



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

November 13, 2009

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

**Re: NERC Notice of Penalty regarding AES Beaver Valley, LLC
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding AES Beaver Valley, LLC (AES Beaver Valley),² NERC Registry ID# NCR00663,³ in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).⁴

During an off-site Compliance Audit conducted April 1, 2008 through April 2, 2008 (Audit), ReliabilityFirst Corporation (RFC) identified possible violations of Reliability Standards FAC-008-1 Requirement (R) 1, FAC-009-1 R1 and PRC-005-1 R2 for AES Beaver Valley's failure to: (1) have a valid Facility Ratings Methodology; (2) document ratings for the full scope of required equipment; and (3) for failure follow the established Protection System maintenance program, respectively. This Notice of Penalty is being filed with the Commission because, based on information from RFC, RFC and AES Beaver Valley have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in RFC's determination and findings of the enforceable alleged violations of Reliability Standards FAC-008-1 R1, FAC-009-1 R1 and PRC-005-1 R2. According to the Settlement Agreement, AES Beaver Valley neither admits nor denies the alleged violations of FAC-008-1 R1, FAC-009-1 R1 and PRC-005-1 R2, but has agreed to the proposed penalty of ten

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). See 18 C.F.R. § 39.7(c)(2).

² NERC notes that, concurrently with the filing of this Notice of Penalty filing, NERC is submitting seven Notices of Penalty regarding other AES entities in the Northeast Power Coordinating Council (NPCC) and ReliabilityFirst Corporation (RFC) Regions.

³ ReliabilityFirst Corporation confirmed that AES Beaver Valley, LLC was included on the NERC Compliance Registry as a Generator Owner on May 30, 2007 and, as a Generator Owner, was subject to the requirements of NERC Reliability Standards FAC-008-1, FAC-009-1 and PRC-005-1.

⁴ See 18 C.F.R. § 39.7(c)(2).

thousand dollars (\$10,000) to be assessed to AES Beaver Valley, in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the alleged violations identified as NERC Violation Tracking Identification Numbers RFC200800043, RFC200800044 and RFC200800045 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Alleged Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on August 28, 2009, by and between RFC and AES Beaver Valley, which is included as Attachment b. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying each alleged violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
RFC	AES Beaver Valley	NOC-263	RFC200800043	FAC-008-1	1	Lower	10,000
RFC	AES Beaver Valley	NOC-263	RFC200800044	FAC-009-1	1	Medium	
RFC	AES Beaver Valley	NOC-263	RFC200800045	PRC-005-1	2	High ⁵	

FAC-008-1 R1

The purpose of Reliability Standard FAC-008-1 is to ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology or methodologies.

FAC-008-1 R1 requires a Generator Owner, such as AES Beaver Valley, to document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities. Specifically, the methodology shall include all of the following: 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) The method by which the Rating (of major BES equipment that comprises a Facility) is determined; and R1.3) other considerations listed in the Standard. FAC-008-1, R1 has a “Lower” Violation Risk Factor (VRF).

During the off-site Audit, RFC Compliance Staff discovered a possible violation of FAC-008-1 R1 because AES Beaver Valley’s documentation and methodologies solely applied to developing ratings for its generating facility and therefore were deficient. AES Beaver Valley

⁵ PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 have “High” VRFs.

did not include terminal equipment, transformers, transmission conductors, compensation devices or relay protective devices in its documented Facilities Ratings Methodology. In addition, AES Beaver Valley did not clearly specify normal ratings for the full scope of required equipment such as conductors and relay protective devices, and it did not provide emergency ratings for the full scope of required equipment such as the generator, conductors, transformers, relay protective devices and terminal equipment.

During the Audit, AES Beaver Valley submitted a document titled *Facility Ratings Methodology for AES Beaver Valley Related to NERC Standard FAC-008-1* (dated February 13, 2008, Revision 3, submitted for Compliance Audit, April 2008) as evidence of its compliance with FAC-008-1. This document defined the methodology for developing ratings solely for the generating facility as a whole and therefore only defined net capability. Accordingly, the evidence reviewed was deemed insufficient to establish compliance with NERC Reliability Standard FAC-008-1 R1 because it did not include information for all equipment required to be included in the Facility Ratings Methodology.

After reviewing the evidence, RFC Enforcement Staff concluded that there was an alleged violation of FAC-008-1 R1 and that the duration of the alleged violation was from June 18, 2007, when the standard became enforceable, through January 26, 2009, when AES Beaver Valley completed its Mitigation Plan.⁶

FAC-009-1 R1

The purpose of Reliability Standard FAC-009-1 is to ensure that Facility Ratings used in the reliable planning and operation of the BES are determined based on an established methodology or methodologies.

FAC-009-1 R1 requires a Generator Owner, such as AES Beaver Valley, to establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology. FAC-009-1 R1 has a “Medium” VRF.

During the off-site Audit, RFC Compliance Staff discovered a possible violation of FAC-009-1 R1 because AES Beaver Valley had not addressed the full scope of required equipment as required by FAC-008-1 R1, specifically transmission conductors, transformers, relay protective devices, terminal equipment, and compensation devices, and could not establish Facility Ratings for its solely and jointly owned Facilities that were consistent with the associated Facility Ratings Methodology as required by FAC-009-1 R1.

During the Audit, AES Beaver Valley submitted a document titled *Establish and Communicate Facilities Ratings for AES Beaver Valley Related to NERC Standard FAC-009-1* (dated February 14, 2008, no revision history, submitted for Compliance Audit, April 2008) as evidence of compliance with FAC-009-1. However, compliance was not supported because the AES Beaver Valley Facility Rating Methodology for FAC-008-1 did not include the full scope of required

⁶ The Settlement Agreement incorrectly states the duration ended on November 20, 2008, the date AES Beaver Valley submitted an acceptable Mitigation Plan.

equipment, such as transmission conductors, compensation devices, transformers, and relay protective devices.

After reviewing the evidence, RFC Enforcement Staff concluded that there was an alleged violation of FAC-009-1 R1 and that the duration of the alleged violation was from June 18, 2007, when the standard became enforceable, through January 26, 2009, when AES Beaver Valley completed its Mitigation Plan.⁷

PRC-005-1 R2

The purpose of Reliability Standard PRC-005-1 is to ensure that all transmission and generation Protection Systems⁸ affecting the reliability of the BES are maintained and tested.

PRC-005-1 R2 requires each Generator Owner, such as AES Beaver Valley, that owns a generation Protection System to provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Entity on request (within 30 calendar days). Specifically, the documentation of the program implementation shall include: R2.1) evidence Protection System devices were maintained and tested within the defined intervals; and R2.2) date(s) each Protection System device was last tested/maintained. PRC-005-1 R2 has a “Lower” VRF; however PRC-005-1 R2.1 and R2.2 have “High” VRFs.

During the off-site Audit, RFC Compliance Staff discovered a possible violation of PRC-005-1 R2⁹ because AES Beaver Valley failed to test its Protection System maintenance devices within the program’s defined intervals. Specifically, a percentage of AES Beaver Valley’s relay schemes were not on schedule with respect to the specified interval.

AES Beaver Valley submitted the following document for evidence of compliance with PRC-005-1: *AES Beaver Valley System Protection Coordination Procedure Related to NERC Standard PRC-005-1* (no revision history, dated March 3, 2008, submitted for Compliance Audit, April 2008) and *AES BV Protective Equipment List, Table 1* (no revision history, dated February 29, 2008, submitted for Compliance Audit, April 2008).

The first document described maintenance and testing for voltage and current sensing devices as “as needed,” “regular” for battery systems, with some intervals such as DC control circuitry and communication systems were not addressed at all.

The second document detailed all protective equipment owned including dates of last calibration, but showed that 42 out of 90 (46%) relay protective devices were not tested within the defined intervals. However during the Audit, RFC determined that AES Beaver Valley’s Protection Coordination Procedure was a newly revised relay maintenance and testing program with new

⁷ The Settlement Agreement incorrectly states the duration ended on November 20, 2008, the date AES Beaver Valley submitted an acceptable Mitigation Plan.

⁸ Protection Systems is defined as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry” in the NERC Glossary of Terms.

⁹ RFC’s Verification of Completion document dated July 10, 2009 incorrectly includes a violation of R1. The document also incorrectly references an audit period of April 2-4, 2008.

testing intervals, revising 7 to 9 year intervals to 3 to 5 year intervals. RFC Enforcement Staff noted that 46% of AES Beaver Valley's relay schemes (that is, relay protective devices) were not on schedule with respect of the 7 to 9 year inspection interval. According to the Settlement Agreement, 46% of AES Beaver Valley's protection devices also were not tested within the defined intervals (3 to 5 years). Accordingly, after conducting its own review of the evidence, RFC Compliance Staff determined that the evidence reviewed was insufficient to establish compliance with NERC Reliability Standard PRC-005-1 R2 because testing and maintenance was deferred and not being followed according to the program intervals in 46% of the equipment.

RFC Enforcement Staff concluded that there was an alleged violation of PRC-005-1 R2 and the duration of the alleged violation was from June 18, 2007, when the standard became enforceable, through October 10, 2008, when AES Beaver Valley completed its Mitigation Plan.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, RFC determined that a penalty of ten thousand dollars (\$10,000) was appropriate for the referenced alleged violations. In reaching this determination, RFC considered the following factors: (1) these violations constituted AES Beaver Valley's first occurrence of violations of NERC Reliability Standards; (2) AES Beaver Valley was cooperative throughout RFC's enforcement process; (3) there was no evidence of any attempt or intent to conceal the violations; (4) RFC determined that the FAC-008-1 and FAC-009-1 alleged violations did not pose a serious or substantial risk to the reliability of the bulk power system because these violations involved missing ratings for elements that were not the most limiting factor; and (5) RFC determined that the PRC-005-1 alleged violation did not pose a serious or substantial risk to the reliability of the bulk power system because RFC's review of the configuration of the Protection System devices via a one-line diagram, determined that a failure of any of these devices would pose no substantial or serious risk to the reliability of the bulk power system for the alleged violations of PRC-005-1. There were no misoperations reported and all devices were found to be operational when tested.

Status of Mitigation Plan¹⁰

On November 20, 2008, AES Beaver Valley submitted three draft Mitigation Plans to address the alleged violations of FAC-008-1 R1, FAC-009-1 R1 and PRC-005-1 R2. After being revised by AES Beaver Valley, the plans were accepted by RFC on December 18, 2008 and approved by NERC on January 9, 2009. The Mitigation Plans for these alleged violations were designated as MIT-08-1231, MIT-08-1232 and MIT-08-1233, respectively, and were submitted as non-public information to FERC on January 9, 2009 in accordance with FERC orders.

FAC-008-1 R1

In Mitigation Plan MIT-08-1231, AES Beaver Valley outlined the actions taken to mitigate the alleged violation, including revising the Facility Ratings Methodology document to include all required elements of FAC-008-1 R1. AES Beaver Valley's Mitigation Plan required it to: (1) develop a list of all affected equipment, including generators, transmission conductors,

¹⁰ See 18 C.F.R § 39.7(d)(7).

transformers, protective relays, terminal equipment and compensation devices; (2) obtain the design rating information for all affected equipment; (3) review equipment rating information to determine the most limiting piece of equipment, inclusive of reviewing normal and emergency ratings, equipment manufacture ratings, design criteria, ambient conditions, operating limitations and other assumptions; and (4) submit a draft procedure documenting Facility Rating Methodology for review by RFC. In addition to the immediate actions undertaken by AES Beaver Valley, the Mitigation Plan also required AES Beaver Valley, to the extent necessary, revise its draft procedure based on RFC's review and resubmit it to RFC for review by December 29, 2008.

AES Beaver Valley certified on March 25, 2009 that its Mitigation Plan was completed as of January 26, 2009.¹¹ As evidence of completion of its Mitigation Plan, AES Beaver Valley submitted a formal Facility Ratings Methodology procedure, *Facility Ratings Methodology for AES Beaver Valley, Revision No. 001 – November 20, 2008*. This document satisfactorily details its facility rating methodology in accordance with FAC-008-1 R1 for generators, generator step-up (GSU) transformers, and all terminal equipment. The methodology is based on the equipment manufacturers' manuals and the engineering design data books. The methodology includes consideration for equipment design criteria, manufacturers' ratings, ambient conditions, operating limitations, and other assumptions. The document includes the required statement from R1.1 that the Facility Rating shall equal the most limiting applicable equipment rating of the individual equipment that comprises that facility

On July 10, 2009, RFC subject matter experts reviewed the Mitigation Plan and supporting evidence of its completion. In a letter dated July 10, 2009, RFC Enforcement Staff verified that AES Beaver Valley's Mitigation Plan was completed on January 26, 2009 and that AES Beaver Valley was compliant with FAC-008-1 R1.

In addition to its Mitigation Plan and pursuant to the Settlement Agreement, AES Beaver Valley will incorporate a more active compliance program which is discussed below and will be fully implemented by August 31, 2010.

FAC-009-1 R1

In Mitigation Plan MIT-08-1232, AES Beaver Valley outlined the actions taken to mitigate the alleged violation, including establishing and communicating Facility Ratings for all required elements of FAC-009-1 R1. AES Beaver Valley took the following immediate actions. AES Beaver Valley: (1) created a work plan to satisfy the requirements contemplated in the standard and to address the RFC Audit findings; (2) developed an affected equipment list, including generators, transmission conductors, transformers, protective relays, terminal equipment and compensation devices, as per the Facility Methodology in accordance with FAC-008-1; (3) obtained the design rating information for all affected equipment; (4) reviewed equipment rating information to determine the most limiting piece of equipment, inclusive of reviewing normal and emergency ratings, equipment manufacture ratings, design criteria, ambient conditions, operating limitations and other assumptions; and (5) submitted a draft procedure documenting

¹¹ On July 1, 2009 RFC requested that AES Beaver Valley provide more specific ratings for conductors in the switchyard. AES Beaver Valley provided this information to RFC via e-mail on July 3, 2009.

Facility Rating Methodology for review by RFC. Additionally, AES Beaver Valley's Mitigation Plan required it to: (1) analyze affected equipment for the most limiting factors (completed November 2008); (2) establish and communicate Facility Ratings (completed November 2008); (3) complete FAC-009-1 procedure revisions (completed December 2008); and (4) to the extent necessary, revise the draft procedure based on RFC review and resubmit it to RFC for review (completed December 2008).

On March 25, 2009, AES Beaver Valley certified that its Mitigation Plan was completed as of January 26, 2009. As evidence of completion of its Mitigation Plan, AES Beaver Valley submitted a formal revision of the FAC-009-1 Facility Ratings procedure, *Establish and Communicate Facility Ratings for AES Beaver Valley, Revision No. 001 – November 20, 2008*. This document satisfactorily details its establishment of Facility Ratings in accordance with FAC-009-1 R1 based on its approved Facility Rating Methodology from FAC-008-1 R1. The ratings include consideration for equipment design criteria, manufacturers' ratings, ambient conditions, operating limitations, and other assumptions. The final result is that the Facility Rating equals the most limiting applicable equipment rating of the individual equipment that comprises the facility.

On July 10, 2009, RFC subject matter experts reviewed the Mitigation Plan and supporting evidence of its completion. In a letter dated July 10, 2009, RFC Enforcement verified that the AES Beaver Valley Mitigation Plan was completed on January 26, 2009 and that AES Beaver Valley was compliant with FAC-009-1 R1.

In addition to its Mitigation Plan and pursuant to the Settlement Agreement, AES Beaver Valley will incorporate a more active compliance program, which is discussed below, that will be fully implemented by August 31, 2010.

PRC-005-1 R2

AES Beaver Valley's Mitigation Plan MIT-08-1233¹² required it to bring its testing and maintenance within the required intervals. AES Beaver Valley took the following immediate actions: (1) reviewed RFC's Audit findings; (2) reviewed PRC-005-1 Standard and its requirements; (3) created a work plan, envisioning the requirements contemplated in the standard addressing RFC's Auditing findings; (4) completed all required maintenance and testing of the critical relays, AC and DC circuits, batteries, and communication systems during the scheduled 2008 plant outage that occurred from September 28 through October 10, 2008; and (5) completed a list that showed all critical equipment was tested and all identified maintenance was performed.

AES Beaver Valley certified on March 25, 2009 that its Mitigation Plan was completed as of October 10, 2008. As evidence of completion of its Mitigation Plan, AES Beaver Valley submitted a revised procedure for the *Protection System Maintenance & Testing Program for AES Beaver Valley, Table 1 – January 27, 2009*. As required by PRC-005-1 R2, the table satisfactorily details AES Beaver Valley's protection system equipment, the required testing

¹² The Settlement Agreement incorrectly references one instance of the PRC-005-1 Mitigation Plan as MIT-08-1241, instead of MIT-08-1233.

interval, and the date last tested. The equipment covered includes electromechanical and solid-state relays, microprocessor-based relays, communication systems, voltage and current sensing devices, station batteries and chargers, and DC control circuitry. All test dates were within the required testing interval.

On July 10, 2009, RFC subject matter experts reviewed the Mitigation Plan and supporting evidence of its completion. Subsequently, in a letter dated July 10, 2009, RFC Enforcement Staff verified that AES Beaver Valley's Mitigation Plan was completed on October 10, 2008 and that AES Beaver Valley was compliant with PRC-005-1 R2.

In addition to the Mitigation Plan and pursuant to the Settlement Agreement, AES Beaver Valley will incorporate a more active compliance program, which is discussed below, that will be fully implemented by August 31, 2010.

Compliance Program Enhancement

As part of the Settlement Agreement, AES Beaver Valley initiated efforts beyond its immediate mitigation of the alleged violations in order to prevent recurrence. Specifically, AES Beaver Valley committed to the following actions.

Compliance Program Enhancement Content

AES Beaver Valley has developed and will implement a Compliance Program Enhancement to supplement its existing Ethics and Compliance program. These actions include: (a) utilizing a document management system for records management to create a single repository of all documentation related to standards compliance; (b) implementing programs to promote a culture of compliance like general awareness training; (c) implementing general business training for all job functions that includes applicable and "real world" examples of GO/GOP functions; and (d) implementing a formal internal audit to verify standards compliance. A copy of the program enhancement document is included as Attachment B to the Settlement Agreement.

Compliance Program Enhancement Milestones

According to the Settlement Agreement, AES Beaver Valley will take the following actions at a cost of \$177,500:

Activity	Expected Completion Date	Status
Implement Online Repository for Program Documentation	September 30, 2009	Completed
Initiate Online Training	March 30, 2010	
Initiate General Awareness Training	March 30, 2010	
Define Internal Audit Team	June 30, 2010	
Complete Internal Audit	August 31, 2010	
Quarterly Reports (4)	December 31, 2009 through September 30, 2010.	

Compliance Program Enhancement Reporting

To facilitate RFC's need to communicate the implementation status of the activities agreed to in the Settlement Agreement and provide accountability to NERC, AES Beaver Valley will provide updates using the forms and format in Attachment C to the Settlement Agreement semi-annually for one year.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹³

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,¹⁴ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on October 13, 2009. The NERC BOTCC approved the Settlement Agreement, including RFC'S imposition of a financial penalty of ten thousand dollars (\$10,000) against AES Beaver Valley and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement.¹⁵ In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue.

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

- (1) the referenced alleged violations are the first violations for AES Beaver Valley of NERC Reliability Standards in RFC;
- (2) AES Beaver Valley was cooperative throughout the enforcement process;
- (3) there was no evidence of any attempt or intent to conceal a violation; and
- (4) RFC reported the FAC-008-1 and FAC-009-1 alleged violations. They did not pose a serious or substantial risk to the reliability of the bulk power system because these violations involved missing ratings for elements that were not the most limiting factor. In addition, RFC reported the PRC-005-1 alleged violation, and it did not pose a serious or substantial risk to the reliability of the bulk power system based on RFC's review of the configuration of the Protection System devices via a one-line diagram.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of ten thousand dollars (\$10,000) is appropriate for the violations and circumstances in question, and consistent with NERC's goal to promote and ensure reliability of the bulk power system.

¹³ See 18 C.F.R § 39.7(d)(4)

¹⁴ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

¹⁵ The NERC BOTCC notes that the registered entity does not receive direct or offset credit for money spent for actions to mitigate the violation or for any additional money spent above and beyond what is required to mitigate the violation.

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 and material:

- a) Compliance Audit Report-Public Version, dated April 18, 2008, included as Attachment a;
- b) Settlement Agreement by and between AES Beaver Valley and RFC, executed August 28, 2009, included as Attachment b;
 - i) RFC's Verifications of Completion of the Mitigation Plans, dated July 10, 2009, included as Attachment A to the Settlement Agreement;
 - ii) AES Beaver Valley's Compliance Program Enhancement, included as Attachment B to the Settlement Agreement;
 - iii) RFC's Settlement Activity Reporting Form, included as Attachment C to the Settlement Agreement;
 - iv) AES Beaver Valley's Mitigation Plans, designated as MIT-08-1231, MIT-08-1232, and MIT-08-1233, submitted December 18, 2008,¹⁶ included as Attachment D to the Settlement Agreement; and
 - v) AES Beaver Valley's Certifications of Completion of the Mitigation Plans, submitted March 25, 2009, included as Attachment E to the Settlement Agreement.

A Form of Notice Suitable for Publication¹⁷

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

¹⁶ The Mitigation Plans are dated November 20, 2008, the date the draft plans were submitted.

¹⁷ 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>Timothy R. Gallagher* President and Chief Executive Officer Raymond J. Palmieri* Vice President and Director of Compliance ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 tim.gallagher@rfirst.org ray.palmieri@rfirst.org</p> <p>Robert K. Wargo* Manager of Compliance ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 bob.wargo@rfirst.org</p> <p>*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>Harry Lovrak* Plant Manager Russell Forsythe* General Manager AES Beaver Valley, LLC 394 Frankfort Road Monaco, Pennsylvania 15061 (724) 728-9155 (724) 773-2953 harry.lovvak@aes.com russ.forsythe@aes.com</p> <p>Bruce Richardson* Outside Counsel – AES Beaver Valley, LLC King & Spalding LLP 1700 Pennsylvania Avenue NW Washington, D.C. 20006 (202) 626-5460 brichardson@kslaw.com</p>
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November 13, 2009
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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,

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cc: AES Beaver Valley, LLC
ReliabilityFirst Corporation

Attachments

Attachment a

Compliance Audit Report-Public Version, dated April 18, 2008



Compliance Audit Report

**AES Beaver Valley
NCR00663**

April 1-2, 2008

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Executive Summary

AES Beaver Valley is registered as a Generation Owner (GO) within the Reliability*First* region.

The off-site compliance audit of AES Beaver Valley was conducted, by Reliability*First* Corporation on April 1-4, 2008 at the Reliability*First* offices located in Fairlawn, Ohio. In preparation for the audit, AES Beaver Valley supplied various materials as evidence of compliance with the applicable requirements for fourteen (14) NERC reliability standards and one (1) Reliability*First* standard. The audit team reviewed and evaluated all the material supplied by AES Beaver Valley. The audit team found AES Beaver Valley had three (3) possible violation(s) and was in compliance with the applicable requirements in the six (6) NERC reliability standards. One (1) Reliability*First* standard and six (5) NERC reliability standards were found not applicable to AES Beaver Valley.

There were no ongoing mitigation plans and therefore none were reviewed by the audit team

For the possible violations, this audit report will include information explaining the rationale that supports the finding of the possible compliance violation. This information will be used to help determine the violation severity level and the appropriate sanctions and penalties. All compliance violation(s) and any related actions will be processed through the Reliability*First* and NERC Compliance Monitoring and Enforcement Program.

Audit Process

The compliance audit process steps are detailed in the NERC Compliance Monitoring and Enforcement Program (CMEP). The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

Objectives

All Registered Entities are subject to audit for compliance with all reliability standards applicable to the functions for which the Registered Entity is registered.¹ The audit objectives are:

- Review AES Beaver Valley's compliance with the requirements of the reliability standards that are applicable to AES Beaver Valley based on AES Beaver Valley's registered functions.

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations, review the status of associated mitigation plans, and confirm compliance of previous submitted self-certifications.
- Document the AES Beaver Valley's compliance culture.

Scope

A compliance audit included all reliability standards applicable to AES Beaver Valley monitored in the 2008 NERC Implementation Plans for the period June 18, 2007 to March 31, 2008, and other reliability standards applicable to the Registered Entity. The scope of the off-site compliance audit was part of the regularly scheduled cycle and was not due to or as part of a compliance investigation.

AES Beaver Valley is subject to monitoring by ReliabilityFirst on a six year basis. This audit was conducted on those standards which were provided by NERC for monitoring in the 2008 CMEP Implementation Plan. ReliabilityFirst monitors all applicable ReliabilityFirst standards, self certifications and mitigation plans as appropriate.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the ReliabilityFirst Delegation Agreement with NERC and the NERC Rules and Procedures Section 1500. AES Beaver Valley was informed of the ReliabilityFirst obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to AES Beaver Valley. AES Beaver Valley was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. AES Beaver Valley has not submitted any objections by the stated fifteen day objection due date and by this action has accepted the audit team member participants without objections.

All individuals of the audit team, that audited AES Beaver Valley, are members of the ReliabilityFirst Staff and are bound by the NERC Rules of Procedure and the confidentiality that is within that FERC filed document.

Off-site Audit

AES Beaver Valley is subject to an audit once every six years, at the minimum, as provided by the NERC Rules and Procedures. Sixty (60) days prior to this scheduled audit, AES Beaver Valley had been provided with a pre-audit package which included all the necessary documents and information, required by NERC and ReliabilityFirst, to complete the audit process. This pre-audit package included the following:

- 60 day Notification letter which contained request for evidence, information and data submittals
- Audit Survey
- Audit Agenda as applicable
- Audit Team Work History with discussion of objection process
- General Instructions of Data or Information Submittals
- Reliability Standard Auditor Worksheets (RSAWs)
- Reliability Standard Questionnaires

Documents were provided to AES Beaver Valley in both electronic and hardcopy format.

Reliability*First* had discussed with AES Beaver Valley the usage of technical experts and agreed to allow the usage of technical experts by AES Beaver Valley as it deemed necessary to explain their compliance to the reliability standards.

AES Beaver Valley had been notified to provide any technical experts or personnel it deemed necessary to provide an understanding of the evidence provided to meet compliance.

Due to the limited scope of this audit, the audit team leader did not request interviews with AES Beaver Valley employees representing subject matter expertise regarding all of registered functions of AES Beaver Valley.

At times, and according to the generally accepted government auditing standard 3.31, auditors were to use professional judgment in planning and performing audits and attestation engagements and in reporting the results.

Additionally, and with the generally accepted government auditing standard 3.39, while this standard places responsibility on each auditor and audit organization to exercise professional judgment in planning and performing an audit or attestation engagement, it does not imply unlimited responsibility, nor does it imply infallibility on the part of either the individual auditor or the audit organization. Absolute assurance is not attainable because of the nature of evidence and the characteristics of fraud. Professional judgment does not mean eliminating all possible limitations or weaknesses associated with a specific audit, but rather identifying, considering, minimizing, mitigating, and explaining them.

An audit agenda had been provided to AES Beaver Valley in advance to allow the necessary time to prepare for the audit. Reliability*First* and the audit team appreciated AES Beaver Valley cooperation and flexibility with the agenda.

Methodology

Reliability*First* conducted this audit via an off-site method. Sixty (60) days prior to this scheduled audit, AES Beaver Valley had been provided with a pre-audit package which included

all the necessary documents and information, required by NERC and Reliability*First*, to complete the audit process. Upon receipt and review of the submitted information the audit team conducted a review of the information and evidence for compliance to the applicable standards. With reviews completed on applicable requirements, the audit team conducted an exit briefing to provide the entity with the team findings. A report is compiled with review of the audited entity in both a public a non-public version which is submitted to the audited entity and NERC for posting upon completion. The off-site audits followed the following format.

Opening Briefing/Audit Overview

An Opening Briefing was conducted as a conference call to discuss the following:

- Introduction of audit team
- Audit Objective and Scope
- Team Audit Expectations
- Discussion on Clarification Calls
- Audit Process
- Exit Briefing and schedule

Audit

When there was concern that the supporting evidence did not meet the intent of the requirement, clarification calls and or clarification e-mails were sent to the entity for additional detail, clarification and or additional evidence in the form of examples. AES Beaver Valley was NOT permitted to create new documents and or edit existing material and or documents that were provided as evidence.

Exit Briefing

An exit briefing was conducted with a presentation, via phone, for the off-site audit of AES Beaver Valley. The Reliability*First* audit team and the AES Beaver Valley team participated. The audit process was again reviewed. Possible violations were identified and were reviewed during the discussion of our preliminary results. AES Beaver Valley was provided an opportunity to ask questions that the audit team addressed.

Company Profile

AES Beaver Valley is registered as a Generator Owner in 2006. It considers Allegheny Power to be their Generator Operator. While Allegheny Power has not registered as a GOP, AES Beaver Valley is in negotiations to form a JRO for this function. PJM is the Reliability Coordinator, Balancing Authority, and Transmission Operator in the area AES Beaver Valley resides.

AES Beaver Valley is a wholly owned subsidiary of AES. AES Beaver Valley is interconnected with Duquesne Light at 138kV. It is contracted to sell power to Allegheny Power under a long term purchase agreement. It has Interconnection and Firm Transmission agreements with Duquesne Light to wheel this power to Allegheny Power and long term steam sales agreements with BASF Chemicals and NOVA Chemicals. AES Beaver Valley owns a 35 MVA, which was initially owned by ARCO chemical, and a 114 MVA generator which was installed in 1987. Four coal boilers supply steam to a common header system that supplies steam to the turbine generators. NOVA and BASF receive steam from the downside of the generators.

Audit Specifics

The compliance audit was conducted on April 1 & 2, 2008 at the ReliabilityFirst Offices in Fairlawn, Ohio.

ReliabilityFirst Audit Team consisted of:

Audit Team Role	Title	Company
Lead	Senior Engineer	ReliabilityFirst
Member	Manager of Compliance Enforcement	ReliabilityFirst

AES Beaver Valley Audit Participants consisted of:

Title	Organization
Plant Manager	AES Beaver Valley
Power Block TL A	AES Beaver Valley
Power Block TL B	AES Beaver Valley
Turbine TL	AES Beaver Valley

Audit Results

The evidence was reviewed and validated during the offsite audit by reading and reviewing the material provided as evidence towards compliance. Each applicable standard and requirement was read and the evidence provided measured against the requirement. Where the evidence was not deemed sufficient or a clarification was required, the audited entity was contacted and asked to provide additional detail and/or examples of how compliance was met. No new documents were permitted or edits to existing documents allowed. Examples of adherence to compliance needed to be in the form of real-time applications and/or dated material to prove the entity's process and/or procedures were being followed.

Findings

The following table details the summarized auditor notes relating to evidence reviewed for compliance with the reliability standards listed in the NERC 2008 Implementation Plan. This table also includes the details summarizing auditor notes relating to evidence reviewed for reliability standard requirements.

Standards and Requirements that were reviewed and that are applicable to AES Beaver Valley:

Reliability Standard	Requirement	Finding
EOP-009-0	R2	Not Applicable
FAC-002-0	R1	Compliant
FAC-002-0	R2	Compliant
FAC-008-1	R1	Possible Violation
FAC-008-1	R2	Compliant
FAC-008-1	R3	Compliant
FAC-009-1	R1	Possible Violation
FAC-009-1	R2	Compliant
IRO-004-1	R4	Compliant
MOD-010-0	R1	Compliant
MOD-010-0	R2	Compliant
MOD-012-0	R1	Compliant
MOD-012-0	R2	Compliant
PRC-004-1	R2	Compliant
PRC-004-1	R3	Compliant
PRC-005-1	R1	Compliant
PRC-005-1	R2	Possible Violation
PRC-015-0	R1	Not Applicable
PRC-015-0	R2	Not Applicable
PRC-015-0	R3	Not Applicable
PRC-016-0	R1.	Not Applicable
PRC-016-0	R2.	Not Applicable
PRC-016-0	R3.	Not Applicable
PRC-017-0	R1.	Not Applicable
PRC-017-0	R2.	Not Applicable
PRC-018-1	R1	Not Applicable
PRC-018-1	R2	Not Applicable
PRC-018-1	R3	Not Applicable

Reliability Standard	Requirement	Finding
PRC-018-1	R4	Not Applicable
PRC-018-1	R5	Not Applicable
PRC-018-1	R6	Not Applicable
VAR-002-1	R4	Compliant
VAR-002-1	R5	Compliant
EOP-007-RFC-01	R4.	Not Applicable

Compliance Culture

The Plant Manager, Harry Lovrak, is responsible for compliance at AES Beaver Valley for all NERC Standards. The program is structured so that the Plant Manager is aware of all ReliabilityFirst compliance requirements, ensures the resources are available, delegates responsibility to various Team Leaders for compliance, and holds Team Leaders accountable for compliance annually. The teams are made up of Power Block, E/I, and Turbine Team Leaders.

Attachment b

**Settlement Agreement by and between AES
Beaver Valley and RFC, executed August 28, 2009**



In re AES BEAVER VALLEY, LLC)	DOCKET NUMBERS
NERC Registry ID# NCR000663)	RFC200800043
)	RFC200800044
)	RFC200800045

**SETTLEMENT AGREEMENT
OF
RELIABILITYFIRST CORPORATION
AND
AES BEAVER VALLEY, LLC**

I. INTRODUCTION

1. ReliabilityFirst Corporation (“ReliabilityFirst”) and AES Beaver Valley, LLC (“AES Beaver Valley”) enter into this Settlement Agreement (“Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in ReliabilityFirst’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, of alleged violations by AES Beaver Valley of the NERC Reliability Standards FAC-008-1, Requirement 1; FAC-009-1, Requirement 1; and PRC-005-1, Requirement 2.

II. STIPULATION OF FACTS – AES BEAVER VALLEY AND RELIABILITYFIRST

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

A. Background

3. AES Beaver Valley is a Generator Owner (GO) operating in western Pennsylvania. AES Beaver Valley is an approximately 125 MW cogeneration facility that supplies steam to two chemical plants. The plant began service in 1985.

4. On June 18, 2007, the start date of the alleged violations, AES Beaver Valley was registered on the NERC Compliance Registry as a Generator Owner (GO) with the NERC Registry Identification Number of NCR00663, and is, therefore, subject to compliance with FAC-008-1, Requirement 1; FAC-009-1, Requirement 1; and PRC-005-1, Requirement 2.

B. Alleged Violation of FAC-008-1, Requirement 1 - RFC200800043

5. NERC Reliability Standard FAC-008-1, “*Facility Ratings Methodology*,” Requirement 1, states in part, “The Transmission Owner and Generator Owner shall each document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities. The methodology shall include... [a] statement that a Facility Rating shall equal the most limiting applicable Equipment Ratings of the individual equipment that comprises that Facility... [t]he method by which the Rating...is determined.

R1.2.1. The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.

R1.2.2. The scope of ratings shall include, as a minimum, both Normal and Emergency Ratings.”

6. From April 1, 2008 to April 2, 2008, AES Beaver Valley participated in an off-site Compliance Audit including all NERC Reliability Standards applicable to Generator Owners (GO). Reliability*First* Compliance Staff found a possible violation of FAC-008-1, Requirement 1, regarding documentation and methodology for developing ratings for its generating facility. Specifically, AES Beaver Valley’s documentation and methodology for developing ratings for its facility was incomplete as it did not include methodology for developing ratings for its transmission conductors, transformers, relay protection devices, terminal equipment, and compensation devices.
7. Reliability*First* Compliance Staff reviewed the document submitted by AES Beaver Valley entitled “Facility Ratings Methodology for AES Beaver Valley Related to NERC Standard FAC-008-1” (dated February 13, 2008, Revision 3, submitted for Compliance Audit, April 2008). In the document, AES Beaver Valley provided documentation and methodology for developing ratings solely for the generating facility as a whole. AES Beaver Valley presented the capability rating procedures and methodology used to verify the generation capacity but failed to present the methodology by which individual components of the generating facility were rated.
8. By letter dated July 21, 2008, in response to the initial draft of the Compliance Audit Report, AES Beaver Valley responded to Reliability*First* Compliance Staff

(“AES Beaver Valley Letter”). The AES Beaver Valley Letter, addressing the findings for FAC-008-1 indicated, that the record reflects that (1) AES Beaver Valley’s methodology was centered upon the capability of the facility as a whole (citing Federal Energy Regulatory Commission (“Commission”) Order No. 693 at P 765), (2) the methodology implicitly includes all equipment at the facility as the facility was designed to deliver the capacity from the facility as a whole, and (3) but for protective relays, where the information was available, detailed information on the manufacturers’ normal and emergency ratings of equipment was provided in the materials submitted for the audit.

9. ReliabilityFirst alleges that AES Beaver Valley failed to effectively implement a Facility Ratings Methodology for its facility compliant with the NERC Reliability Standard FAC-008-1, Requirement 1.

C. Alleged Violation of FAC-009-1, Requirement 1 - RFC200800044

10. NERC Reliability Standard FAC-009-1, “*Establish and Communicate Facility Ratings,*” Requirement 1, states, “The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.”
11. From April 1, 2008 to April 2, 2008, AES Beaver Valley participated in an off-site Compliance Audit including all NERC Reliability Standards applicable to Generator Owners (GO). ReliabilityFirst Compliance Staff found a possible violation of FAC-009-1, Requirement 1, Establishment and Communication of Facility Ratings. Specifically, because AES Beaver Valley did not include the full scope of equipment in its Facility Rating Methodology, compliance to FAC-009-1, Requirement 1 could not be supported with respect to transmission conductors, transformers, relay protective devices, terminal equipment, and compensation devices.
12. ReliabilityFirst Compliance Staff reviewed the document submitted by AES Beaver Valley entitled “Establish and Communicate Facilities Ratings for AES Beaver Valley Related to NERC Standard FAC-009-1” (dated February 14, 2008, no revision history, submitted for Compliance Audit, April 2008). The scope of equipment was incomplete as the methodology did not reference all required equipment.
13. In response to the initial draft of the Compliance Audit Report, AES Beaver Valley responded to ReliabilityFirst Compliance Staff with the AES Beaver Valley Letter. The AES Beaver Valley Letter, addressing the findings for FAC-009-1, indicated that “because the ratings methodology is based on the capability of the facility and the equipment was selected based on their ratings so that the capability of the facility could be delivered to the transmission

grid, the manufacturers' ratings serve the dual purpose of addressing the requirements of FAC-008-1, R1 and FAC-009-1, R1."

14. ReliabilityFirst alleges that AES Beaver Valley failed to establish and communicate ratings for equipment that was not included in AES Beaver Valley's Facility Ratings Methodology consistent with NERC Reliability Standard FAC-009-1, Requirement 1.

D. Alleged Violation of PRC-005-1, Requirement 2 - RFC200800045

15. NERC Reliability Standard PRC-005-1, "*Transmission and Generation Protection System Maintenance and Testing*," Requirement 2, states, "Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:
 - R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.
 - R2.2. Date each Protection System device was last tested/maintained."
16. From April 1, 2008, to April 2, 2008, AES Beaver Valley participated in an off-site Compliance Audit including all NERC Reliability Standards that were applicable to Generator Owners (GO). ReliabilityFirst Compliance Staff found a possible violation of PRC-005-1, Requirement 2, Transmission and Generation Protection System Maintenance and Testing. Specifically, a percentage of AES Beaver Valley's relay schemes were not on schedule with respect to the specified interval.
17. AES Beaver Valley submitted its System Protection Coordination Procedure, "*AES Beaver Valley System Protection Coordination Procedure Related to NERC Standard PRC-005-1*" (dated March 3, 2008, no revision history, submitted for Compliance Audit, April 2008) which describes "as needed" maintenance and testing of Protection Systems. In addition, AES Beaver Valley submitted a spreadsheet entitled "AES BV Protective Equipment List, Table 1" (dated February 29, 2008, no revision history, submitted for Compliance Audit, April 2008) which details the Protective Equipment owned by AES Beaver Valley. According to the spreadsheet, which includes the date of last calibration, 46 percent of the protective devices were not tested within the defined intervals.

18. On July 21, 2008, in response to the initial draft of the Compliance Audit Report, AES Beaver Valley responded to ReliabilityFirst Compliance Staff with the AES Beaver Valley Letter. The AES Beaver Valley Letter, addressing the findings for PRC-005-1, Requirement 2, indicated, among other things, that “as with many power generation plants, Beaver Valley’s scheduled steam turbine maintenance and overhaul shut downs have been shifting from shut downs occurring every 5 years to a 7 or 8 year schedule between shut downs. These procedures impact testing and maintenance with respect to any needed maintenance. While in some instances it may be possible to perform such testing and maintenance, such procedures could have the unintended consequence of causing an outage, thereby decreasing reliability instead of enhancing reliability. Thus, as a result of Beaver Valley’s plant equipment arrangement and the turbine overhaul schedules being extended without the schedule noting the possibility, a small percentage of the equipment has not been tested according to the program intervals. Instead, that testing and maintenance was deferred to take place during the scheduled outage this year.”
19. ReliabilityFirst alleges that AES Beaver Valley failed to follow its maintenance and testing schedule for 42 out of 90 (46 percent) relay protective devices consistent with the NERC Reliability Standard PRC-005-1, Requirement 1.

III. RELIABILITYFIRST AND AES BEAVER VALLEY’S SEPARATE REPRESENTATIONS

A. Statement of ReliabilityFirst and Summary of Findings as to AES Beaver Valley

20. ReliabilityFirst considers this Agreement as the resolution of all issues with regards to the above captioned docket numbers and to bind AES Beaver Valley in the commitment to perform actions hereafter enumerated and listed as conditions for this Agreement.
21. The alleged violation of FAC-008-1, Requirement 1 has a Violation Risk Factor (“VRF”) of “Lower,” consistent with the Violation Risk Factor Matrix from the NERC December 17, 2007 Compliance Filing. The duration of this alleged violation, for purposes of penalty determination, is from June 18, 2007, the date the NERC Reliability Standards became enforceable, to November 20, 2008, the date AES Beaver Valley submitted an acceptable Mitigation Plan to ReliabilityFirst. Pursuant to rulings of the Commission, such penalties may be applied on a daily basis for the duration of the violation.
22. The alleged violation of FAC-009-1, Requirement 1 has a VRF of “Medium,” consistent with the Violation Risk Factor Matrix from the NERC December 17, 2007 Compliance Filing. The duration of this alleged violation, for purposes of penalty determination, is from June 18, 2007, the date the NERC Reliability Standards became enforceable, to November 20, 2008, the date AES Beaver

Valley submitted an acceptable Mitigation Plan to Reliability*First*. Pursuant to rulings of the Commission, such penalties may be applied on a daily basis for the duration of the violation.

23. The alleged violation of PRC-005-1, Requirement 2 has a VRF of “High,” consistent with the Violation Risk Factor Matrix from the NERC December 17, 2007 Compliance Filing. The duration of this alleged violation, for purposes of penalty determination, is from June 18, 2007, the date the NERC Reliability Standards became enforceable, to October 10, 2008, the date AES Beaver Valley completed all required maintenance and testing of the critical relays, AC and DC circuits, batteries and communication systems during the 2008 scheduled plant outage that occurred from September 28 through October 10, 2008. Pursuant to rulings of the Commission, such penalties may be applied on a daily basis for the duration of the violation.
24. Reliability*First* agrees that this Agreement is in the best interest of the parties and in the best interest of Bulk Electric System reliability.

B. Statement of AES Beaver Valley

25. AES Beaver Valley neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Agreement constitute alleged violations of FAC-008-1, Requirement 1, FAC-009-1, Requirement 1, and PRC-005-1, Requirement 2. AES Beaver Valley has more than 21 years of reliable electric power generation. AES Beaver Valley states that the documentation issues that serve as the basis of the alleged violations reflect the need to refine its written procedures and documentation but do not compromise reliability on the Bulk Electric System. AES Beaver Valley has not previously been subject to a compliance audit concerning mandatory reliability standards, many of which had only recently come into effect. Necessarily, AES Beaver Valley was subject to a learning curve with respect to the level of documentation required for the above-identified reliability standards as well as the type of information to be provided to Reliability*First* during an off-site audit process. As reflected in publicly available compliance statistics, FAC-008-1, FAC-009-1, and PRC-005-1 are among the reliability standards with which many registered entities have experienced findings of potential non-compliance. AES Beaver Valley has worked closely with Reliability*First* to address the alleged violations by putting in place procedures that more precisely capture Reliability*First*'s requirements for compliance with FAC-008-1, Requirement 1, FAC-009-1, Requirement 1, and PRC-005-1, Requirement 2. Such actions reflect that, consistent with its Compliance Program, AES Beaver Valley takes compliance with the reliability standards seriously. AES Beaver Valley's Compliance Program, is subject to a corporate Code of Conduct, and is implemented and administered at the AES Beaver Valley legal entity level. The overall responsibility for the program is with AES Beaver Valley's Plant

Manager/President and is administered through Team Leaders based on functional responsibility. AES Beaver Valley's Compliance Program has the support and participation of senior management. AES Beaver Valley's Plant Manager/President has direct access to AES Beaver Valley's Board of Directors. In connection with the alleged violations, AES Beaver Valley has committed to the enhancements to its Compliance Program as discussed below to further strengthen compliance with reliability standards.

26. AES Beaver Valley has agreed to enter into this Agreement with ReliabilityFirst to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. AES Beaver Valley agrees that this Agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS FOR AES BEAVER VALLEY

27. On July 2, 2008, AES Beaver Valley submitted a written request to ReliabilityFirst stating its interest in pursuing settlement discussion with ReliabilityFirst. On July 3, 2008, ReliabilityFirst provided a written response acknowledging AES Beaver Valley's request and deferring discussions while ReliabilityFirst continued the processing of the Compliance Audit Report. On August 19, 2008, ReliabilityFirst and Outside Counsel for AES Beaver Valley commenced preliminary discussions. In response to those discussions, Outside Counsel for ReliabilityFirst and Outside Counsel for AES Beaver Valley engaged in drafting a waiver letter with respect to settlement confidentiality issues in connection with AES Beaver Valley's Outside Counsel's representation of three AES Beaver Valley affiliates that were subject to Compliance Audits. On October 1, 2008, Assistant General Counsel for the AES Corporation submitted the waiver letter indicating Outside Counsel would be the contact person for AES Beaver Valley and its three affiliates that were the subject of enforcement actions within the ReliabilityFirst region. Procedures for settlement discussions were developed by ReliabilityFirst. On December 17, 2008, ReliabilityFirst provided AES Beaver Valley with a copy of the ReliabilityFirst Guidelines for Settlement Discussions. ReliabilityFirst also provided guidance to AES Beaver Valley regarding submission of Mitigation Plans during the settlement process.
28. On November 20, 2008, AES Beaver Valley submitted to ReliabilityFirst three separate Mitigation Plans to address the possible [alleged] violations set forth in the Compliance Audit Report. AES Beaver Valley submitted Mitigation Plans for FAC-008-1, Requirement 1 (NERC Mitigation Plan ID# MIT-08-1231), for FAC-009-1, Requirement 1 (NERC Mitigation Plan ID# MIT-08-1232), and for PRC-005-1, Requirement 2 (NERC Mitigation Plan ID# MIT-08-1233). After a phone call between AES Beaver Valley Staff and ReliabilityFirst Compliance

Staff, AES Beaver Valley amended its Mitigation Plans and submitted the amended Mitigation Plans on December 18, 2008, which were accepted by ReliabilityFirst on December 18, 2008. On December 22, 2008, ReliabilityFirst submitted the Mitigation Plans to NERC. On January 9, 2009, NERC approved the amended Mitigation Plans and submitted the amended Mitigation Plans to the Commission as confidential, non-public information. On March 25, 2009, AES Beaver Valley submitted to ReliabilityFirst Certifications of Mitigation Plan Completion for FAC-008-1, Requirement 1, FAC-009-1, Requirement 1, and PRC-005-1, Requirement 2.

29. In the Mitigation Plan for FAC-008-1, Requirement 1, NERC Mitigation Plan ID# MIT-09-1231, AES Beaver Valley outlined the actions taken to mitigate the alleged violation. AES Beaver Valley stated, among other things, that it (i) developed a list which included all affected equipment, (ii) obtained the design rating information for all affected equipment, and (iii) reviewed equipment rating information to determine the most limiting piece of equipment, inclusive of reviewing normal and emergency ratings, equipment manufacturer ratings, design criteria, ambient conditions, operating limitations and other assumptions.
30. In addition to the immediate actions undertaken by AES Beaver Valley, the Mitigation Plan also provided an additional Key Milestone Activity completed by AES Beaver Valley in order to ensure compliance to NERC Reliability Standard FAC-008-1, Requirement 1:
 - a. To the extent necessary, revise draft procedure based on RFC [(ReliabilityFirst)] review and resubmit to RFC for review.
(By December 29, 2008)
31. ReliabilityFirst reviewed the evidence AES Beaver Valley submitted in support of its certification of completion of the Mitigation Plan. ReliabilityFirst performed an audit-like review to verify that all actions specified in the Mitigation Plan were successfully completed. On July 10, 2009, ReliabilityFirst verified that the Mitigation Plan was completed in accordance with its terms (*see* Attachment A “Summary and Review of Evidence of Mitigation Plan Completion, FAC-008-1”).
32. In the Mitigation Plan for FAC-009-1, Requirement 1, NERC Mitigation Plan ID# MIT-08-1232, AES Beaver Valley outlined the actions taken to mitigate the alleged violation. AES Beaver Valley stated that it (i) created a work plan to satisfy the requirements contemplated in the standard and to address the ReliabilityFirst Audit Findings, (ii) developed a list which included all equipment identified in its revised Facility Methodology under FAC-008-1, (iii) obtained the design rating information for all affected equipment, and (iv) reviewed equipment rating information to determine the most limiting piece of equipment, inclusive of

reviewing normal and emergency ratings, equipment manufacturer ratings, design criteria, ambient conditions, operating limitations and other assumptions.

33. In addition to the immediate actions undertaken by AES Beaver Valley, the Mitigation Plan also provided a list of four additional Key Milestone Activities completed by AES Beaver Valley:
 - a. Analyze affected equipment for most limiting factor.
(Completed November 2008)
 - b. Establish and Communicate Facility Ratings.
(Completed November 2008)
 - c. Complete FAC-009[-1] Procedure Revisions (Completed December 2008)
 - d. To the extent necessary, revise draft procedure based on RFC review and resubmit to RFC for review (Completed December 2008)
34. Reliability*First* reviewed the evidence AES Beaver Valley submitted in support of its certification of completion of the Mitigation Plan. Reliability*First* performed an audit-like review to verify that all actions specified in the Mitigation Plan were successfully completed. On July 10, 2009, Reliability*First* verified that the Mitigation Plan was completed in accordance with its terms (*see* Attachment A, “Summary and Review of Evidence of Mitigation Plan Completion, FAC-009-1”).
35. In the Mitigation Plan for PRC-005-1, Requirement 2, NERC Mitigation Plan ID# MIT-08-1241, AES Beaver Valley outlined the immediate actions taken to mitigate the alleged violation. Under Section D.1, AES Beaver Valley stated that it (i) reviewed the PRC-005-1 Standard and its requirements, and (ii) created a work plan to satisfy the requirements contemplated in the standard and to address the Reliability*First* Audit Findings.
36. In addition to the immediate actions undertaken by AES Beaver Valley, the Mitigation Plan also provided an additional Key Milestone Activity completed by AES Beaver Valley:
 - a. PRC-005 Maintenance and Testing Program scheduled work
(Completed October 10, 2008)
37. Reliability*First* reviewed the evidence AES Beaver Valley submitted in support of its certification of completion of the Mitigation Plan. Reliability*First* performed an audit-like review to verify that all actions specified in the Mitigation Plan were successfully completed. On July 10, 2009, Reliability*First* verified that the Mitigation Plan was completed in accordance with its terms (*see* Attachment A, “Summary and Review of Evidence of Mitigation Plan Completion, PRC-005-1”).

38. For purposes of settling any and all disputes arising from ReliabilityFirst’s investigation into the matters discovered by ReliabilityFirst auditors during the Compliance Audit of April 1-2, 2008, ReliabilityFirst and AES Beaver Valley agree that for the period of September 1, 2009 through August 31, 2010, AES Beaver Valley shall take the actions set forth in Attachment B with respect to the development and implementation of the “Compliance Program Enhancement” for AES Beaver Valley to supplement the AES Ethics and Compliance program. AES Beaver Valley and ReliabilityFirst further agree that any auditing by ReliabilityFirst of actions or expenditures covered by this Agreement shall take place within six (6) months of the latest of the actual completion dates of the actions listed in the table below. AES Beaver Valley and ReliabilityFirst also agree that AES Beaver Valley has taken or shall take the following actions:

Activity	Dates to be completed
i. Implement On-line Repository for Program Documentation	Sept. 30, 2009
ii. Initiate On-line Training	Mar 30, 2010
iii. Initiate General Awareness Training	Mar. 30, 2010
iv. Define Internal Audit Team	Jun. 30, 2010
v. Complete Internal Audit	Aug 31, 2010
vi. Quarterly Reports	Dec. 31, 2009/Mar. 31, 2010/June 30, 2010/Sept. 30, 2010

39. It is understood that ReliabilityFirst Staff shall audit the progress of any remedies of this Agreement through a site inspection, interviews, and/or request for documentation to validate progress of any remedies of this Agreement. ReliabilityFirst shall reasonably coordinate audits and information requests, consistent with the ReliabilityFirst Compliance Monitoring and Enforcement Program, with AES Beaver Valley related to this Agreement. In order to facilitate ReliabilityFirst’s need to communicate the status and provide accountability to NERC, AES Beaver Valley will provide status updates quarterly. AES Beaver Valley will submit these status updates to ReliabilityFirst in accordance with the confidentiality provisions of Section 1500 of the NERC Rules of Procedure and on the form set forth in Attachment C.
40. AES Beaver Valley has completed and ReliabilityFirst has verified completion of all actions necessary to mitigate the alleged violations and achieve compliance. AES Beaver Valley may be subject to future compliance audits, spot checks, or mandatory status updates in order to facilitate ReliabilityFirst’s need to communicate the status and provide accountability to NERC.

41. The estimated costs to AES Beaver Valley to implement the agreed to actions in this Section IV are approximately \$177,500. ReliabilityFirst may request and review financial records to validate actual expenditures with estimates in this Agreement. Actual expenditures may deviate from the approximated costs above, but to the extent there is a reduction in expenditures that adversely impacts implementation of the Compliance Program Enhancement such reduction should be documented and explained.
42. Based on the above actions taken or to be taken by AES Beaver Valley, AES Beaver Valley shall pay \$10,000 to ReliabilityFirst. However, if AES Beaver Valley fails to complete the actions described above, ReliabilityFirst reserves the right to assess and collect a monetary penalty, to impose a sanction or otherwise to impose enforcement actions. AES Beaver Valley shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure. ReliabilityFirst shall present an invoice to AES Beaver Valley within twenty days after the Agreement is either approved by the Commission or by operation of law, and ReliabilityFirst shall notify NERC if the payment is not received.
43. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Agreement, shall be deemed to be either the same alleged violations that initiated this Settlement and/or additional violation(s) and may subject AES Beaver Valley to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. AES Beaver Valley shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.
44. If AES Beaver Valley does not make the monetary penalty payment above at the times agreed by the parties, interest payable to ReliabilityFirst will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.
45. The terms and conditions of the Agreement are consistent with the regulations and orders of the Commission, as well as with the NERC Rules of Procedure.

V. ADDITIONAL TERMS

46. The signatories to this Agreement agree that they enter into this Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of ReliabilityFirst or AES Beaver Valley has been made to induce the signatories or any other party to enter into this Agreement.

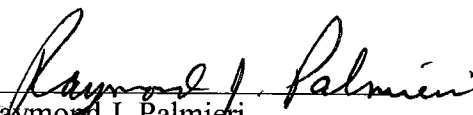
47. Reliability*First* shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar possible violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify Reliability*First* and AES Beaver Valley of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and Reliability*First* will attempt to negotiate a revised settlement agreement with AES Beaver Valley including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post the alleged violations and the terms provided for in the settlement.
48. This Agreement shall become effective upon the Commission's approval of this Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
49. AES Beaver Valley agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and AES Beaver Valley waives its right to further hearings and appeal, unless and only to the extent that AES Beaver Valley contends that any NERC or Commission action on this Agreement contains one or more material modifications to this Agreement.
50. Reliability*First* reserves all rights to initiate enforcement, penalty or sanction actions against AES Beaver Valley in accordance with the NERC Rules of Procedure in the event that AES Beaver Valley fails to comply with the mitigation plan and compliance program agreed to in this Agreement. In the event AES Beaver Valley fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Agreement, Reliability*First* will initiate enforcement, penalty, or sanction actions against AES Beaver Valley to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. AES Beaver Valley shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
51. AES Beaver Valley consents to the use of Reliability*First's* determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the AES Beaver Valley's history of violations, that are set forth in the May 15, 2008 Revised Policy Statement on

Enforcement,¹ or that may be set forth in any successor policy statement or order. Such use may be in any enforcement action or compliance proceeding under taken by *ReliabilityFirst*, provided however that AES Beaver Valley does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by *ReliabilityFirst*, nor does AES Beaver Valley consent to the use of this Agreement by any other party in any other action or proceeding.

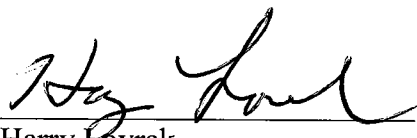
52. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts this Agreement on the entity's behalf.
53. The undersigned representative of each party affirms that he or she has read this Agreement, that all of the matters set forth in this Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that this Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Agreement.
54. This Agreement may be signed in counterparts.
55. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

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

Agreed to and accepted:

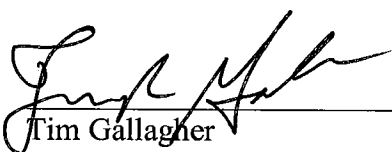

Raymond J. Palmieri
Vice President and Director of Compliance
ReliabilityFirst Corporation

11/6/09
Date


Harry Lovrak
Plant Manager
AES Beaver Valley, LLC

8/28/09
Date

Approved by:


Tim Gallagher
President
ReliabilityFirst Corporation

8/28/09
Date

Attachment A

Summary and Review of Evidence of Mitigation Plan Completion

(FAC-008-1, R1, dated July 10, 2009)

(FAC-009-1, R1, dated July 10, 2009)

(PRC-005-1, R2, dated July 10, 2009)



July 10, 2009

Summary and Review of Evidence of Mitigation Plan Completion

NERC Violation ID #:	RFC20080043
NERC Plan ID:	MIT-08-1231
Registered Entity:	AES Beaver Valley, LLC
NERC Registry ID:	NCR00663
Standard:	FAC-008-1
Requirement:	R1
Status:	Complete

Review Process:

During the off-site compliance audit of AES Beaver Valley LLC conducted April 2-4, 2008, it was discovered that AES Beaver Valley LLC was not compliant with FAC-008-1 R1. Overall evidence indicated that the methodologies used for developing facility ratings were only based on generator capability testing and voltage support service. Other equipment limitations such as transformers, conductors, terminal equipment and relay protection devices did not appear to be considered. Evidence did not provide normal ratings for full scope of required equipment such as conductors and relay protective devices. Evidence did not provide emergency ratings for full scope of required equipment such as the generator, conductors, transformers, relay protective devices and terminal equipment.

AES Beaver Valley, LLC developed a Mitigation Plan for FAC-008-1 R1 dated November 20, 2008 (amended December 18, 2008) to address the above referenced violation. This Mitigation Plan was subsequently approved by ReliabilityFirst and NERC (MIT-08-1231).

AES Beaver Valley, LLC certified via E-mail dated March 25, 2009 that this Mitigation Plan for FAC-008-1 R1 has been completed. ReliabilityFirst requested and received evidence of completion for actions taken by AES Beaver Valley, LLC as specified in the Mitigation Plan. ReliabilityFirst performed an in-depth review and analysis of the information provided to verify that all actions specified in the Mitigation Plan were successfully completed. As a result, a conference call was held on July 1, 2009, and ReliabilityFirst requested AES Beaver Valley LLC to include ratings for conductors in the switchyard. This information was provided via E-mail on July 3, 2009.

FAC-008-1, R1 states:

***R1.** The Transmission Owner and Generator Owner shall each document its current methodology used for developing Facility Ratings (Facility Ratings*

Summary and Review of Evidence of Mitigation Plan Completion
AES Beaver Valley, LLC
July 10, 2009
Page 2 of 3

Methodology) of its solely and jointly owned Facilities. The methodology shall include all of the following:

***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.** The method by which the Rating (of major BES equipment that comprises a Facility) is determined.*

***R1.2.1.** The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.*

***R1.2.2.** The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.*

***R1.3.** Consideration of the following:*

***R1.3.1.** Ratings provided by equipment manufacturers.*

***R1.3.2.** Design criteria (e.g., including applicable references to industry Rating practices such as manufacturer's warranty, IEEE, ANSI or other standards).*

***R1.3.3.** Ambient conditions.*

***R1.3.4.** Operating limitations.*

***R1.3.5.** Other assumptions.*

Evidence Submitted:

R1: Facility Ratings Methodology for AES Beaver Valley, Revision No. 001 - November 20, 2008

This document satisfactorily details their facility rating methodology in accordance with FAC-008-1 R1 for Generators, Generator Step-up (GSU) Transformers, and all Terminal Equipment. The methodology is based on the equipment manufacturers' manuals and the engineering design data books. The methodology includes consideration for equipment design criteria, manufacturers' ratings, ambient conditions, operating limitations, and other assumptions. The document includes the required statement from R1.1 that the facility rating shall

Summary and Review of Evidence of Mitigation Plan Completion

AES Beaver Valley, LLC

July 10, 2009

Page 3 of 3

equal the most limiting applicable equipment rating of the individual equipment that comprises that facility.

Status: Complete

Review Results:

ReliabilityFirst Corporation reviewed the evidence AES Beaver Valley, LLC submitted in support of its Certification of Completion. On July 10, 2009 ReliabilityFirst verified that the Mitigation Plan was completed in accordance with their terms and has therefore deemed AES Beaver Valley, LLC compliant to the aforementioned NERC Reliability Standard.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Robert K. Wargo". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert K. Wargo
Manager of Compliance Enforcement
ReliabilityFirst Corporation



July 10, 2009

Summary and Review of Evidence of Mitigation Plan Completion

NERC Violation ID #:	RFC20080044
NERC Plan ID:	MIT-08-1232
Registered Entity;	AES Beaver Valley, LLC
NERC Registry ID:	NCR00663
Standard:	FAC-009-1
Requirement:	R1
Status:	Complete

Review Process:

During the off-site compliance audit of AES Beaver Valley LLC conducted April 2-4, 2008, it was discovered that AES Beaver Valley LLC was not compliant with FAC-009-1 R1. Since the full scope of required equipment was not addressed in FAC-008-1 R1, compliance to this requirement could not be supported. The scope of equipment did not include transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation.

AES Beaver Valley, LLC developed a Mitigation Plan for FAC-009-1 R1 dated November 20, 2008 (amended December 18, 2008) to address the above referenced violation. This Mitigation Plan was subsequently approved by ReliabilityFirst and NERC (MIT-08-1232).

AES Beaver Valley, LLC certified via E-mail dated March 25, 2009 that this Mitigation Plan for FAC-009-1 R1 has been completed. ReliabilityFirst requested and received evidence of completion for actions taken by AES Beaver Valley, LLC as specified in the Mitigation Plan. ReliabilityFirst performed an audit-like review to verify that all actions specified in the Mitigation Plan were successfully completed. As a result, a conference call was held on July 1, 2009, and ReliabilityFirst requested AES Beaver Valley LLC to include ratings for conductors in the switchyard. This information was provided via E-mail on July 3, 2009.

FAC-009-1, R1 states:

***R1.** The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.*

Summary and Review of Evidence of Mitigation Plan Completion
AES Beaver Valley, LLC
July 10, 2009
Page 2 of 2

Evidence Submitted:

R1: Establish and Communicate Facility Ratings for AES Beaver Valley, Revision No. 001 - November 20, 2008

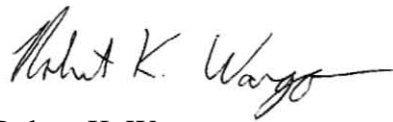
This document satisfactorily details their establishment of facility ratings in accordance with FAC-009-1 R1 based on their approved facility rating methodology from FAC-008-1 R1. The ratings include consideration for equipment design criteria, manufacturers' ratings, ambient conditions, operating limitations, and other assumptions. The final result is that the facility rating equals the most limiting applicable equipment rating of the individual equipment that comprises the facility. The "Attachment A" to this document provides their ratings for all the appropriate equipment associated with their facility.

Status: Complete

Review Results:

ReliabilityFirst Corporation reviewed the evidence AES Beaver Valley, LLC submitted in support of its Certification of Completion. On July 10, 2009 ReliabilityFirst verified that the Mitigation Plan was completed in accordance with their terms and has therefore deemed AES Beaver Valley, LLC compliant to the aforementioned NERC Reliability Standard.

Respectfully Submitted,



Robert K. Wargo
Manager of Compliance Enforcement
ReliabilityFirst Corporation



July 10, 2009

Summary and Review of Evidence of Mitigation Plan Completion

NERC Violation ID #:	RFC20080045
NERC Plan ID:	MIT-08-1233
Registered Entity;	AES Beaver Valley, LLC
NERC Registry ID:	NCR00663
Standard:	PRC-005-1
Requirement:	R2
Status:	Complete

Review Process:

During the off-site compliance audit of AES Beaver Valley LLC conducted April 2-4, 2008, it was discovered that AES Beaver Valley LLC was not compliant with PRC-005-1 R1 and R2. Overall evidence did not clearly define the maintenance and testing interval described under “as-needed” for voltage and current sensing devices, and “regular” for battery systems. Maintenance & testing intervals for some Protection System equipment were not addressed. Evidence did not appear to address all components of the Protection System such as DC control circuitry and communication systems. No evidence was provided for basis of testing intervals.

AES Beaver Valley, LLC developed a Mitigation Plan for PRC-005-1, R2 dated November 20, 2008 (amended December 18, 2008, and updated January 27, 2009) to address the above referenced violation. This Mitigation Plan was subsequently approved by ReliabilityFirst and NERC (MIT-08-1233).

AES Beaver Valley, LLC certified via E-mail dated March 25, 2009 that this Mitigation Plan for PRC-005-1, R2 has been completed. ReliabilityFirst requested and received evidence of completion for actions taken by AES Beaver Valley, LLC as specified in the Mitigation Plan. ReliabilityFirst performed an in-depth review and analysis of the information provided to verify that all actions specified in the Mitigation Plan were successfully completed.

PRC-005-1, R2 states:

R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

Summary and Review of Evidence of Mitigation Plan Completion
AES Beaver Valley, LLC
July 10, 2009
Page 2 of 2

R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.

R2.2. Date each Protection System device was last tested/maintained.

Evidence Submitted:

R2: Table 1 to Protection System Maintenance & Testing Program for AES Beaver Valley – January 27, 2009

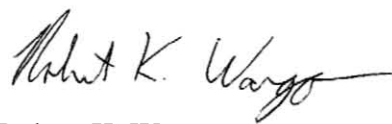
The table satisfactorily details their protection system equipment, the required testing interval, and the date last tested in accordance with PRC-005-1 R2. The equipment covered includes electromechanical and solid-state relays, microprocessor-based relays, communication systems, voltage and current sensing devices, station batteries and chargers, and DC control circuitry. All test dates were within the required testing interval.

Status: Complete

Review Results:

ReliabilityFirst Corporation reviewed the evidence AES Beaver Valley, LLC submitted in support of its Certification of Completion. On July 10, 2009 ReliabilityFirst verified that the Mitigation Plan was completed in accordance with their terms and has therefore deemed AES Beaver Valley, LLC compliant to the aforementioned NERC Reliability Standard.

Respectfully Submitted,



Robert K. Wargo
Manager of Compliance Enforcement
ReliabilityFirst Corporation

Attachment B

Compliance Program Enhancement

COMPLIANCE PROGRAM ENHANCEMENT

1. Program Documentation

To enhance compliance with applicable NERC and RFC reliability standards, the AES Beaver Valley, LLC proposes to utilize a web-based document control system (“DCS”) for records management. The DCS provides for the following key attributes:

- i. Maintain the master copy of each AES RFC Businesses’ reliability compliance materials on-line for all four regional businesses to access and review;
- ii. Allow for easy access of each reliability standards as well as provide a reliable source for tracking changes with the reliability standards;
- iii. Establish an area to post questions, a common calendar to list all up and coming events related to reliability as well as blogs to share and disseminate information; and
- iv. Links to reliability-related websites, including NERC and RFC, and additional resources.

The use of the DCS will improve compliance by creating a single repository of all documentation in support of compliance with applicable NERC and regional reliability standards, as well as increase access to the documentation for the AES RFC Businesses. This will improve the ability of operating personnel and support staff to locate and identify proper operating procedures and data, determine the origin of documents, the level of approval, and whether a document is the latest, most up to date version. Additionally, the DCS will result in increased knowledge of what documents exist and where, improved availability and security of critical documents, improved capture, preservation, and sharing of information and knowledge, enhanced accountability, increased awareness of NERC and RFC reliability standards, and increased responsiveness to audit requests. Document indexing and cross referencing will also provide an additional level of document management.

Further, the DCS provides a forum for exchanging information among AES Beaver Valley, LLC, AES Ironwood LLC, AES Red Oak, LLC, and AES Warrior Run, LLC (collectively the “AES RFC Businesses”) an area for monitoring ongoing NERC and RFC activities, including upcoming events, as well the establishment of web-links to reliability-related websites and resources.

2. Program Dissemination and General Awareness Training

AES Beaver Valley currently has a NERC compliance program in place at the business unit level, which is designed to ensure that required compliance practices are in place. The program includes self-assessment and enforcement of internal controls to prevent violations and reoccurrence of all inadvertent violations. In addition, the program includes staff training on the applicable NERC standards, development of procedures, and includes attendance in RFC and NERC related workshops.

a. Consultant

To enhance compliance with applicable NERC and RFC reliability standards, AES Beaver Valley proposes to collectively use an outside reliability consultant to provide key support in the areas of documentation, technical support, and training.

In the areas of documentation and technical support, the consultant will:

ATTACHMENT B

- i. Review overall compliance documentation with the AES RFC Businesses;
- ii. Provide technical support throughout the year should any specific questions or concerns arise; and
- iii. Conduct a review of all applicable reliability standards with the AES RFC Businesses to ensure new or revised reliability standards are incorporated into their compliance programs.

In the area of training, the consultant will offer on-line training to help ensure that individual employees understand the standards with which they must comply. The on-line training will be conducted using a web-based portal. The use of an on-line training program will (i) enable plant personnel to complete the training modules on their own schedule, (ii) provide a detailed analysis of each individual's score, which will allow AES Beaver Valley to determine where there may be a need for additional training, and (iii) provide a record of which programs have been completed and when, facilitating the monitoring and completion of training modules.

b. General Awareness Training

A General Awareness Training program will also be developed that draws on existing training programs, but also focuses on a corporate culture of compliance and places an emphasis on continual communication between employees and management about compliance issues and questions that may arise in the compliance context. When complete, the Compliance Program and its components will be communicated to all affected employees through the General Awareness Training. The program will consist of dissemination of the Compliance Program documents to affected employees. This process will also be incorporated into the orientation procedure for new employees impacted by the Compliance Program. A representative from AES Corporation will be available for questions regarding the Compliance Program during the seminars, and ongoing to ensure the program comprehension by all employees. Upper level management representatives will also provide routine communications to employees as appropriate to indicate high-level support for this program. The training portion of the program will consist of the following:

- i. An initial training seminar for AES Beaver Valley that will (i) review all of the required program details, (ii) educate personnel on the purpose of system reliability standards, and (iii) administer a general knowledge test to gauge information retention; and
- ii. Annual training seminars for AES Beaver Valley that will (i) review all of the required program details, (ii) provide continuing education to the personnel on the purpose of system reliability standards, (iii) undertake a general knowledge test to gauge information retention; and (iv) identify additional ways to enhance the program.

3. Formal, Internal Self-Auditing for Compliance with Applicable Reliability Standards

For the most part, AES Beaver Valley does not have internal audit programs. To enhance compliance with applicable NERC and RFC reliability standards, AES Beaver Valley proposes to collectively use an outside reliability consultant to conduct internal audits. The audits will be used to ensure compliance with the applicable reliability standards while verifying that the appropriate level of knowledge for reliability compliance is met. The consultant will also be used to train on the proper techniques for conducting audits.

ATTACHMENT B

Because reliability standards are constantly evolving and interpretation of the standards can also change, it is important to have an internal audit program formed by personnel that will closely monitor the standards. Due to the sheer number of reliability standards and requirements, there are efficiencies to be gained by the AES RFC Businesses doing this together instead of individually. Under the proposed formal internal audit program, a manager will perform administrative duties for the program while an executive sponsor committee (vice president level and above) and a steering committee will provide direction to the team leads and program sponsorship. Personnel will be assigned responsibilities for each of the applicable NERC and Regional reliability standards. Specifically, the plan takes each applicable standard and identifies a primary team lead responsibility. The applicable reliability standards will be closely monitored throughout the year. These teams will be able to monitor how each standard is interpreted by RFC, NERC, and FERC and provide required revisions to procedures and compliance. Annually, personnel from one or more of the AES RFC Businesses will conduct internal audits of selected NERC and RFC reliability standards to verify ongoing and continuous compliance with standards applicable to the AES RFC Businesses.

To facilitate the self-auditing and other programs, the AES RFC Businesses plan on using resources from each of the AES RFC Businesses as well as representatives from corporate offices. This is expected to not only increase overall coordination across the businesses, but also aid management in consistently implementing the culture of compliance. Employees involved with the implementation of programs will also work closely with RFC (and NERC where appropriate) to ensure there is a high level of information shared with the AES RFC Businesses as well as attend the various workshops regularly to keep up with up and coming issues.

Attachment C

Reliability*First* Corporation
Settlement Activity Reporting Form

[reproduce on Registered Entity Letterhead]

ReliabilityFirst Corporation Settlement Activity Reporting Form

Date:

To: [Redacted],
[Title], Compliance Enforcement

As per the settlement agreement dated [XXX] between [REGISTERED ENTITY] and ReliabilityFirst Corporation, [REGISTERED ENTITY] agreed to provide semi-annual updates to ReliabilityFirst Corporation regarding the settlement activities agreed upon in the settlement.

[REGISTERED ENTITY] is submitting these status updates to ReliabilityFirst Corporation in accordance with the confidentiality provisions of Section 1500 of the NERC Rules of Procedure.

[REGISTERED ENTITY] provides the following updates regarding the activities in the settlement.

Activity	Dates completed
i.	
ii.	
iii.	
iv.	
v.	

I certify the above update(s) provided by [REGISTERED ENTITY] is being provided with the expectation of meeting the completion dates agreed to in the settlement agreement.

Authorized Signature: _____

Attachment D

Mitigation Plans

(MIT-08-1231, MIT-08-1232, MIT-08-1233)

(FAC-008-1, R1, dated November 20, 2008)

(FAC-009-1, R1, dated November 20, 2008)

(PRC-005-1, R2, dated November 20, 2008)

RFC200800043
MP#: MIT-08-1231



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: November 20, 2008

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements."
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization.

Company Name: AES Beaver Valley

Company Address: 394 Frankfort Road
Monaca, PA 15061

NERC Compliance Registry ID: NCR00663

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

Name: Russ Forsythe

Title: General Manger

Email: russ.forsythe@aes.com

Phone: (724) 773-2953



**Section C: Identification of Alleged or Confirmed Violation(s)
Associated with this Mitigation Plan**

C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC200800043	FAC-008-1	R1	Lower	4/11/2008	Audit

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.

The potential violation identified in the Compliance Audit Report is as follows:

FAC-008-1 (R1) AES Beaver Valley provided documentation and methodology for developing ratings for its generating facility (Facility Ratings Methodology for Beaver Valley R3 3-13-08, PJM Generator Reactive Capability Testing Procedure R 1.2 May 1, 2005 and PJM Rules and Procedures for Determination of Generating Capability R 05 June 1, 2007) but no documentation or methodology for developing ratings for its transmission conductors, transformers, relay protective devices, terminal equipment and compensation devices.

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

C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment.

AES Beaver Valley provided written comments in response to the Compliance Audit dated July 21, 2008, questioning findings included therein. Those comments are attached, **Re. AES Beaver Valley, LLC, NERC ID 00663,**



Draft Compliance Audit Report, by Harry Lovrak, to Robert Berglund, dated July 21, 2008.

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.

Action Plan: Reformat and Revise Procedures in relation to FAC-008-1 Standard to ensure compliance.

Actions Taken:

1. Reviewed RFC Audit Findings reproduced in Section C.2, above.
2. Reviewed FAC-008-1 Standard and its requirements.
3. Created work plan, envisioning the requirements contemplated in the standard and addressing the RFC Audit Findings reproduced in Section C.2, above, as reflected in Section D - Table 1, below.
4. Developed Affected Equipment List, including generators, transmission conductors, transformers, protective relays, terminal equipment, and compensation devices.
5. Obtained affected equipment design rating information.
6. Reviewed Equipment rating information to determine most limiting piece of equipment, inclusive of reviewing normal and emergency ratings, equipment manufacturer ratings, design criteria, ambient conditions, operating limitations and other assumptions.
7. Draft procedure documenting Facility Rating Methodology for submittal and review by RFC.
8. To the extent necessary, revise draft procedure based on RFC review and resubmit to RFC for review.

FAC-008: Revise Facility Ratings Methodology procedure in manner consistent with Standard

Mitigation Plan Timeline and Milestones

RELIABILITY FIRST

- D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

With the development of the revised compliance procedure documentation for NERC Reliability Standard FAC-008-1, AES Beaver Valley's documentation will meet the compliance requirements set forth in the standard. The revised procedure will fully mitigate the potential violation as to NERC Reliability Standard FAC-008-1. The revised procedure will be provided to RFC for review by December 29, 2008. Upon acceptance of the revised procedure by RFC, AES Beaver Valley will have completed this Mitigation Plan.

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

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
R1. Review Ratings Methodology Standard	Completed Oct 2008
R1. Develop Affected Equipment List	Completed Nov 2008
R1. Obtain Affected Equipment Design Info	Completed Nov 2008
R1. Created Rating Methodology Procedure document addressing all affected equipment.	Completed Nov 2008
R1. Analyze affected equipment for most limiting factor.	Completed Nov 2008
Complete FAC-008 Procedure Revisions	Completed Nov 2008
To the extent necessary, revise draft procedure based on RFC review and resubmit to RFC for review	Complete by December 29, 2008
Resubmit draft procedure for RFC review	Submit by December 29, 2008**
To the extent necessary, revise procedure based on RFC input.	Subject to RFC review schedule
Mitigation Plan Completion Date	Subject RFC review schedule

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

(**) Note: The date is the date by which AES Beaver Valley will provide its draft procedure to RFC for review. The actual completion date will be subject to RFC's review process.

RELIABILITY FIRST

Section D – Table 1

FAC-008-1	R1.	<p>AES Beaver Valley provided documentation and methodology for developing ratings for its generating facility (Facility Ratings Methodology for Beaver Valley R3 3-13-08, PJM Generator Reactive Capability Testing Procedure R 1.2 May 1, 2005 and PJM Rules and Procedures for Determination of Generating Capability R 05 June 1, 2007) but no documentation or methodology for developing ratings for its transmission conductors, transformers, relay protective devices, terminal equipment and compensation devices.</p>	<p>(1) The <u>Facility Ratings Methodology for AES Beaver Valley</u> the procedure will be modified to address other equipment limitations such as transformers, conductors, terminal equipment, and relay protection devices will be considered. Normal and Emergency ratings of this equipment will be addressed. These modifications will be addressed in the latest revision to the <u>Facility Ratings Methodology for AES Beaver Valley Procedure</u>.</p>
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Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.

Not applicable as there is currently NO RISK to Abate. The Standard violations were procedural ambiguities and have since been amended.

Prevention of Future BPS Reliability Risk

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

RELIABILITY **FIRST**

The successful completion of the Mitigation Plan will have established RFC-approved compliance procedures for NERC Reliability Standard FAC-008-1. The implementation of the revised procedure will avoid the risk of a similar violation in the future.

Going forward, Beaver Valley will continue to update and review procedures annually, capturing “Best Practice” procedures to ensure there is no risk.



Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

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

Authorized Individual Signature

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

Name (Print): Harry Lovrak

Title: Business President

Date: December 18, 2008

Section G: Regional Entity Contact

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

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



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. This Mitigation Plan is submitted to ReliabilityFirst and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

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



mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by ReliabilityFirst and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. ReliabilityFirst or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.



DOCUMENT CONTROL

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

DOCUMENT APPROVAL

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

DOCUMENT CHANGE/REVISION HISTORY

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

RFC200800044
 MP#: MIT-08-1232



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: November 20, 2008

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements."
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization.

Company Name: AES Beaver Valley, LLC

Company Address: 394 Frankfort Road
 Monaca, PA 15061

NERC Compliance Registry ID: NCR-00663

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

Name: Russ Forsythe

Title: General Manager

Email: russ.forsythe@aes.com

Phone: (724) 773-2953



**Section C: Identification of Alleged or Confirmed Violation(s)
Associated with this Mitigation Plan**

C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC200800 044	FAC-009-1	R1	Medium	4/11/2008	Audit

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.

The potential violation identified in the Compliance Audit Report is as follows:

FAC-009-1 (R1) Review of the AES Beaver Valley Facility Rating Methodology for FAC-008 did not include the full scope of required equipment, so compliance to this requirement could not be supported.

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

C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment.

AES Beaver Valley provided written comments in response to the Compliance Audit dated July 21, 2008, questioning findings included therein. Those comments are attached, **Re. AES Beaver Valley, LLC, NERC ID 00663**,



Draft Compliance Audit Report, by Harry Lovrak, to Robert Berglund, dated July 21, 2008.

In addition, AES Beaver Valley has revised its FAC-009-1 Procedure in the manner contemplated in the standard.

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.

Action Plan: Reformat and Revise Procedures in relation to FAC-009-1 Standard to ensure compliance.

Actions Taken:

1. Reviewed RFC Audit Findings reproduced in Section C.2, above.
2. Reviewed FAC-009-1 Standard and its requirements.
3. Created work plan, envisioning the requirements contemplated in the standard addressing the RFC Audit Findings reproduced in Section C.2, above, as reflected in Section D - Table 1, below.
4. Developed Affected Equipment List, including generators, transmission conductors, transformers, protective relays, terminal equipment, and compensation devices, as per the Facility Methodology Contemplated in FAC-008-1.
5. Obtained affected equipment design rating information.
6. Reviewed Equipment rating information to determine most limiting piece of equipment, inclusive of reviewing normal and emergency ratings, equipment manufacturer ratings, design criteria, ambient conditions, operating limitations and other assumptions.
7. Draft procedure documenting Facility Rating Methodology for submittal and review by RFC.
8. To the extent necessary, revise draft procedure based on RFC review and resubmit to RFC for review.



Mitigation Plan Timeline and Milestones

- D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

With the development of the revised compliance procedure documentation for NERC Reliability Standard FAC-009-1, AES Beaver Valley's documentation will meet the compliance requirements set forth in the standard. The revised procedure fully mitigates the potential violation as to NERC Reliability Standard FAC-009-1. The revised procedure will be provided to RFC for review by December 29, 2008. Upon acceptance of the revised procedure by RFC, AES Beaver Valley will have completed this Mitigation Plan.

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

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
R1. Review Ratings Methodology Standard	Completed Nov 2008
R1. Develop Affected Equipment List	Completed Nov 2008
R1. Obtain Affected Equipment Design Info	Completed Nov 2008
R1. Analyze affected equipment for most limiting factor.	Completed Nov 2008
R1. Establish and Communicate Facility Ratings.	Completed Nov 2008
Complete FAC-009 Procedure Revisions	Completed Dec 2008
To the extent necessary, revise draft procedure based on RFC review and resubmit to RFC for review	Complete by December 29, 2008
Resubmit draft procedure for RFC review	Submit by December 29, 2008**
To the extent necessary, revise procedure based on RFC input.	Subject to RFC review schedule
Mitigation Plan Completion Date	Subject RFC review schedule

RELIABILITY *FIRST*

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

(**) Note: The date is the date by which AES Beaver Valley will provide its draft procedure to RFC for review. The actual completion date will be subject to RFC's review process.

Section D – Table 1

FAC-009-1	R1.	Since the full scope of required equipment was not addressed in FAC-008, R1, compliance to this requirement could not be supported. The scope of equipment did not include transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation.	<p>The <u>Establish and Communicate Facility Ratings for AES Beaver Valley Procedure</u> will be modified to reflect the revised <u>Facility Ratings Methodology for AES Beaver Valley</u>. The scope of equipment will include transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation.</p> <p>The above modifications will be addressed in the latest revision to the <u>Establish and Communicate Facility Ratings for AES Beaver Valley Procedure</u></p>
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Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.

Not applicable as there is currently NO RISK to Abate. The Standard violations were procedural ambiguities and have since been amended.

Prevention of Future BPS Reliability Risk

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

RELIABILITY **FIRST**

The successful completion of the Mitigation Plan will have established RFC-approved compliance procedures for NERC Reliability Standard FAC-009-1. The implementation of the revised procedure will avoid the risk of a similar violation in the future.

Going forward, AES Beaver Valley will continue to update and review procedures annually, capturing “Best Practice” procedures to ensure there is no risk.



Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

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

Authorized Individual Signature

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

Name (Print): Harry Lovrak

Title: Business President

Date: December 18, 2008

Section G: Regional Entity Contact

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

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



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. This Mitigation Plan is submitted to ReliabilityFirst and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

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mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by Reliability*First* and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Reliability*First* or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.



DOCUMENT CONTROL

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

DOCUMENT APPROVAL

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

DOCUMENT CHANGE/REVISION HISTORY

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

RFC200800045
MP#: MIT-08-1233



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: November 20, 2008

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements."
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization.

Company Name: AES Beaver Valley

Company Address: 394 Frankfort Road
Monaca, PA 15061

NERC Compliance Registry ID: NCR00663

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

Name: Russ Forsythe

Title: General Manager

Email: russ.forsythe@aes.com

Phone: (724)773-2953



**Section C: Identification of Alleged or Confirmed Violation(s)
Associated with this Mitigation Plan**

C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC200800045	PRC-005-1	R2	High	4/11/2008	Audit

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.

The potential violations identified in the Compliance Audit Report are as follows:

PRC-005-1(R2) AES Beaver Valley has a revised relay and testing program with new testing intervals, going from 7 to 9 years to 3 to 5 year intervals. This procedure will bring all maintenance and testing in accordance with these new intervals by the end of 2008. After review of their maintenance and testing schedule, "AES – BV Protective List, table #" and "Critical Relay Spreadsheet – March 2008", it was noted that a small percentage of their relay schemes was not on schedule with respect of the 7 to 9 year inspection interval.

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

C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment.

AES Beaver Valley provided written comments in response to the Compliance Audit dated July 21, 2008, questioning findings included therein. Those



comments are attached, **Re. AES Beaver Valley, LLC, NERC ID 00663, Draft Compliance Audit Report, by Harry Lovrak, to Robert Berglund, dated July 21, 2008.**

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.

Action Plan: In response to the initial Compliance Audit Report and based on discussions with RFC regarding the potential violations, AES Beaver Valley completed all required maintenance and testing of the critical relays, AC and DC circuits, batteries and communication systems during the 2008 schedule plant outage that occurred from September 28 through October 10, 2008.

Actions Taken:

1. Reviewed RFC Audit Findings reproduced in Section C.2, above.
2. Reviewed PRC-005-1 Standard and its requirements.
3. Created work plan, envisioning the requirements contemplated in the standard addressing the RFC Audit Findings reproduced in Section C.2, above.
4. Completed all required maintenance and testing of the critical relays, AC and DC circuits, batteries and communication systems during the 2008 schedule plant outage that occurred from September 28 through October 10, 2008.
5. Completed attached Table A, which shows all critical equipment was tested and all identified maintenance was performed.

Mitigation Plan Timeline and Milestones

- D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

As stated above, the required work was completed on October 10, 2008.

RELIABILITY **FIRST**

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

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
PRC-005-2 – Maintenance and Testing Program scheduled work	10/10/08 Completed

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



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.

Not applicable

Prevention of Future BPS Reliability Risk

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

The successful completion of the Mitigation Plan has established RFC-approved compliance procedures for PRC-005-1 (R2) and the plan was used in the completion of maintenance and testing of the required protection systems. The implementation of the scheduled work will avoid similar violations in the future.



Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

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

Authorized Individual Signature

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

Name (Print): Harry Lovrak

Title: Business President

Date: December 18, 2008

Section F: Regional Entity Contact

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

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



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. This Mitigation Plan is submitted to ReliabilityFirst and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

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

RELIABILITY *FIRST*

mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by Reliability*First* and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Reliability*First* or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.

RELIABILITY *FIRST*

DOCUMENT CONTROL

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

DOCUMENT APPROVAL

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

DOCUMENT CHANGE/REVISION HISTORY

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

Attachment E

Certification of Mitigation Plan Completion

(FAC-008-1, R1, dated March 25, 2009)

(FAC-009-1, R1, dated March 25, 2009)

(PRC-005-1, R2, dated March 25, 2009)



Certification of Mitigation Plan Completion

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

Registered Entity Name: Aes Beaver Valley, LLC

NERC Registry ID: NCR00663

Date of Submittal of Certification: March 25, 2009

NERC Violation ID No(s): RFC200800043

Reliability Standard and the Requirement(s) of which a violation was mitigated: FAC-008-1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: January 26, 2009

Date Mitigation Plan was actually completed: January 26, 2009

Additional Comments (or List of Documents Attached): Revised FAC-008-1 Procedure for AES Beaver Valley

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

Name: Russell C. Forsythe

Title: General Manager

Email: russ.forsythe@aes.com

Phone: 724-773-2953

Authorized Signature

A handwritten signature in blue ink that reads "R.C. Forsythe".

Date March 25, 2009



Certification of Mitigation Plan Completion

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

Registered Entity Name: Aes Beaver Valley, LLC

NERC Registry ID: NCR00663

Date of Submittal of Certification: March 25,2009

NERC Violation ID No(s): RFC200800044

Reliability Standard and the Requirement(s) of which a violation was mitigated: FAC-009-1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: January 26,2009

Date Mitigation Plan was actually completed: January 26,2009

Additional Comments (or List of Documents Attached): Revised FAC-009-1 Procedure for AES Beaver Valley

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

Name: Russell C. Forsythe

Title: General Manager

Email: russ.forsythe@aes.com

Phone: 724-773-2953

Authorized Signature

A handwritten signature in blue ink that reads "R C Forsythe".

Date March 25, 2009



Certification of Mitigation Plan Completion

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

Registered Entity Name: AES Beaver Valley, LLC

NERC Registry ID: NCR00663

Date of Submittal of Certification: March 25, 2009

NERC Violation ID No(s): RFC200800043

Reliability Standard and the Requirement(s) of which a violation was mitigated: PRC-005-1 (R2)

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: October 10, 2008

Date Mitigation Plan was actually completed: October 10, 2008

Additional Comments (or List of Documents Attached): Revised PRC-005-1 (R2) Procedure for AES Beaver Valley

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

Name: Russell C. Forsythe

Title: General Manager

Email: russ.forsythe@aes.com

Phone: 724-773-2953

Authorized Signature

A handwritten signature in blue ink that reads "R C Forsythe". The signature is written over a horizontal line.

Date March 25, 2009

Attachment c

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

AES Beaver Valley, LLC

Docket No. NP10-____-000

NOTICE OF FILING
November 13, 2009

Take notice that on November 13, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding AES Beaver Valley, LLC in the Reliability *First* Corporation region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary