statement must be on company letterhead and must include the name, title, and signature of an officer of Caledonia. The mitigation plan and time line for completion must be accepted by both the SERC and NERC.

Upon acceptance of the Alleged Violation and proposed penalty or sanction, the final notice of the violation, penalty and sanction will then be processed and issued to Caledonia.

If Caledonia does not contest or does not respond to the notice of violation within thirty (30) days, it shall be deemed to have accepted SERC's preliminary determination of violation and proposed penalty or sanction (as applicable), in which case SERC shall issue to Caledonia and NERC a report of Confirmed Violation. After two (2) business days, NERC will provide a Notice of Penalty, Sanction, or Other Enforcement Action to FERC.



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If Caledonia contests the Alleged Violation or the proposed sanction, Caledonia shall submit to SERC a response explaining its position, signed by an officer or equivalent, together with any supporting information and documents within thirty (30) days. Caledonia shall provide a primary contact name who will be the responsible party to respond to questions regarding the above Alleged Violation(s). SERC shall schedule a conference with Caledonia within ten (10) business days after receipt of the response. If SERC and Caledonia are unable to resolve all issues within forty (40) days after Caledonia's response, Caledonia may request a hearing. If no hearing request is made, the violation will become a Confirmed Violation when filed by NERC with FERC.

Attachment 2 to the CMEP governs the hearing process. A Registered Entity may appeal the hearing body's decision in accordance with the CMEP and the NERC Rules of Procedure.

CMEP Section 5.4 governs the settlement process and provides that settlement negotiations may occur at any time including prior to the issuance of a notice of Alleged Violation and Penalty or Sanction until a Notice of Penalty, Sanction, or Other Enforcement Action is filed with FERC.

Mitigation Plan Procedures and Requirements

CMEP Section 6.0 sets forth the provisions regarding the submittal of a mitigation plan. A Registered Entity found to be in violation of a Reliability Standard shall file with the applicable Regional Entity (i) a proposed Mitigation Plan to correct the violation, or (ii) a description of how the violation has been mitigated, and any requests for extensions of Mitigation Plans or a report of completed mitigation. CMEP Section 6.2 requires that a Mitigation Plan include the following information:

- (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).



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- (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
- (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
- (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
- (9) Any other information deemed necessary or appropriate.

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.

CMEP Section 6.4 provides that a Mitigation Plan may be submitted at any time but shall have been submitted by the Registered Entity within thirty (30) days after being served the notice of Alleged Violation and Penalty or Sanction, if the Registered Entity does not contest the violation and penalty or sanction. If the Registered Entity disputes the notice of Alleged Violation or penalty or sanction, the Registered Entity shall submit its Mitigation Plan within ten (10) business days following issuance of the written decision of the hearing body, unless the Registered Entity elects to appeal the hearing body's determination to NERC. The Registered Entity may choose to submit a Mitigation Plan while it contests an Alleged Violation or penalty or sanction; such submission shall not be deemed an admission of a violation or the appropriateness of a penalty or sanction. If the Registered Entity has not yet submitted a Mitigation Plan, or the Registered Entity submits a Mitigation Plan but it is rejected by the Compliance Enforcement Agency or the hearing body in accordance with section 6.5, any subsequent violations of the Reliability Standard identified by the Compliance Enforcement Authority before the hearing body renders its decision will not be held in abeyance and will be considered as repeat violations of the Reliability Standard.

Mitigation Plans must be submitted using the Mitigation Plan Submittal Form template located in the Compliance Area of the SERC web site.

~~CONFIDENTIAL~~**Mitigation Plan and Implementation Status**

Caledonia has not yet submitted to SERC Mitigation Plans to address the Alleged Violations set forth in this notice. Mitigation Plan content and submittal must follow the procedures and requirements from the CMEP as set forth immediately above. Upon receipt of Caledonia's Mitigation Plans, SERC will process the Mitigation Plans in accordance with the CMEP and the SERC Compliance Implementing Procedures.

Conclusion

Please direct any questions in response to this Notice of Alleged Violation and Proposed Penalty or Sanction to the undersigned. In your reply correspondence to this notice, please provide the name and contact information of Caledonia's representative who is authorized to respond to questions regarding the above-listed Alleged Violation and who is responsible for providing the required Mitigation Plan. Please also provide the relevant NERC Violation Tracking Identification Number(s) in any correspondence.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'T. Galloway', is written over a light blue horizontal line.

Thomas J. Galloway
SERC Director of Compliance

cc: G. Cauley, SERC President and CEO
T. Kucey, NERC Manager of Enforcement and Mitigation
K. Keels, SERC Manager of Compliance Enforcement
SERC Tracking File

Attachment(s): Table A



Table A
Caledonia Generating LLC
December 11, 2007

Registered on the NERC Compliance Registry as:
Generator Owner
 (NERC Compliance Registry ID # NCR01187)

Reliability Standard(s) Allegedly Violated and Reference #'s	Requirement(s) Allegedly Violated	Discovery Method of Alleged Violation	Date Alleged Violation Occurred/ Discovered	Facts and Evidence of Alleged Violation
FAC-008-1 Violation #: SERC200700052 SERC Tracking #: 07-182	R1	Self-certification	Occurred: June 18, 2007 Discovered: October 1, 2007	The Facilities Rating document does not specifically state the most limiting equipment rating of the Facility determines the Facility Rating. Additionally, the methodology for Normal and Emergency ratings of facilities is not defined within the Facilities Rating document.

Attachment d

Notice of Confirmed Violation and Penalty or Sanction



Thomas J. Galloway, Director of Compliance
SERC Reliability Corporation
2815 Coliseum Centre Drive | Suite 500
Charlotte, NC 28217
704.357.7372 | Fax 704.357.7914 | www.serc1.org

VIA EMAIL AND CERTIFIED MAIL

March 26, 2008

Caledonia Generating LLC

c/o M [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Re: Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction
Regarding Caledonia Generating LLC
NERC Violation Tracking Identification Number(s): SERC200700052

Dear Mr. [REDACTED]:

SERC Reliability Corporation (SERC) hereby provides this Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction regarding Caledonia Generating LLC,¹ in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, and the North American Electric Reliability Corporation (NERC) Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).²

SERC is issuing this Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction, because Caledonia does not dispute the Alleged Violation and the proposed penalty or sanction set forth in the previously issued Notice of Alleged Violation and Proposed Penalty or Sanction. Accordingly, the violation identified by the above NERC Violation Tracking Number and listed in Table 1 below is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2007), SERC provides the following table identifying each Reliability Standard violated by Caledonia and including a statement by SERC setting forth the findings of fact with respect to the act or practice resulting in the violation of each Reliability Standard. (See Table 1.)

NERC Process

SERC is providing a copy of this Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction to NERC for its review and consideration. Upon acceptance by the NERC Board of Trustees Compliance Committee, in its current form or as modified, NERC will provide the Notice of Proposed Penalty or Sanction to FERC, with a copy to Caledonia and SERC. Following NERC action, FERC may act to accept, reject or modify the findings and/or penalties or sanctions set forth herein.

¹ See 18 C.F.R § 39.7(d)(1).

² See 18 C.F.R § 39.7(c)(2).

Table 1	
Description of Confirmed Violation	
Caledonia Generating LLC	
Registered on the NERC Compliance Registry as: Generator Owner and Transmission Owner	
NERC Compliance Registry ID #: NCR01187	
NERC Violation ID#: SERC200700052	
SERC Tracking #: 2007-182	
Reliability Standard Violated ³	FAC-008-1 — Facility Ratings Methodology
Requirement Violated ⁴	R1
Date of Discovery	October 1, 2007
Discovery Method	Self-Certification
Date or Period of Violation	June 18, 2007
Facts and Evidence of the Act or Practice Resulting in the Violation ⁵	
Entity's facility rating methodology fails to include all of the considerations in R1.1 and R1.2.2.	
The entity is in violation of Requirement 1 because they didn't include the most limiting equipment rating and they didn't include at a minimum the Normal and Emergency ratings.	
Proposed Penalty or Sanction	
The proposed penalty or sanction for this violation is zero	

Statement Describing Any Proposed Penalty or Sanction Imposed ⁶

SERC has determined to exercise its discretion to assess no penalty, sanction or other enforcement action against Caledonia for the violations listed in Table 1 at this time, unless Caledonia fails to complete and implement its Mitigation Plan in accordance with the terms of the Mitigation Plan.

This proposed penalty or sanction is subject to review and possible revision by NERC and FERC. NERC will include its determination of the proposed penalty or sanction in a Notice of Proposed Penalty or Sanction to be filed with FERC.

The proposed penalty or sanction will be effective upon expiration of the thirty (30) day period following the acceptance and the filing of the Notice of Proposed Penalty or Sanction with FERC by NERC, or, if FERC decides to review the proposed penalty or sanction, upon final determination by FERC.

³ See 18 C.F.R § 39.7(d)(2).

⁴ See 18 C.F.R § 39.7(d)(2).

⁵ See 18 C.F.R § 39.7(d)(3).

⁶ See 18 C.F.R § 39.7(d)(4).



Other Matters of Relevance ⁷

Caledonia's Mitigation Plan was accepted by SERC on February 21, 2008 and by NERC on March 7, 2008. The Mitigation Plan for the violation listed in Table 1 is designated as MIT-07-0437 and was submitted as non-public information to FERC on March 7, 2008 in accordance with applicable statutes, regulations and FERC orders.

In accordance with the NERC Rules of Procedure, Appendix 4C, no additional proposed penalties or sanctions will be assessed by SERC unless the mitigation is not successfully completed in accordance with the timetable set forth in the Mitigation Plan or an agreed upon extension. An extension of time for completion of the Mitigation Plan requires prior express written approval by SERC and NERC as set forth in the CMEP.

Statement Provided by the Registered Entity as set forth in CMEP Sections 5.6 and 8.0

In accordance with CMEP Section 8.0, the Regional Entity must report to NERC and the affected Registered Entity all Confirmed Violations of Reliability Standards including all penalties, sanctions, Mitigation Plans and schedules, and settlements, within ten (10) business days of each determination. SERC hereby provides notice that Caledonia may provide a statement to NERC, with a copy to SERC, within five (5) business days after the date of this Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction, to accompany the report when posted by NERC. Caledonia's statement may be the same statement provided by Caledonia in response to the Notice of Alleged Violation and Proposed Penalty or Sanction. Caledonia's statement must be on Caledonia letterhead and must include the name, title, and signature of an officer, employee, attorney, or other authorized representative of Caledonia.

NERC will publicly post each report of a Confirmed Violation, together with any statement submitted by Caledonia, no sooner than five (5) business days after the report is provided by SERC to NERC and Caledonia. NERC will include, with the Notice of Penalty filed with FERC, the statement provided by Caledonia.

The Record of the Proceeding ⁸

The record of the proceeding includes this Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction and any Caledonia statement or response thereto, as well as the following documents and material (to the extent applicable).

Confirmation Record Documents	Document Title	Date
Compliance Monitoring Document Identifying Possible Violation	Self-Certification	06/01/2007
Compliance Enforcement Staff Determination of Facts and Evidence Supporting Violation	Determination Summary	1/7/2008
Notice of Violation and Proposed Penalty or Sanction	Notice of Alleged Violation and Proposed Penalty or Sanction	12/11/2007

⁷ See 18 C.F.R § 39.7(d)(7).

⁸ See 18 C.F.R § 39.7(d)(5).



Entity's Response to Notice of Violation	Response to Notice of Alleged Violation	1/3/2008
Entity's Statement in Response to Notice of Violation	Response to Notice of Alleged Violation	1/8/2008
Remedial Action Directive	Not Applicable	
Entity's Notice Contesting Remedial Action Directive	Not Applicable	
Entity's Request for Hearing	Not Applicable	
SERC Board Compliance Committee (Hearing Body) Final Order	Not Applicable	
Notice of Proposed Penalty or Sanction	Not Applicable	
Clerk's Notice Transmitting Final Order	Not Applicable	
Entity's Appeal to NERC	Not Applicable	
NERC Final Determination on Entity's Appeal Request	Not Applicable	

Conclusion

Any questions regarding this Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction issued by SERC should be directed to the undersigned.

Respectfully submitted,

Thomas J. Galloway
SERC Director of Compliance

cc: Gerry Cauley, SERC President and CEO
David Hilt, NERC Vice President and Director of Compliance
Tim Kucey, NERC Manager of Enforcement and Mitigation
Ken Keels, SERC Manager of Compliance Enforcement
SERC Tracking File

Attachment e

Mitigation Plan designated as MIT-07-0437



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: Revised Submittal 1/22/08

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan: 12/26/07

Section A: Compliance Notices

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

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



- 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: Caledonia Generating LLC
Company Address: 255 Lone Oak Road, Steens, MS 39766
NERC Compliance Registry ID *[if known]*:

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.

Name: [REDACTED]
Title: [REDACTED]
Email: [REDACTED]
Phone: [REDACTED]



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: FAC-008-1
[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 ^(*)
SERC200700052	07-182	R1	06/18/07
			(determined by SERC on 10/1/07)

(*) 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:

In its June 2007 submittal, Caledonia Generating LLC failed to identify its methodology regarding how its Facility and Equipment Ratings were derived. This information has always been available at the site but the first two boxes under Section A (1) in its June 2007 FAC-008 submittal were inadvertently left blank

[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:

The violations were inadvertent. See entries under Items D.1. and D.4.



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



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:

Caledonia Generating has established Standard Operating Procedure for FAC-008-1 (attached hereto) which describes the methodology used to determine the facility rating and the facility equipment ratings. This document will be kept up to date at the Facility by Facility personnel if any changes and/or modifications are made. Please also see response under D.4.

[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:

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)

(*) 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)



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:

This Mitigation Plan is being submitted to correct a form which, inadvertently, was not complete when submitted. Please note that the Caledonia Generating LLC facility is now leased to the Tennessee Valley Authority, and has been since 7/1/07. Caledonia Generating, LLC has no actual control over any portion of the Facility during the Lease term. TVA is the Balancing Authority, and has been since 6/28/07.

[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:

Caledonia Generating does not believe there are any risks to the Bulk Power System as the Facility and Facility equipment rating information has always been available at the Facility site. Further, this Facility has been in commercial operation since May 2003.

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

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:

Caledonia Generating will prevent or minimize further violations by keeping the FAC 008-1 Standard Operating Procedure up to date at all times during its operation and control of the facility, will use the methodology developed for FAC 008-1 to comply with other similar NERC requirements, and will advise the facility's lessee of Caledonia's actions and the lessee's responsibilities in connection with this Mitigation Plan.

[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:

No other actions are currently planned

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

Continued on Next Page

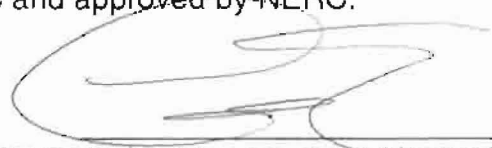


Section F: Authorization

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 [Vice President] of [Full Service Leasing Corp].
 - 2. I am qualified to sign this Mitigation Plan on behalf of [Full Service Leasing Corp].
 - 3. I have read and understand [Caledonia Generating LLC's] obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 - 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 - 5. [Caledonia Generating LLC] 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) [Redacted]
[Redacted]
[Redacted]



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 an 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

Attachment f

Caledonia Generating, LLC's certification of completion of the Mitigation Plan

Print on Registered Entity's Corporate Letterhead

To Close Out a Completed Mitigation Plan, fill out this form, save and email it to serccomply@serc1.org.

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

Certification of a Completed Mitigation Plan

SERC Reliability Corporation Violation Mitigation Plan Closure Form (Form Revised 10-25-07)

Name of Registered Entity submitting certification: Caledonia Generating LLC

Date of Certification: 12/26/07

Name of Standard and the Requirement(s) of mitigated violation(s): FAC-008-1

SERC Tracking Number (contact SERC if not known):

NERC Violation ID Number (if assigned): SERC200700052

Date of completion of the Mitigation Plan: 12/26/07

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

Name: [REDACTED]

[REDACTED]

Executive Signature

[REDACTED]

Date 1/22/08

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

Attachment g

**SERC Reliability Corporation's statement of
verification that the Mitigation Plan 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 Enforcement Staff Regarding Completion of Mitigation Plan

January 29, 2008

Registered Entity: Caledonia Generating LLC
SERC Tracking ID: 2007-182
NERC Violation No: SERC200700052
NERC Mitigation Plan ID: MIT-07-0437

SERC Reliability Corporation Compliance Enforcement Staff ("SERC Staff") has completed a review of the evidence submitted by Caledonia Generating LLC in support of its Certification of Completion of the subject Mitigation Plan. Based on its review, SERC Staff has verified Caledonia Generating LLC's certification on December 26, 2007 that the subject Mitigation Plan has been completed on December 26, 2007 in accordance with its terms.

Charles White
SERC Chairman
South Carolina Electric & Gas

William Ball
SERC Vice-Chairman
Southern Company Services, Inc.

Terry Blackwell
SERC Secretary-Treasurer
South Carolina Public Service Authority

Attachment h
NERC BOTCC Decision

**Board of Trustees Compliance Committee
Decision on Notices of Penalty
(Issued May 21, 2008)**

The North American Electric Reliability Corporation (NERC) Board of Trustees Compliance Committee approves for filing with the Federal Energy Regulatory Commission (Commission) the following Notices of Penalty in accordance with the NERC *Rules of Procedure* and the Commission's orders and regulations.¹

In each of the Notices identified below, the Board of Trustees Compliance Committee affirms the Regional Entity's determination to exercise its enforcement discretion, in accordance with Order No. 693, to impose a zero dollar penalty against the respective registered entities, based on the Committee's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations represented below.²

While certain of the Reliability Standards associated with the violations below have "Medium" or "High" Violation Risk Factors, and the non-compliance level could reach a "Severe" level based on the duration of the violation, most of these violations involved situations where processes, procedures or plans were in place but documentation of one or more elements was lacking. In the case of NOC-16 below, where an entity failed to perform relay maintenance and testing of certain of its facilities due to an administrative oversight, the entity self-reported the violation and expedited completion of the work. In all cases, there was no actual impact on the reliability of the bulk power system.

In reaching this determination, NERC and the Regional Entities considered the following: (1) The violations occurred prior to January 2008 (during the period the Commission stated NERC and the Regional Entities should focus their enforcement resources on the most serious violations); (2) The registered entities worked cooperatively with the Regional Entities; (3) The registered entities acted immediately to mitigate and/or correct the violations; (4) The violations were mitigated in accordance with the approved Mitigation Plans and have been verified as mitigated by the respective Regional Entities; and (5) The actions taken by the registered entities ensure that reliability is maintained.

Therefore, the NERC Board of Trustees Compliance Committee finds that the proposed zero dollar penalty is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

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).

² *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693).

NOP ID ³	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-01	TRE	Denton Municipal Electric (TDSP)	NOC-01	TRE200700001	PRC-008-0	1	Medium	0
	TRE	Denton Municipal Electric (TDSP)	NOC-01	TRE200700002	PRC-008-0	2	Medium	0
NOP-02	TRE	Bandera Electric Cooperative, Inc	NOC-02	TRE200700003	PRC-005-1	2	Lower/High ⁴	0
NOP-03	TRE	Exelon Generation Company, LLC	NOC-03	TRE200700004	PRC-005-1	2	Lower/High	0
NOP-05	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700011	CIP-001-1	1	Medium	0
	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700012	CIP-001-1	2	Medium	0
	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700013	CIP-001-1	3	Medium	0
	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700014	CIP-001-1	4	Medium	0
	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700015	IRO-004-1	4	High	0
NOP-06	TRE	Wise County Power Company, LP	NOC-06	TRE200700016	FAC-008-1	1	Lower/Medium	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700017	FAC-008-1	2	Lower	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700018	FAC-008-1	3	Lower	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700019	FAC-009-1	1	Medium	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700020	FAC-009-1	2	Medium	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700021	IRO-004-1	4	High	0

³ Document numbers for each of these notices will be assigned by the Commission as NP08-_-000.

⁴ All VRFs for requirements and sub-requirements are identified in this table for the violations at issue.

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-07	SERC	City of Columbia, MO	NOC-07	SERC200700002	PER-002-0	3	High/ Medium	0
	SERC	City of Columbia, MO	NOC-07	SERC200700003	TPL-001-0	1	High/ Medium	0
	SERC	City of Columbia, MO	NOC-07	SERC200700004	TPL-002-0	1	High/ Medium	0
	SERC	City of Columbia, MO	NOC-07	SERC200700005	TPL-003-0	1	High/ Medium	0
	SERC	City of Columbia, MO	NOC-07	SERC200700006	TPL-004-0	1	Medium	0
NOP-08	SERC	Old Dominion Electric Cooperative	NOC-08	SERC200700010	FAC-008-1	1	Lower/ Medium	0
	SERC	Old Dominion Electric Cooperative	NOC-08	SERC200700011	PRC-005-1	1	High	0
NOP-09	SERC	Doyle I, LLC	NOC-09	SERC200700012	CIP-001-1	4	Medium	0
NOP-10	SERC	Illinois Municipal Electric Agency	NOC-11	SERC200700058	CIP-001-1	1	Medium	0
	SERC	Illinois Municipal Electric Agency	NOC-11	SERC200700059	CIP-001-1	2	Medium	0
	SERC	Illinois Municipal Electric Agency	NOC-11	SERC200700060	CIP-001-1	3	Medium	0
	SERC	Illinois Municipal Electric Agency	NOC-11	SERC200700061	CIP-001-1	4	Medium	0
NOP-11	MRO	Northern States Power	NOC-13	MRO200700004	CIP-001-1	2	Medium	0
NOP-12	MRO	Rochester Public Utilities	NOC-14	MRO200700005	PER-002-0	3	High/ Medium	0
	MRO	Rochester Public Utilities	NOC-14	MRO200700006	PRC-004-1	2	High	0
	MRO	Rochester Public Utilities	NOC-14	MRO200700007	VAR-001-1	6	Medium	0
NOP-13	MRO	Tri-State G&T – Merchant	NOC-15	MRO200700008	INT-004-1	2	Lower	0
NOP-14	MRO	American Transmission Co., LLC	NOC-16	MRO200700009	PRC-005-1	2	Lower/ High	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-15	NPCC	The City of Holyoke Gas and Electric Department	NOC-19	NPCC200700011	CIP-001-1	1	Medium	0
	NPCC	The City of Holyoke Gas and Electric Department	NOC-19	NPCC200700012	CIP-001-1	2	Medium	0
	NPCC	The City of Holyoke Gas and Electric Department	NOC-19	NPCC200700013	CIP-001-1	3	Medium	0
	NPCC	The City of Holyoke Gas and Electric Department	NOC-19	NPCC200700014	CIP-001-1	4	Medium	0
NOP-16	NPCC	Peabody Municipal Light Plant	NOC-22	NPCC200700015	CIP-001-1	1	Medium	0
	NPCC	Peabody Municipal Light Plant	NOC-22	NPCC200700016	CIP-001-1	2	Medium	0
	NPCC	Peabody Municipal Light Plant	NOC-22	NPCC200700017	CIP-001-1	3	Medium	0
	NPCC	Peabody Municipal Light Plant	NOC-22	NPCC200700018	CIP-001-1	4	Medium	0
NOP-17	NPCC	Norwich Public Utilities	NOC-23	NPCC200700019	CIP-001-1	1	Medium	0
	NPCC	Norwich Public Utilities	NOC-23	NPCC200700020	CIP-001-1	2	Medium	0
	NPCC	Norwich Public Utilities	NOC-23	NPCC200700021	CIP-001-1	3	Medium	0
	NPCC	Norwich Public Utilities	NOC-23	NPCC200700022	CIP-001-1	4	Medium	0
NOP-18	SERC	City of Orangeburg Department of Public Utilities	NOC-26	SERC200700016	PRC-005-1	1	High	0
NOP-19	SERC	West Georgia Generating Company, LLC	NOC-27	SERC200700048	PRC-005-1	2	Lower/High	0
	SERC	West Georgia Generating Company, LLC	NOC-27	SERC200700064	PRC-005-1	1	High	0
	SERC	West Georgia Generating Company, LLC	NOC-27	SERC200700065	CIP-001-1	4	Medium	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-20	SERC	Caledonia Generating, LLC	NOC-28	SERC200700052	FAC-008-1	1	Lower/Medium	0
NOP-21	SERC	City of Orangeburg Department of Public Utilities	NOC-29	SERC200700054	CIP-001-1	1	Medium	0
	SERC	City of Orangeburg Department of Public Utilities	NOC-29	SERC200700055	CIP-001-1	2	Medium	0
	SERC	City of Orangeburg Department of Public Utilities	NOC-29	SERC200700056	CIP-001-1	3	Medium	0
	SERC	City of Orangeburg Department of Public Utilities	NOC-29	SERC200700057	CIP-001-1	4	Medium	0
NOP-22	SPP	Southwestern Public Service Co. (SPS-XCEL)	NOC-30	SPP200700002	EOP-001-0	3.4	Medium	0
	SPP	Southwestern Public Service Co. (SPS-XCEL)	NOC-30	SPP200700003	EOP-001-0	4.4	Medium	0
	SPP	Southwestern Public Service Co. (SPS-XCEL)	NOC-30	SPP200700004	EOP-001-0	5	Medium	0
	SPP	Southwestern Public Service Co. (SPS-XCEL)	NOC-30	SPP200700005	EOP-005-1	1	Medium	0
	SPP	Southwestern Public Service Co. (SPS-XCEL)	NOC-30	SPP200700006	CIP-001-1	2	Medium	0
NOP-23	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700017	PRC-005-1	1	High	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700025	FAC-008-1	1	Lower/Medium	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700031	CIP-001-1	1	Medium	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700032	CIP-001-1	2	Medium	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700033	CIP-001-1	3	Medium	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700034	CIP-001-1	4	Medium	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-24	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700018	PRC-005-1	1	High	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700024	FAC-008-1	1	Lower/Medium	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700027	CIP-001-1	1	Medium	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700028	CIP-001-1	2	Medium	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700029	CIP-001-1	3	Medium	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700030	CIP-001-1	4	Medium	0
NOP-25	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700020	PRC-005-1	1	High	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700026	FAC-008-1	1	Lower/Medium	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700035	CIP-001-1	1	Medium	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700036	CIP-001-1	2	Medium	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700037	CIP-001-1	3	Medium	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700038	CIP-001-1	4	Medium	0
NOP-26	SERC	The Dow Chemical Company	NOC-35	SERC200700022	IRO-004-1	4	High	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700023	TOP-003-0	1	Medium	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700053	PRC-005-1	2	Lower/High	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700069	FAC-009-1	1	Medium	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700070	FAC-009-1	2	Medium	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700072	PRC-004-1	2	High	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700073	PRC-004-1	3	Lower	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-27	SERC	City of North Little Rock, AR (DENL)	NOC-37	SERC200700041	PER-002-0	3.1	Medium	0
NOP-28	SERC	Cottonwood Energy, LP	NOC-42	SERC200700047	PRC-005-1	1	High	0
NOP-29	SERC	Reliant Energy Wholesale Generation, LLC	NOC-43	SERC200700049	PRC-005-1	1	High	0
NOP-30	SERC	Prairie Power, Inc.	NOC-44	SERC200700050	FAC-008-1	1	Lower/Medium	0
NOP-31	SERC	Mt. Carmel Public Utility Co.	NOC-45	SERC200700062	CIP-001-1	4	Medium	0
NOP-32	SERC	Craven County Wood Energy, LP	NOC-46	SERC200700063	PRC-005-1	1	High	0
NOP-33	SERC	City of Benton	NOC-47	SERC200700066	PER-002-0	3.1	Medium	0
NOP-34	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700067	IRO-004-1	4	High	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700074	CIP-001-1	1	Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700075	CIP-001-1	2	Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700076	CIP-001-1	3	Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700077	CIP-001-1	4	Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700078	PRC-005-1	1	High	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700084	FAC-008-1	1	Lower/Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700085	FAC-009-1	1	Medium	0
NOP-35	SERC	Lumberton Power, LLC	NOC-49	SERC200700068	IRO-004-1	4	High	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700079	CIP-001-1	1	Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700080	CIP-001-1	2	Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700081	CIP-001-1	3	Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700082	CIP-001-1	4	Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700083	PRC-005-1	1	High	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700086	FAC-008-1	1	Lower/Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700087	FAC-009-1	1	Medium	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-36	TRE	TOPAZ POWER MANAGEMENT LP (QSE)	NOC-53	TRE200800028	CIP-001-1	1	Medium	0
NOP-37	SERC	Associated Electric Cooperative Inc.	NOC-24	SERC200700001	FAC-003-1	2	High	0

By the Board of Trustees Compliance Committee

Attachment i

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Caledonia Generating, LLC

Docket No. NP08-____-000

NOTICE OF FILING
(DATE)

Take notice that on [DATE], the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Caledonia Generating, LLC 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