



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

September 25, 2009

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

**Re: NERC Notice of Penalty regarding Mackinaw Power, LLC, FERC Docket No. NP09-\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>1</sup> regarding Mackinaw Power, LLC (Mackinaw Power), NERC Registry ID NCR08082,<sup>2</sup> 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)).<sup>3</sup>

During an on-site compliance audit conducted May 12, 2008 through May 14, 2008 SERC Reliability Corporation (SERC) auditors identified a potential violation by Mackinaw Power of Reliability Standard PRC-005-1, Requirement (R) 1 for its failure to include "associated communication systems" in its Protection System Maintenance and Testing Program documentation. The possible violation identified by the SERC audit team was reported to SERC's Compliance Enforcement Staff on May 14, 2008. Upon receipt of the audit team's findings, SERC Compliance Enforcement Staff initiated a detailed compliance assessment to review the findings of the audit team and on May 22, 2008 issued to Mackinaw Power a Compliance Assessment Notice advising Mackinaw Power of the initiation of a formal assessment to determine its compliance relative to Reliability Standard PRC-005-1. Upon

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<sup>1</sup> *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). *See* 18 C.F.R. § 39.7(c)(2).

<sup>2</sup> SERC Reliability Corporation confirmed that Mackinaw Power, LLC was included on the NERC Compliance Registry as a Generator Owner on October 22, 2007 and as a Generator Owner was subject to the requirements of NERC Reliability Standard PRC-005-1. Mackinaw Power owned the plant from June 18, 2007 through October 22, 2007, but there was a delay in transferring the registration from Progress Energy Ventures, Inc., the prior owner, to Mackinaw Power.

<sup>3</sup> *See* 18 C.F.R. § 39.7(c)(2).

completion of its compliance assessment, SERC Compliance Enforcement Staff determined on June 10, 2008 there was sufficient basis to allege a violation of PRC-005-1 and issued to Mackinaw Power a Notice of Alleged Violation and Proposed Penalty or Sanction (NAVAPS) on August 13, 2008. This Notice of Penalty is being filed with the Commission because, based on information from SERC, Mackinaw Power does not dispute the violation of PRC-005-1 R1 and the proposed zero dollar (\$0) financial penalty. Accordingly, the violation identified as NERC Violation Tracking Identification Number SERC200800131 is a Confirmed Violation as that term is defined in the NERC Rules of Procedure and the CMEP.

### Statement of Findings Underlying the Alleged Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on June 2, 2009 by SERC to Mackinaw Power. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (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 the Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
SERC	Mackinaw Power, LLC	NOC-212	SERC200800131	PRC-005-1	1	High	\$0

The purpose of Reliability Standard PRC-005-1 is to ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested.

PRC-005-1 R1 requires each Transmission Owner and any Distribution Provider that owns a transmission Protection System<sup>4</sup> and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include: (R1.1.) maintenance and testing intervals and their basis and (R1.2.) a summary of maintenance and testing procedures. PRC-005-1 R1 has a "High" Violation Risk Factor (VRF).

While reviewing Mackinaw Power's Protection System Maintenance and Testing Program during SERC's compliance audit, the audit team noted that Mackinaw Power's *Protection System Maintenance and Testing Program MAC-SERC-006* (Program) specifically excluded "associated communication systems" as a part of its Program. The Program document included

<sup>4</sup> FERC approved the Glossary of Terms Used in Reliability Standards in Order No. 693 at P 1893. The Glossary defines "Protection System" as: "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

a “Note” to *Table 3.1: Mackinaw Power Facilities’ Maintenance and Testing Intervals* that stated: “Note: Mackinaw Power Facilities do not have “Associated Communication Systems” as referenced in PRC-005.” The audit team determined, through review of maintenance reports and visual inspection of relay cabinets, that Mackinaw Power does in fact have associated communication systems at only one of its generating facilities, the Effingham Plant.

The associated communication system at the Effingham Plant consists of parallel fiber optic connections between the microprocessor-based relaying for the plant’s Protection System and the 230 kV substations that interconnect the plant with the Transmission Owner’s 230 kV system, which is part of the bulk power system. The associated communication system is a component of the micro-processor based multi-function relay at the Effingham Plant and provides the carrier signal for a transfer trip scheme required by the Transmission Owner. The solid state relay provides continuous monitoring and self-check features for all functions, including the fiber optic channels.

SERC was able to determine that functional testing and maintenance of the relay is performed by the Transmission Owner on a four year interval, consistent with the basis established for the relay package as set forth in Mackinaw Power’s Program. The audit team, and later SERC’s Compliance Enforcement Staff, reviewed maintenance records, including copies of Protective Equipment Data functional test logs by the Transmission Owner, and verified that the associated communication system equipment is being maintained in accordance with and in conjunction with Mackinaw Power’s Program at the same time, on the same interval, and applying the same basis as, the associated relay. However, because Mackinaw Power’s Program documentation did not include a description of the maintenance and testing being performed on the associated communication systems, SERC’s Compliance Enforcement Staff found Mackinaw Power to be in violation of PRC-005-1 R1.

SERC determined the duration of the violation to be from June 18, 2007,<sup>5</sup> the date the standards became enforceable, until May 20, 2008, the date that Mackinaw Power completed its Mitigation Plan.

Section 4.2.2 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\$).<sup>6</sup>

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<sup>5</sup> Mackinaw Power was included on the NERC Compliance Registry as of October 22, 2007. Mackinaw Power owned the plant from June 18, 2007 through October 22, 2007, but there was a delay in transferring the registration from Progress Energy Ventures, Inc., the prior owner, to Mackinaw Power.

<sup>6</sup> See NERC Sanction Guidelines.

SERC has assessed a penalty of \$0 for this violation. SERC considered the specific facts and circumstances of the violation and Mackinaw Power's mitigation of the violation in determining that a proposed zero dollar penalty was appropriate. The factors considered by SERC in the determination that a zero dollar penalty was appropriate for Mackinaw Power's violation of PRC-005-1 included:

1. the violation had minimal actual or foreseeable impact on the reliability of the bulk power system, and therefore no serious or substantial risk to the reliability of the bulk power system, because: (1) the violation arose from a misstatement and omission in Mackinaw Power's Program documentation when, in fact, associated communication systems did exist in Mackinaw Power's Protection Systems; and (2) evidence was presented to demonstrate that the associated communication systems were being tested and maintained by the Transmission Owner in accordance with and in conjunction with Mackinaw Power's relay maintenance and testing Program at the same time, on the same interval, and applying the same basis as, the associated relay;
2. Mackinaw Power has no prior violation of this standard or any closely-related standard, and no other violations were identified during the audit with the other 23 applicable standards;
3. Mackinaw Power corrected the documentation error as soon as it was made known to them during the compliance audit,<sup>7</sup> and the corrected program document was verified as compliant by the audit team and by SERC Compliance Enforcement Staff;
4. Mackinaw Power lacked intent to commit or to conceal the violation which is evident by its prompt mitigation of the deficiency, its acceptance that the violation occurred in its response to the NAVAPS, and the absence of any other deficiencies discovered during the detailed on-site compliance audit; and
5. Mackinaw Power was cooperative and open throughout the investigation process.

### **Status of Mitigation Plan<sup>8</sup>**

Mackinaw Power's Mitigation Plan to address its violation of PRC-005-1 R1 was submitted to SERC on May 22, 2008 and indicated in the document that the Mitigation Plan was completed on May 20, 2008. The plan was accepted by SERC on June 19, 2008 and approved by NERC on July 11, 2008. The Mitigation Plan for this violation is designated as MIT-07-0596 and was submitted as non-public information to FERC on July 11, 2008 in accordance with FERC orders.

Specifically, Mackinaw Power's approved Mitigation Plan addressed the steps Mackinaw Power had immediately taken to mitigate the instant violation of PRC-005-1 R1. Mackinaw Power updated its program document, MAC-SERC-006, to include a description and a summary of associated communication system maintenance and testing, intervals and the basis for intervals in Mackinaw Power's Program. Mackinaw Power also included provisions for annual review

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<sup>7</sup> A draft of the revised program document was shown to the audit team on May 14, 2008 at the conclusion of the on-site audit but the actual, approved revision which was submitted to SERC staff as part of the Mitigation Plan was dated May 20, 2008.

<sup>8</sup> See 18 C.F.R § 39.7(d)(7).

and approval. Mackinaw Power updated the Program documentation on May 14, 2008, while the auditors were on site and had the document internally approved by May 20, 2008.

On May 22, 2008, Mackinaw Power certified to SERC that its Mitigation Plan was completed on May 20, 2008. Mackinaw Power submitted, and SERC Compliance Enforcement Staff reviewed, *Mackinaw Power's Protection System Maintenance and Testing Program, Document Number: MAC-SERC-006, Version 2, Revised May 20, 2008*. SERC Compliance Enforcement Staff found the revised program document no longer included the erroneous statement that there were no associated communication systems and did include a summary and description of the required maintenance and testing of associated communications systems along with a description of the appropriate intervals that the basis for such interval.

After review of the evidence, SERC verified on May 27, 2008<sup>9</sup> that the Mitigation Plan was completed on May 20, 2008, and that Mackinaw Power was in compliance with PRC-005-1 R1.

### **Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed<sup>10</sup>**

#### **Basis for Determination**

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, and the July 3, 2008 Guidance Order,<sup>11</sup> the NERC BOTCC reviewed the NOCV and supporting documentation on August 31, 2009. The NERC BOTCC affirmed SERC's findings and determination to impose a zero dollar (\$0) financial penalty against Mackinaw Power 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 violation.

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

1. there was no serious or substantial risk to the reliability of the BPS because the violation was a Program documentation issue only; the actual testing of the associated communication system was being performed and the testing was being documented;
2. Mackinaw Power had no prior violation of this standard or any closely-related standard, and no other violations were identified during the audit with the other 23 applicable standards;
3. Mackinaw Power promptly corrected its violation to bring it into compliance with the reliability standard; and
4. Mackinaw Power was cooperative and open throughout the investigation process.

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<sup>9</sup> At the conclusion of SERC staff's work, prior to filing with NERC, SERC's staff conducts a final review of Mitigation Plans with SERC's Board Compliance Committee ("BCC") at its monthly meetings and the BCC approves the submittal to NERC of the Mitigation Plan acceptance actions produced by SERC staff. Due to the BCC's meeting schedule, SERC staff verified completion of the Mitigation Plan approximately three weeks before accepting it.

<sup>10</sup> See 18 C.F.R § 39.7(d)(4)

<sup>11</sup> *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

Therefore, for the foregoing reasons, the NERC BOTCC believes that the proposed zero dollar (\$0) penalty is appropriate for the violation and circumstances in question, and consistent with NERC's goal to promote and ensure reliability of the bulk power system.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the 30 day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

#### **Attachments to be Included as Part of this Notice of Penalty**

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

- a) SERC's Audit Screening Worksheet for Mackinaw Power, dated May 19, 2008, included as Attachment a;
- b) Mackinaw Power's response to the NAVAPS, dated September 5, 2008, included as Attachment b;
- c) Mitigation Plan designated as MIT-07-0596, dated May 22, 2008, included as Attachment c;
- d) Mackinaw Power's Certification of Completion of the Mitigation Plan dated May 22, 2008, included as Attachment d; and
- e) SERC's Statement Regarding Completion of Mitigation Plan dated May 27, 2009, included as Attachment e.

#### **A Form of Notice Suitable for Publication<sup>12</sup>**

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

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<sup>12</sup> 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>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, New Jersey 08540-5721 (609)452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>Robert E. Garrett* General Manager Mackinaw Power 3440 McCall Road Rincon, GA 31405 (912) 826-3287 (912) 826-3203 - facsimile egarrett@camsops.com</p> <p>Matt Lydon* EHS Manager Mackinaw Power 3440 McCall Road Rincon, GA 31405 (912) 826-3277 (912) 826-3203 - facsimile mlydon@camsops.com</p> <p>Marisa A. Sifontes* Compliance Legal Counsel SERC Reliability Corporation 2815 Coliseum Centre Drive, Suite 500 Charlotte, NC 28217 (704) 494-7775 msifontes@serc1.org</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>	<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>Gerry Cauley President and Chief Executive Officer SERC Reliability Corporation 2815 Coliseum Centre Drive Charlotte, NC 28217 (704) 940-8202 (704) 357-7914 – facsimile gcauley@serc1.org</p> <p>Thomas J. Galloway* Vice President and Director of Compliance SERC Reliability Corporation 2815 Coliseum Centre Drive Charlotte, NC 28217 (704) 940-8205 (704) 357-7914 – facsimile tgalloway@serc1.org</p> <p>Kenneth B. Keels, Jr.* Manager of Compliance Enforcement SERC Reliability Corporation 2815 Coliseum Centre Drive Charlotte, NC 28217 (704) 940-8214 (704) 357-7914 – facsimile kkeels@serc1.org</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

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  
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

cc: Mackinaw Power, LLC  
SERC Reliability Corporation

Attachments



## **Attachment a**

### **SERC's Audit Screening Worksheet for Mackinaw Power, dated May 19, 2008**

## Screening Worksheet

Tracking Number

Entity Name
Mackinaw Power, LLC

Is Entity Registered?
Yes

Entity Contact
Eric Garrett

Entity Telephone Number
912 826-3287

Standard	Requirement
PRC-005-1	R1

Is Issue Still Occurring?
No

Remedial Action Directive?
No

Date Issue Occurred
5/14/08

Date Issue/Event Reported
5/14/08

Method of Discovery
Audit

NERC 48-Hour Reportable?
No

Threat to BES?
No

Alleged Violation Applies to:													
BA	DP	GO	GOP	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
		Yes	Yes										

Brief Description
Entity's Protection System Maintenance and Testing Program specifically exclude "associated communications systems" as a part of their program, stating that they do not have communications equipment associated with Protection Systems. The audit team determined that the entity does have associated communications equipment and that said equipment is being maintained.

Detailed Description
Entity's Protection System Maintenance and Testing Program specifically exclude "associated communications systems" as a part of their program, stating that they do not have communications equipment associated with Protection Systems. The audit team determined, through review of maintenance reports and visual inspection of relay cabinets, that the entity does have associated communications equipment. Maintenance records verify that said communications equipment is being maintained, in accordance and in conjunction with the entity's relay maintenance and testing program. This issue was determined to be a documentation only issue and was mitigated while the team was on site. Submission of a mitigation plan, mitigation plan closure certification and supporting evidence should be completed the week of 5/19/08.

Prepared By	Date
James Harrell	5/19/08

## **Attachment b**

# **Mackinaw Power's Response to the Notices of Alleged Violation and Proposed Penalty or Sanction, dated September 5, 2008**



3440 McCall Road, Rincon, Georgia 31326

September 5, 2008

Thomas J. Galloway  
Director of Compliance  
SERC Reliability Corporation  
2815 Coliseum Centre Drive, Suite 500  
Charlotte, NC 28217

**RE: Response to the Notice of Alleged Violation and Proposed Penalty or Sanction letter from SERC dated 08/13/2008.  
NERC Violation Tracking Identification Number: SERC200800131  
SERC Issue Tracking Number: 2008-041**

As required by Section 5.1 of the NERC CMEP and section III of the above referenced letter, please accept this letter as Mackinaw Power, LLC's (Mackinaw) decision to agree with and not to contest the Alleged Violation and proposed penalty or sanction as stated in the above referenced letter.

In regards to the Alleged Violation, Mackinaw has agreed to submit and implement a mitigation plan to correct the alleged violation and its underlying causes. On 5/22/2008 Mackinaw submitted a Mitigation Plan and Certification of a Completed Mitigation Plan to SERC. On 06/19/2008 SERC accepted the Mitigation Plan. On 07/11/2008 SERC provided notice to Mackinaw that NERC had also approved of the Mitigation Plan.

Should you have any questions regarding these matters please contact Matthew Lydon of my staff at (912) 826-3277.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Garrett", written over a horizontal line.

Eric Garrett  
General Manager

**Attachment c**

**Mackinaw Power's Mitigation Plan designated as  
MIT-07-0596, dated May 22, 2008**



# Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 05-22-2008

If this Mitigation Plan has already been completed:

- Check this box  and
- Provide the Date of Completion of the Mitigation Plan: 05-20-2008

## Section A: Compliance Notices

- Section 6.2 of the CMEP<sup>1</sup> 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.

<sup>1</sup> "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: Mackinaw Power, LLC  
Company Address: 3440 McCall Road, Rincon, GA 31326  
NERC Compliance Registry ID *[if known]*: not 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: Matt Lydon  
Title: Environmental Health & Safety Manager  
Email: mlydon@camsops.com  
Phone: (912) 826-3277



**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: PRC-005-1  
*[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 <sup>(*)</sup>
unknown	unknown	R1	05-14-2008

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

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

During the SERC Audit of Mackinaw Power, LLC, it was found that our internal program, MAC-SERC-006 Rev.1 Protection System Maintenance and Testing Program, did not identify "Associated Communication Systems" in the summary and intervals of maintenance and testing. The applicable testing for the Associated Communication Systems was completed and testing documentation was presented to the auditors.

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

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





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



**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:

The internal program, MAC-SERC-006, was updated to include Associated Communication Systems. Included with this Mitigation Plan Submittal is the updated program.

[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:

[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:

[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:

Our Mitigation Plan corrects our internal program, identifying the Associated Communication Systems and sets appropriate maintenance and testing intervals and summarizes the procedures for the systems. This administrative correction will prevent the probability that Mackinaw Power, LLC will incur further violations of the requirement in the future.



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

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

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

**Continued on Next Page**

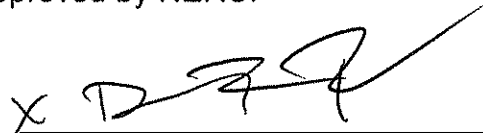


## Section F: Authorization

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 President of Mackinaw Power, LLC.
  2. I am qualified to sign this Mitigation Plan on behalf of Mackinaw Power, LLC.
  3. I have read and understand Mackinaw Power, LLC 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. Mackinaw Power, 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

X   
(Electronic signatures are acceptable; see CMEP)

Name (Print): Daniel R. Revers

Title: President

Date: May 22, 2008



**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](mailto: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](mailto:kkeels@serc1.org)

## **Attachment d**

# **Mackinaw Power's Certification of Completion of the Mitigation Plan, dated May 22, 2008**

**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:  
**Mackinaw Power, LLC**

Date of Certification:  
**May 22, 2008**

Name of Standard and the Requirement(s) of mitigated violation(s):  
**PRC-005-1 Transmission and Generation Protective System Maintenance and Testing  
Requirement R1**

SERC Tracking Number:  
**As of yet, not received**

NERC Violation Number:  
**As of yet, not assigned**

Date of completion of the Mitigation Plan:  
**May 20, 2008**

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

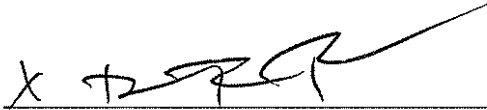
Name: **Daniel R. Revers**

Title: **President**

Entity: **Mackinaw Power, LLC**

Email: **drevers@arlightcapital.com**

Phone: **(617) 531-6300**

Executive Signature: X 

Date: May 22, 2008



## **Attachment e**

# **SERC's Statement Regarding Completion of the Mitigation Plan, dated May 27, 2008**



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

Registered Entity:	Mackinaw Power, LLC
SERC Tracking ID:	2008-041
NERC Violation No:	SERC200800131
NERC Mitigation Plan ID:	MIT-07-0596
Standard:	PRC-005-1
Requirement:	R1

**Violation Summary:**

Entity's description of the maintenance and testing procedure addressed all components included in the glossary definition of protection system, but explicitly excluded a description of associated communication system maintenance and testing. This is merely an oversight of the single communication system that exists at one of Entity's generation plants. However, because Entity's description of the maintenance and testing program did not include a description of the maintenance and testing being performed on associated communication systems it is in violation of R1. Maintenance records of all components of the system were reviewed by the audit team and by enforcement staff. Maintenance records for the communication system were included in the review of evidence. Entity presented evidence in the form of Protection and Control Functional Testing Certifications that it was performing protection system maintenance as required by the standard. The associated communication system is maintained and tested at the same time as the associated relay. This is a documentation-only issue.

**Mitigation Plan Summary:**

Mackinaw Power's Mitigation Plan was accepted by SERC on June 19, 2008 and was approved by NERC on July 11, 2008. The Mitigation Plan is designated as MIT-07-0596 and was submitted as non-public information to FERC on July 11, 2008 in accordance with applicable statutes, regulations and FERC orders.

The actions taken in the plan include the addition of a description and summary of associated communication system maintenance and testing, intervals and the basis for intervals in Entity's maintenance and testing program document. After the required elements related to associated communications systems were added to the program document, Mackinaw Power achieved compliance with PRC-005-1 R1. The addition of the required language will enable Mackinaw Power to avoid future similar violations of this requirement.

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

SERC Reliability Corporation Compliance Staff ("SERC Staff") monitors the Registered Entity's progress towards completion of its Mitigation Plans in accordance with Section 6.0 of the uniform Compliance Monitoring and Enforcement Program, ("CMEP"). Pursuant to the CMEP, Registered Entities are required to establish implementation milestones no more than three (3) months apart. SERC Staff solicits quarterly reports from all Registered Entities with open



mitigation plans to monitor the progress on completion of milestones. SERC Staff also produces and reviews daily Mitigation Plan status reports highlighting Mitigation Plans that are nearing the scheduled completion date. If the Registered Entity fails to complete its Mitigation Plan according to schedule, appropriate additional enforcement action is initiated to assure compliance is attained.

In this case, Mackinaw Power submitted the Mitigation Plan as complete and no additional monitoring of progress was necessary.

**Mitigation Plan Completion Review Process:**

Mackinaw Power certified on May 22, 2008 that the subject Mitigation Plan was completed on May 20, 2008. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit. That action was followed by another compliance staff member's peer review of the initial conclusion.

**Evidence Reviewed:**

Mackinaw Power submitted and SERC Staff reviewed Mackinaw Power's Protection System Maintenance and Testing Program, Document Number: MAC-SERC-006, Revised May 20, 2008. *The revised program document no longer included the erroneous statement that there were no associated communication systems and did include a summary and description of the required maintenance and testing of associated communications systems along with a description of the appropriate intervals that the basis for such interval, demonstrating that compliance with PRC-005-1 R1 was achieved with the revision of the program document.*

**Conclusion:**

On May 27, 2008 SERC Reliability Corporation Compliance Staff ("SERC Staff") completed its review of the evidence submitted by Mackinaw Power in support of its Certification of Completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff hereby verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and Mackinaw Power is in compliance with the subject Reliability Standard Requirements.

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

**Respectfully Submitted,**

John Wolfmeyer  
James Harrell

**Attachment f**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Mackinaw Power, LLC

) Docket No. NP09-\_\_\_\_-000

NOTICE OF FILING  
September 25, 2009

Take notice that on September 25, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Mackinaw Power, 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](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary