



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

June 20, 2008

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

Re: Docket No. RC08-1-000 - Critical Energy Infrastructure Information and Privileged Information Have Been Removed

Dear Ms. Bose:

On February 21, 2008, the Federal Energy Regulatory Commission (FERC or Commission) issued an “Order Remanding Proceedings to Electric Reliability Organization” to the North American Electric Reliability Corporation (NERC)¹ involving Southeastern Power Administration (SEPA). In the February 21 Order, the Commission remanded the proceedings to NERC for NERC to either reconsider its decision or take the opportunity to provide a further explanation of the basis for its decision of the SEPA appeal.²

As discussed in the body of the decision included in Attachment A, the NERC Board of Trustees Compliance Committee (NERC BOTCC) affirms SERC Reliability Corporation’s (SERC) decision to remove the function of Resource Planner from the NERC Compliance Registry for SEPA. The NERC BOTCC also affirms SERC’s decision to retain SEPA’s registration as a Transmission Operator. However, the NERC BOTCC directs SERC to evaluate and determine whether the Corps also should be co-registered as a Transmission Operator. The NERC BOTCC has rendered this decision based on the information provided by SERC and the specific factual circumstances of the matters before it.

Information provided by SERC is included in Attachment B and consists of a letter and nine exhibits. Certain of the exhibits include information SEPA provided to SERC that it received from the United States Army Corps of Engineers (Corps) and the Corps has not provided authorization for the distribution of this information. One of the exhibits, Exhibit 4, contains Critical Energy Infrastructure Information and is designated as non-public information by SERC and/or SEPA in accordance with the Commission’s regulations at 18 C.F.R. Section 388.112. Specifically, Exhibit 4 contains non-public one-line diagrams, which provide engineering, security and detailed design information about certain of the critical energy infrastructure facilities owned by the Corps. The designation of the one-line diagrams as CEII is consistent with the Commission’s Guidelines for the Filing of CEII at 6. Four other exhibits, Exhibits 6-9, contain Privileged and Confidential Information and are designated as non-public information by

¹ *Southeastern Power Administration*, 122 FERC ¶ 61,140 (2008) (February 21 Order).

² See February 21 Order at PP 22-27.

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SERC and/or SEPA. Exhibit 6 is a non-public Corps Project Operation, Standing Operating Procedure, Hydropower Operations. The Corps has not authorized the public release of this document. Exhibits 7-9 contain non-public agreements between the Corps and/or SEPA with third parties that are not parties to this proceeding. The Corps has not authorized public release of these agreements.

NERC respectfully requests non-public treatment of all five exhibits included in the non-public volumes of the filing. The non-public information is redacted from the public version of this filing in accordance with the Commission's rules of practice and procedure at 18 C.F.R. Section 388.112.

NERC respectfully requests that the Commission find this submittal as compliant with its February 21 Order.

Sincerely,

/s/ Rebecca J. Michael

Rebecca J. Michael
*Attorney for the North American
Electric Reliability Corporation*

cc: Service List



Attachment A

**North American Electric Reliability Corporation
Board of Trustees Compliance Committee Decision**



**Board of Trustees Compliance Committee
Decision on Remand
(Issued June 20, 2008)**

On February 21, 2008, the Federal Energy Regulatory Commission (FERC or the Commission) issued an “Order Remanding Proceedings to Electric Reliability Organization”¹ involving Southeastern Power Administration (SEPA). By this decision, the North American Electric Reliability Corporation (NERC) Board of Trustees Compliance Committee (BOTCC) affirms SERC Reliability Corporation’s (SERC) decision to remove the designation of SEPA as a Resource Planner function from the NERC Compliance Registry. NERC BOTCC also finds that SERC has provided sufficient justification and support to retain SEPA as a Transmission Operator on the NERC Compliance Registry with respect to the SEPA-TOP Projects.² However, NERC BOTCC directs SERC to evaluate and determine whether co-registration of the United States Army Corps of Engineers South Atlantic District (Corps) as a Transmission Operator with respect to the SEPA-TOP Projects is warranted. .

Background

On April 10, 2007, NERC issued to SEPA a Notice of Listing in the NERC Compliance Registry that informed SEPA of its registration as a Balancing Authority, Purchasing-Selling Entity, Resource Planner, Transmission Operator and as a Transmission Service Provider. In the Notice of Listing, NERC informed SEPA of its right to challenge the registry determination and that SEPA could also contact the applicable Regional Entity (*i.e.*, SERC) to ensure that an error in the registry determination was not made. By e-mails dated April 18, April 19 and May 1, 2007, SEPA requested that SERC remove the Resource Planner, Transmission Operator, and Transmission Service Provider functions from SEPA’s registration. Among other things, SEPA argued that it did not have any control over transmission facilities owned by the Corps and that it could not be the Transmission Operator or Resource Planner.

By letter dated May 15, 2007, SERC found that it would remove the registration of SEPA as a Transmission Service Provider, but that SEPA would remain registered as a Resource Planner and Transmission Operator. In its decision, SERC explained that documented evidence showed that SEPA is properly designated as a Transmission Operator because it is the entity responsible for the reliability of certain transmission elements and directs the operations of these transmission facilities. SERC explained that SEPA’s registration as a Resource Planner was supported by its annual development of long-term plans for the resource adequacy of preference customer allocations and

¹ *Southeastern Power Administration*, 122 FERC ¶ 61,140 (2008) (February 21 Order).

² These include: (1) Alatoona; (2) Buford; (3) Carters; (4) West Point; (5) W.F. George; (6) Millers Ferry; (7) R.F. Henry; (8) Hartwell; (9) Russell; and (10) Thurmond (collectively the SEPA-TOP Projects).

submission of such information to SERC as capacity purchases and sales, which are then used by other Resource Planners in the ultimate customer demand and energy requirements of the Region.

On June 5, 2007, SEPA appealed SERC's determination to register it as a Transmission Operator and Resource Planner to NERC. On September 25, 2007, the NERC BOTCC found that SEPA was properly registered as a Transmission Operator and Resource Planner. On October 15, 2007, pursuant to the Commission's rules of practice and procedure, SEPA appealed NERC's decision to the Commission.

In the February 21 Order, the Commission remanded the determination to register SEPA for the functions of Resource Planner and Transmission Operator on the NERC Compliance Registry. The Commission found that the record was unclear regarding SEPA's relationship with the Corps and SEPA's function as a Resource Planner. The Commission directed NERC to consider on remand certain issues, including: (i) whether, in light of their agreements, SEPA or the Corps should be designated as the Transmission Operator;³ (ii) whether NERC should remand to SERC to work with the Corps and SEPA on a joint registration arrangement;⁴ (iii) whether it is anomalous to register SEPA as the Transmission Operator in relation to certain Bulk-Power System facilities, yet not register a corresponding Transmission Owner;⁵ and (iv) whether SEPA or the SEPA Customers should be registered as Resource Planners.⁶ The Commission directed NERC to consider these issues and to submit, within 60 days of the date of the February 21 Order, a revised registration determination that addresses the Commission's concerns.

With respect to SEPA's registration as a Resource Planner and Transmission Operator, the Commission stated that further development of the record was needed for it to rule on the appeal. The Commission remanded the proceeding to NERC for further consideration and directed NERC to submit, within 60 days of the date of the order, a revised registration determination that addressed the issues identified in the Commission's order. During the pendency of the appeal, the Commission affirmed that SEPA would remain on the NERC Compliance Registry and responsible for compliance with the associated mandatory Reliability Standards.

By correspondence dated February 25, 2008, NERC requested that SERC take four actions, in order to assist NERC in making a revised registration determination: (1) Identify the scope of transmission facilities covered by the registration criteria within the areas of responsibility of SEPA and the Corps and request SEPA and the Corps to identify who is the owner and who is the operator of each listed facility; (2) Request copies of the memorandums and other agreements between SEPA and the Corps referenced in the Commission's order; (3) Request each SEPA load customer to identify

³ See February 21 Order at PP 22-23.

⁴ See *id.* at P 24.

⁵ See *id.* at P 25.

⁶ See *id.* at PP 26-27.

the entity that performs the resource planning function for their load; and (4) Submit SERC's analysis, recommendations, and supporting materials regarding a revised registration determination for these matters.

On April 16, 2008, NERC requested an extension of time to comply with the Commission's Remand Order, which had established a due date of April 21, 2008, to issue a revised registry determination.⁷ NERC explained that the chief difficulties with complying with the April 21, 2008 date were due to obtaining the information from SEPA, the Corps, and the SEPA customers to further develop the record and completing the analyses necessary for a new registry determination. NERC requested that the Commission grant an extension of time until June 20, 2008, to issue the revised registry determination. On April 17, 2008, the Commission granted NERC's motion for an extension of time.⁸

On June 11, 2008, SERC provided the information requested by the NERC BOTCC and supplemented its findings and recommendations as follows:

- (1) SERC determined that SEPA should be removed from the Compliance Registry as a Resource Planner, because others are performing this function on behalf of the SEPA preference customers;
- (2) SERC committed to continue to work to identify entities that should be registered as Resource Planners;
- (3) SERC determined that SEPA should remain registered as a Transmission Operator for the SEPA-TOP Projects until such time as a JRO agreement can be developed and executed;
- (4) SERC committed to continue to attempt to reach agreement on a JRO arrangement between the Corps and SEPA; and
- (5) SERC determined that the Corps should be registered as a Transmission Owner for the transmission facilities identified in SERC Exhibit 2.

The NERC BOTCC considered the SERC supplemental information and recommendations on June 16-19, 2008.

⁷ See Motion for Extension of Time of the North American Electric Reliability Corporation, Docket No. RC08-1-000 (Apr. 16, 2008).

⁸ See Notice of Extension of Time, Docket No. RC08-1-000 (Apr. 17, 2008).

Responses to Request for Supplemental Information

A. SEPA's Registration As A Resource Planner

SERC states that it has determined it is appropriate to remove SEPA's registration as a Resource Planner, based upon information from SEPA's customers that the capacity and energy resources that SEPA provides to them is just one of the possible resources used by the Load-Serving Entities to serve their specific customer demand and energy requirements. According to SERC, each of the preference customers has a designated, fixed amount of capacity from the Corps' generating facilities, delivered by SEPA to the preference customer. This designated capacity from SEPA is not sufficient alone, but instead must be combined with other resources, to provide for resource adequacy of the Load-Serving Entities' customer demand and energy requirements.

SERC states that the removal of SEPA as the Resource Planner will not result in a reliability gap of immediate consequence and will not impose a significant risk to the reliability of the bulk power system. According to SERC, the SEPA preference customers already registered as LSEs⁹ will be registered as the appropriate Resource Planners unless they indicate a more appropriate entity to be designated, and such entity acknowledges that it performs this function. In addition, any preference customers that are not yet registered will be registered as Resource Planners if they satisfy the relevant criteria under the NERC *Statement Compliance Registry Criteria (Rev. 4.0)*. SERC states that it will continue to work to identify the appropriate entities to be registered as the Resource Planner.

B. SEPA's Registration As A Transmission Operator

In continuing support of its registration of SEPA as a Transmission Operator, SERC points to the February 6, 2007 data response that SEPA provided to SERC (and included in SERC's intervention and comments) in which SEPA listed the Corps as the Transmission Owner of 22 listed projects. In that data response, SEPA described itself as the Transmission Operator for 10 of the 22 projects: (1) Alatoona; (2) Buford; (3) Carters; (4) West Point; (5) W.F. George; (6) Millers Ferry; (7) R.F. Henry; (8) Hartwell; (9) Russell; and (10) Thurmond (collectively SEPA-TOP Projects).

In its supplemental information, SERC provides copies of four agreements it obtained and reviewed in response to the NERC BOTCC request for information following the Commission's remand. These included: (i) a Memorandum of Understanding between the Corps South Atlantic Division and SEPA (Corps-SEPA MOU) (SERC Exhibit 1); (ii) a Memorandum of Understanding among the Corps, the Tennessee Valley Authority (TVA) and SEPA (SERC Privileged Exhibit 7); (iii) a contract between the United States

⁹ SERC states that most of the SEPA preference customers are already registered as LSE, either individually or as members of generation and transmission cooperative organizations, joint action agencies, or similar organizations that have registered as accepted compliance responsibility on behalf of the individual preference customers. SERC Remand at 8 n.20.

Department of Energy acting by and through SEPA and South Carolina Public Service Authority (SERC Privileged Exhibit 8); and (iv) a contract executed by Department of Energy acting by and through SEPA and Duke Power Company (SERC Privileged Exhibit 9).

In addition, SERC states that it obtained and reviewed information from the Energy Information Administration in which SEPA is designated as the Transmission Operator for the 10 Corps facilities, noted above, in the South Atlantic Division within the SERC Region. The Corps' Standing Operating Procedure, Hydropower Operations, designated as SERC Privileged Exhibit 6 also was considered by SERC in its determination upon remand.

As a result, SERC states that it has reaffirmed its decision to retain SEPA's registration as a Transmission Operator.

In support of its determination, SERC states that it primarily relied upon its analysis of the SERC Exhibit 1 Corps-SEPA MOU and certain amendments thereto between SEPA and the Corps. SERC found that the Corps has assigned to SEPA the functions performed by a Transmission Operator as demonstrated by the establishment of the Federal Operations Center, which SEPA is responsible for operating.

SERC found that SEPA, from the Federal Operations Center, coordinates the generation and sale of the power and energy from the SEPA-TOP projects to meet the government contractual agreements with the SEPA customers. According to SEPA's Conduct of Operations policy - portions of which SERC has previously provided in its pleading at the Commission - "[t]he Federal Operations Center at [SEPA] performs the BA and TOP tasks for the Federal Power Program as well as declares, schedules, and accounts for energy and capacity generated at the 22 Federal hydroelectric projects in [SEPA's] 11-state Marketing Area."¹⁰

SERC also relies on the Privileged Exhibit 6 Standing Operating Procedure, which it finds includes supporting evidence that SEPA performs Transmission Operator functions. In particular, SERC cites to Appendices E and G regarding SEPA's ability to request voltage support. These appendices provide that, if SEPA requests voltage support, the Corps' project operators will lend immediate assistance within the project's capabilities. Thus, consistent with the functions of a Transmission Operator, SERC finds that SEPA is able "to operate or direct the operation of devices necessary to regulate transmission voltage and reactive flow,"¹¹ which is the responsibility of a Transmission Operator

Furthermore, SERC finds that SEPA, and not the Corps, communicates and coordinates with other Transmission Operators that connect to the SEPA-TOP Projects (Duke Energy

¹⁰ See SERC supplemental information at 9. See also Attachment C.

¹¹ See Reliability Standard VAR-001-1 R7

(http://www.nerc.com/~filez/standards/Reliability_Standards_Regulatory_Approved.html).

Carolinas, South Carolina Public Service Authority, Georgia Power Company/Southern Company Services and South Carolina Electric and Gas).

C. Creation of a Joint Registration Organization between SEPA and the Corps

SERC notes that SEPA continues to assert that it does not or cannot perform all of the responsibilities applicable to the Transmission Operator or that the Corps, as Generator Operator, is responsible for certain requirements also applicable to Transmission Operator. According to SERC, consistent with the Commission's recommendation,¹² SEPA initiated informal discussions and efforts with the Corps (at lower technical levels) towards creating a JRO arrangement between SEPA and the Corps in order to seek to identify the specific responsible party for each of the requirements of the Reliability Standards applicable to the Transmission Operator function. While SERC notes that these efforts have thus far been unsuccessful, SERC commits to continue to pursue a SEPA-Corps JRO agreement to identify appropriate assignment of responsibility and to ensure that no reliability gaps will exist through implementation of the JRO agreement. In the interim, SERC states that it believes that SEPA must continue to be registered as the Transmission Operator in order to prevent gaps in the coverage of the Reliability Standards.

With respect to the remainder of the Corps' projects listed in SERC Exhibit 2, SERC states that other entities are registered as Transmission Operators and are properly assigned the compliance responsibility for transmission operations at those projects in the SERC Region.

Analysis

Resource Planner

In the Commission's Remand Order, the Commission stated that a further development of the record regarding SEPA's function as a Resource Planner was needed to rule on the issue.¹³ A Resource Planner is the entity that develops a long-term plan for the resource adequacy of specific loads within a planning authority area.

SERC requested that SEPA and the SEPA preference customers identify the entities that serve as the respective Resource Planner. Exhibit 5 to the SERC supplemental information is a chart SEPA provided to SERC based on the SEPA customer responses to SERC's request that the SEPA customers identify their respective Resource Planner. None of the SEPA customers that responded identified SEPA as the Resource Planner.

¹² See Remand Order at P 24.

¹³ Remand Order at P 20.

In the initial NERC BOTCC decision, NERC BOTCC found that SEPA directs generating plants regarding their schedules and provides data relevant to the Resource Planner function. Based on information provided by the SEPA customers, the capacity and energy resources provided by SEPA to them are short term purchases of power on an as-needed basis and are only one such resource used by LSEs to determine the customers' specific demand and energy requirements.

In its Remand Order, the Commission notes that the SEPA customers state that the responsibility to plan for specific loads and to determine the adequacy of resources for those loads rests with the SEPA customers and not with SEPA. The Commission directed NERC to address the SEPA customers' claims, including whether the customers are the appropriate entities to be registered as Resource Planners.¹⁴ In light of the SEPA customers' claims and information collected by SERC, NERC BOTCC agrees with SERC and the Commission that the SEPA customers or third parties on their behalf are the appropriate entities to serve as the Resource Planners.

In its supplemental information, SERC states that many of the SEPA customers are registered as LSEs, either individually or through joint registration organization arrangements, and, as LSEs such entities are in the best position to perform the Resource Planner function, unless another entity has assumed such obligation on their behalf. As to the others, SERC states it will evaluate whether any other preference customers that are not yet registered meet the *Registry Criteria*. NERC BOTCC notes that SERC has not compiled responses from all of the SEPA customers. However, NERC BOTCC is satisfied with SERC's determination that SEPA is not the appropriate entity to serve as the Resource Planner with respect to the SEPA preference customers. As to the registration of any SEPA preference customers or other entities as Resource Planners, NERC BOTCC will review any appeals that may arise on a case-by-case basis in accordance with the NERC *Rules of Procedure*. SERC should keep the NERC BOTCC apprised of developments as to SERC's collection of the remaining responses and the status of registration efforts of the SEPA customers and third parties on their behalf.

Transmission Operator

In its Remand Order, the Commission noted that “[w]hile it appears that SEPA, consistent with the transmission operator function, coordinates outages and schedules maintenance, the record is unclear regarding SEPA’s relationship with the Corps on these matters.”¹⁵ The Commission further noted that “[b]ased on the record in the proceeding, it appears that pursuant to one or more Memorandum of Understanding, SEPA has agreed to perform certain activities that extend beyond its role as a power marketer. Specifically, SEPA coordinates outages with interconnected utilities as requested by the Corps, grants permission to the Corps to conduct outages, and requests that the Corps reschedule outages.”¹⁶ In response to SEPA’s claims that while it performs the tasks

¹⁴ Remand Order at PP 26-27.

¹⁵ Remand Order at P 20.

¹⁶ Remand Order at P 21.

such Memoranda of Understanding do not transfer responsibility to SEPA, the Commission noted that the Memoranda of Understanding are not part of the record in the proceeding.¹⁷ The Commission noted that it is necessary to review the Memoranda of Understanding to determine if the Corps should be registered as the Transmission Operator, if SEPA should be registered as the Transmission Operator or if both should be registered as the Transmission Operator.¹⁸

Based on the SERC supplemental information and exhibits, including the Memorandum of Understanding in Exhibit 1, the NERC BOTCC finds that it is appropriate for SEPA to remain registered as a Transmission Operator. As discussed below, SERC is in the process of registering the Corps as a Transmission Owner. NERC BOTCC directs SERC to evaluate and determine whether it also is appropriate to register the Corps as a Transmission Operator. Such evaluation and determination should include, among other things, review of the Corps-SEPA MOU provisions noted below.

As an initial matter, NERC BOTCC notes Amendment 1, Section 2(a) which states that “the power generating facilities of the GA-AL-SC System should be marketed and operated in accordance with the North American Electric Reliability Council (NERC) Operating Policies. These policies will be used to establish the overall guiding principles for the operation of the Federal Operations Center and the Federal Control Area. The operation of the Federal Control Area is multifaceted with specific responsibilities assigned to both Agencies. . . . It is understood that establishing these guiding principles will involve developing procedures based on good utility practices, electrical utility industry criteria and standards, and other appropriate guidance.”¹⁹

Amendment 1 vests responsibility in SEPA regarding purchasing, installation and maintenance of the operations center equipment, software and the project-operation center communications system. It is through the Federal Operations Center that the coordination of generation and sales occurs to meet contractual arrangements. The Corps is vested with responsibility regarding equipment for the switchyard and maintenance with respect to certain equipment at the Corps plants and switchyard. Section 7 of Amendment 1 requires the Corps and SEPA to make available information to each other in order to meet their responsibilities to operate the generating facilities and switchyards in accordance with NERC policies and electrical power industry practices.

Other provisions NERC considered are discussed in the Memorandum of Understanding Exhibit 1. Section 1.b. states that responsibility for the planning, design, construction, operation and maintenance of the projects is vested in the Corps. Section 1.c. states the responsibility for transmission and disposition of the power and energy generated beyond that required in the operation of these projects is vested in the Administrator (SEPA), pursuant to the Flood Control Act of 1944. Section 3.c. states the Corps shall operate the project so as to schedule and to make available electric power and energy as requested by

¹⁷ Remand Order at P 22.

¹⁸ Remand Order at P 23.

¹⁹ See Exhibit 1 at Amendment 1 at 2.

the Administrator (SEPA), provided that, in the opinion of the Corps, compliance with such request in the operation of the projects would not require the safe limits of the generating, transforming and switching facilities, and appurtenant equipment of said projects to be exceeded, or otherwise cause damage to the same. Section 3.d. states the outage contemplated by subsection c. of this section, shall be scheduled in advance, so far as is practicable, to the end that there will be a minimum of interference with the availability of electric power and energy to the Administrator (SEPA). And lastly, Section 4.a.3. states the Corps and the Administrator (SEPA) will discuss plans for adding or changing power projects, transmission facilities, and control and communication facilities in the preliminary planning phases to ensure optimum coordination.

Given that SEPA has Transmission Operator responsibilities and the obligation of both to coordinate such activities, it is appropriate that SEPA remain registered. NERC BOTCC directs SERC to evaluate and determine whether co-registration of the Corps is warranted as well.

Transmission Owner

In its Remand Order, the Commission found that the record did not clearly indicate the transmission facilities that SEPA is operating, although the Commission correctly noted that such a determination is not required as part of the registration process.²⁰ Exhibits 2 and 3 to the SERC supplemental information list 22 Corps projects in the SERC Region. Of these, SEPA is designated as the Transmission Operator for 10 projects.

These are the same 10 projects that SEPA itself has acknowledged in pleadings before the Commission that it performs Transmission Operator functions on behalf of the Corps. According to SEPA's Conduct of Operations policy - portions of which SERC has previously provided in its pleading at the Commission - "[t]he Federal Operations Center at [SEPA] performs the BA and TOP tasks for the Federal Power Program as well as declares, schedules, and accounts for energy and capacity generated at the 22 Federal hydroelectric projects in [SEPA's] 11-state Marketing Area."²¹ As to the 10 projects, NERC BOTCC affirms SERC's determination that SEPA is properly registered as a Transmission Operator.

The Commission also questioned why the Corps is not registered as a Transmission Owner in the SERC Region. In its supplemental information submittal, SERC states that it is proceeding to register the Corps as a Transmission Owner. While the Corps' registration is separate and apart from the SEPA registration appeal, this update is provided for informational purposes in response to the Commission's order.

²⁰ Remand Order at P 25.

²¹ See SERC supplemental information at 9. See also Attachment C.

Decision

In accordance with the Commission's Order, the NERC BOTCC issues a revised decision.

First, NERC BOTCC affirms SERC's decision to remove SEPA's Resource Planner designation from the NERC Compliance Registry.

Second, with respect to the designation of SEPA as a Transmission Operator in the SERC Region, the NERC BOTCC reaffirms SERC's determination to retain SEPA as a Transmission Operator. The NERC BOTCC decision is based upon its review and consideration of the exhibits appended to SERC's supplemental information. NERC BOTCC also finds particularly compelling statements of SEPA itself acknowledging that it performs Transmission Operator functions with respect to 10 Corps facilities. However, NERC BOTCC directs SERC to evaluate and determine whether co-registration of the Corps as Transmission Operator also is appropriate and necessary. Co-registration, in the absence of a JRO between the parties, if warranted, would ensure that no gap in reliability coverage exists.

For these reasons, the NERC Board of Trustees Compliance Committee directs NERC to remove the Resource Planner function from the Compliance Registry for SEPA, without prejudice to including it at a future time if system conditions warrant or if the facts underlying this decision change.

By the Board of Trustees Compliance Committee



Attachment B

SERC Reliability Corporation Supplemental Information

Critical Energy Infrastructure Information and Privileged and Confidential Information

Have Been Removed From This Public Version





SERC Reliability Corporation
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June 11, 2008

VIA EMAIL

David W. Hilt
Vice President and Director of Compliance
North American Electric Reliability Corporation
Princeton Forrestal Village
116-390 Village Boulevard
Princeton, NJ 08540-5721

Re: Order Remanding Decision to Electric Reliability Organization, Docket No. RC08-1-000

Dear Mr. Hilt:

Enclosed please find SERC Reliability Corporation's ("SERC") response to NERC's letter dated February 21, 2008, in which NERC requested that SERC undertake certain actions to assist in making a revised registry determination for the Southeastern Power Administration ("SEPA").

Included with this response are several documents which should be treated as confidential information. SEPA has provided to SERC certain information that it has received from the U.S. Army Corps of Engineers ("Corps") and the Corps has provided no authorization for distribution of that information. Moreover, this information concerns facilities owned by the Corps which depicts specific engineering, vulnerability, or detailed design information about critical energy infrastructure. This information is not publicly available. In anticipation of the filing of these documents at the Federal Energy Regulatory Commission ("FERC" or "Commission") with a revised registry determination, SERC has marked these documents as "Privileged" or "Critical Energy Infrastructure Information," as appropriate, pursuant to Parts 388.112(b)(ii) and 388.112(b)(iii) of the Commission's Rules and Regulations. *See* 18 C.F.R §§ 388.112(b)(iii); 388.112(b)(ii) (2007).

I. BACKGROUND

On April 10, 2007, NERC issued a Notice of Listing to SEPA, informing SEPA that NERC intended to list SEPA in the NERC Compliance Registry as a Balancing Authority, Purchasing-Selling Entity, Resource Planner, Transmission Operator, and Transmission Service Provider. On April 18, 2007, SEPA contacted SERC to request that it be removed from the Compliance Registry for the functions of Resource Planner, Transmission Service Provider, and Transmission Operator. SEPA argued, among other things, that the Corps was responsible for the Resource Planner and Transmission Operator functions. SERC accepted the removal of SEPA from the Compliance Registry as a Transmission Service Provider, but denied the request for removal as a Resource Planner and Transmission Operator.

Charles White
SERC Chairman
South Carolina Electric & Gas

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

Terry Blackwell
SERC Secretary-Treasurer
South Carolina Public Service Authority

On June 5, 2007, SEPA appealed SERC's determination to NERC. On September 25, 2007, NERC issued a Decision of Appeal of Compliance Registry Determination finding that SEPA was properly included on the Compliance Registry for the Transmission Operator and Resource Planner functions and denying the appeal. On October 15, 2007, SEPA appealed NERC's Decision to the Commission.

On February 21, 2008, the Commission issued an Order on the SEPA determination.¹ In light of the information provided by NERC and SERC, the Commission correctly noted in the Remand Order that there is evidence that SEPA performs more functions than simply as a purchasing entity, and that it performs some functions of a Transmission Operator with respect to these transmission facilities. In particular, the Commission noted that SEPA, consistent with the Transmission Operator function, coordinates outages and schedules maintenance, but the Commission found the record to be unclear regarding SEPA's relationship with the Corps on those matters. The Commission's primary concerns with the support provided by SERC and NERC was: (1) that there was no analysis of the terms of the agreements to determine whether the parties intended to obligate SEPA to perform the functions; and (2) that it may be anomalous to register an entity as the Transmission Operator in relation to certain facilities, yet not register a corresponding transmission owner.

With respect to SEPA's registration as a Resource Planner, the Commission stated that it believed a further development of the record regarding SEPA's function as a Resource Planner was needed for it to rule on the appeal. The Commission also found that the NERC determination does not clearly indicate why SEPA meets the definition of Resource Planner based on the facts that SEPA directs generating plants regarding their schedules and provides data relevant to the resource planner function. Furthermore, FERC directed NERC to address SEPA Customers' claims, including whether the customers are the appropriate entities to be registered as resource planners.

The Commission remanded the determination to NERC for further consideration and to submit, within 60 days of the date of the order, a revised registration determination that addresses the Commission's concerns. Because it remanded the matter to NERC, the Commission stated that SEPA would remain on the NERC Compliance Registry and would be responsible for compliance with the associated mandatory Reliability Standards.

By correspondence dated February 25, 2008, NERC requested that SERC take four actions in order to assist NERC in making a revised registration determination: (1) Identify the scope of transmission facilities covered by the registration criteria within the areas of responsibility of SEPA and the Corps and request SEPA and the Corps to identify who is the owner and who is the operator of each listed facility; (2) Request copies of the memorandums and other agreements between SEPA and the Corps referenced in the Commission's order; (3) Request each SEPA load customer to identify the entity that performs the resource planning function for their load; and (4) Submit SERC's analysis, recommendations, and supporting materials regarding a revised registration determination for these matters.

¹ *Southeastern Power Administration*, 122 FERC ¶ 61,140 (2008) ("Remand Order").

On April 16, 2008, NERC filed with the Commission a motion for an extension of time to comply with the Commission's Remand Order, which had established a due date of April 21, 2008 to issue a revised registry determination.² NERC explained that the chief difficulties with complying with the April 21, 2008 date were due to obtaining the information from SEPA, the Corps, and the SEPA customers to further develop the record and completing the analyses necessary for a new registry determination. NERC requested that the Commission grant an extension of time until June 20, 2008 to issue the revised registry determination. On April 17, 2008, the Commission granted NERC's motion for an extension of time.³

II. DOCUMENTS INCLUDED WITH THIS RESPONSE

SERC includes with this response the following documents:

1. The June 20, 1991 Memorandum of Understanding Between the U.S. Army Corps of Engineers South Atlantic Division and the Southeastern Power Administration (Exhibit 1);
2. A list of facilities owned by the U.S. Army Corps of Engineers (Exhibit 2);
3. A table (marked as Table 1) showing the functional responsibilities with respect to U.S. Army Corps of Engineers projects within the SERC Region (Exhibit 3);
4. One-line diagrams depicting U.S. Army Corps of Engineers transmission facilities, designated as "CEII" (Exhibit 4)⁴;
5. Responses of SEPA Customers to SERC's Information Request (Exhibit 5);
6. Corps of Engineers Project Operation, Standard Operating Procedure, Hydropower Operations, designated as "Privileged" (Exhibit 6);
7. Memorandum of Understanding (Operating Agreement) Between Corps of Engineers, U.S. Army, Tennessee Valley Authority, and Southeastern Power Administration, Department of Energy, With Respect to Operations of the Cumberland System Projects, designated as "Privileged" (Exhibit 7);
8. Contract executed by the United States Department of Energy acting by and through the Southeastern Power Administration and South Carolina Public Service Authority, designated as "Privileged" (Exhibit 8); and

² See Motion for Extension of Time of the North American Electric Reliability Corporation, Docket No. RC08-1-000 (Apr. 16, 2008).

³ See *Notice of Extension of Time*, Docket No. RC08-1-000 (Apr. 17, 2008).

⁴ Exhibit 4 does not include one-lines for all of the Corps' facilities in the SERC Region. However, the one-lines for facilities for which SEPA has some Transmission Operator responsibilities are included (indicated by yellow shading).

9. Contract executed by the United States Department of Energy acting by and through the Southeastern Power Administration and Duke Power Company, designated as “Privileged” (Exhibit 9).

III. DISCUSSION OF INFORMATION GATHERED BY SERC

Since NERC has issued its letter requesting assistance in responding to the Commission’s Remand Order, SERC has worked diligently to gather the necessary information. Unfortunately, despite its best efforts, SERC has not received responses to all of its information requests. Nevertheless, as discussed below, SERC has at this point compiled sufficient documentation that is responsive to the requests and that it believes will assist NERC in complying with the Remand Order.

(1) Identify the scope of transmission facilities covered by the registration criteria within the areas of responsibility of SEPA and the Corps and request SEPA and the Corps to identify who is the owner and who is the operator of each listed facility.

Based on information received from SEPA⁵ and information compiled by SERC from the Energy Information Administration (EIA) of the Department of Energy Form EIA-860 Annual Electric Generator Report Database, SERC has developed a listing of Corps facilities in the SERC Region, attached hereto as Exhibit 2 (“Corps Projects in SERC Region”). Each of the Corps hydropower facilities has associated transmission switchyard facilities that are integral to the bulk power system. The Corps transmission switchyards have multiple circuit breakers and disconnects that, in most cases, allow for power flows across and through the switchyards and in several instances, provide interties with multiple transmission systems. Of the Corps facilities listed, SEPA has Transmission Operator arrangements and responsibilities only for those located in the Corps’ South Atlantic Division (Mobile District and Savannah District).

In its Comments submitted in the FERC appeal proceeding, SERC included a February 6, 2007 data response that SEPA originally provided to SERC. In this data response (attached hereto as Exhibit 3), SEPA has provided a table listing a number of plants in the SERC Region owned by the Corps and SEPA’s understanding of the associated functional responsibilities. *See* “Functional Responsibility By Project.” SEPA lists the Corps as the Transmission Owner for all 22 of the listed projects. SEPA describes itself as the Transmission Operator for the following 10 projects: 1) Alatoona; 2) Buford; 3) Carters; 4) West Point; 5) W.F. George; 6) Millers Ferry; 7) R.F. Henry; 8) Hartwell; 9) Russell; and 10) Thurmond (collectively, the “SEPA-TOP Projects”).

The SEPA-TOP Projects represent the scope of transmission facilities covered by SEPA’s current registration as Transmission Operator. SERC will address the Transmission Owner registration for

⁵ As discussed above, SEPA provided to SERC information that it had received from the Corps. That information has been marked as privileged and non-public and will be provided to NERC under separate cover since no authorization has been received from the Corps for distribution of that information.

SEPA-TOP Projects, and for the other Corps facilities in the SERC Region, separately⁶. Likewise, SERC will address separately the Transmission Operator registration for the Corps projects other than the SEPA-TOP Projects, as described below.⁷

(2) Request copies of the memorandums and other agreements between SEPA and the Corps referenced in the Commission's order;

In the Remand Order, the Commission referred to “one or more Memoranda of Understanding” in stating that “it appears [...] SEPA has agreed to perform certain activities that extend beyond its role as a power marketer.”⁸ With respect to these “Memoranda of Understanding,” the Commission continued, “[s]pecifically, SEPA coordinates outages with interconnected utilities as requested by the Corps, grants permission to the Corps to conduct outages, and requests that the Corps reschedule outages.”⁹ The Commission required NERC to provide further analysis of these agreements between the Corp and SEPA.

In response to NERC's request, SERC has requested that SEPA provide copies of the memorandums and other agreements between SEPA and the Corps referenced in the Commission's order, describing their respective arrangements and responsibilities. To date, SERC has obtained four agreements between or among SEPA and the Corps that describe functions that SEPA performs: (i) a Memorandum of Understanding between the Corps and SEPA (“Corps-SEPA MOU”);¹⁰ (ii) a Memorandum of Understanding among the Corps, the Tennessee Valley Authority (“TVA”), and SEPA;¹¹ (iii) a contract between the United States Department of Energy (“DOE”) acting by and through SEPA and the South Carolina Public Service Authority (“SCPSC”);¹² and (iv) a contract executed by DOE acting by and through SEPA and Duke Power Company (“Duke”).¹³ In addition, SERC has

⁶ As discussed in Section IV below, SERC will initiate action to register the relevant Corps Districts as Transmission Owners for the switchyards associated with the hydropower facilities listed in Exhibit 2.

⁷ Exhibit 2 (“Corps Projects in SERC Region”) indicates the Transmission Operator for each Corps project in the SERC Region. One of SEPA's objections to its registration as Transmission Operator for the SEPA-TOP Projects is that it does not own the facilities and thus does not or cannot perform all of the Transmission Operator compliance responsibilities associated with the SEPA-TOP Projects.

⁸ See Remand Order at P 21.

⁹ See *id.*

¹⁰ See Memorandum of Understanding Between the U.S. Army Corps of Engineers South Atlantic Division and the Southeastern Power Administration, included hereto as Exhibit 1.

¹¹ See Memorandum of Understanding (Operating Agreement) Between Corps of Engineers, U.S. Army, Tennessee Valley Authority, and Southeastern Power Administration, Department of Energy, With Respect to Operations of the Cumberland System Projects, included hereto as Exhibit 7.

¹² See Contract executed by the United States Department of Energy acting by and through the Southeastern Power Administration and South Carolina Public Service Authority, included hereto as Exhibit 8.

¹³ See Contract executed by the United States Department of Energy acting by and through the Southeastern Power Administration and Duke Power Company, included hereto as Exhibit 9.

received from SEPA a copy of the Corps of Engineers Project Operation, Standard Operating Procedure, Hydropower Operations (“Standard Operating Procedure”).¹⁴ The Standard Operating Procedure is a procedure associated with the Corps-SEPA MOU.

Of the four agreements, the Corps-SEPA MOU included with this response is the most relevant agreement to the revised registry determination. This agreement provides further evidence that SEPA provides Transmission Operator functions and that the Corps has assigned these functions to SEPA. The Standard Operating Procedure, as a procedure that implements the Corps-SEPA MOU, is also relevant. The other three agreements are arrangements between SEPA and neighboring transmission providers that provide for the delivery of power and energy from Corps projects to the SEPA Customers.

(i) The Memorandum of Understanding between the Corps and SEPA

The Corps-SEPA MOU was executed on June 20, 1991, as amended on February 3, 1997 and April 18, 2001. The Corps-SEPA MOU describes the agreement between the Corps and SEPA with respect to the disposal of electric power and energy generated at the SEPA-TOP Projects, with the Corps making available to SEPA electric power and energy in excess of amounts reserved by the Corps. In general, the Corps-SEPA MOU describes the rights and responsibilities of each party, such as specifications regarding the power and energy to be provided to SEPA, limitations on the Corps’ obligation to provide the power, obligations to exchange information and data, and provisions governing the coordination of the parties.

Amendment No. 1 to the MOU is the most significant section of the Corps-SEPA MOU for SERC’s analysis. Amendment No. 1 provides for the establishment of the Federal Operations Center located at SEPA headquarters in Elberton, Georgia, and for the creation of a Federal Control Area, which integrates the SEPA-TOP Projects into one control area¹⁵. The amendment provides that SEPA has the responsibility for the planning, design, construction, and operation of the Operations Center, while the Corps is responsible for the operation of the generation within the Federal Control Area. According to the amendment, the Federal Operations Center is established to coordinate the generation and sale of the power and energy from the SEPA-TOP projects to meet the government contractual agreements with the Federal Power Customers.

Of some relevance to understanding the responsibilities that the Corps has assigned to SEPA is Amendment No. 2 to the Corps-SEPA MOU, which establishes a policy for the inclusion of the Corps transmission facilities (*i.e.*, the Corps switchyards) into a Regional Transmission Organization (“RTO”).

¹⁴ See Corps of Engineers Project Operation, Standard Operating Procedure, Hydropower Operations, included hereto as Exhibit 6.

¹⁵ While the Amendments to the Corps-SEPA MOU indicate that all ten of the SEPA-TOP Projects will be combined into a single control area, only three projects were, and remain, combined into a single control area. Those projects are Hartwell, Russell and Thurmond. The switchyards at these projects provide interties to Southern Company (Georgia Power), Duke Energy Carolinas, South Carolina Public Service Administration, and South Carolina Electric and Gas. Furthermore, the coordination of transmission outages and maintenance for all of the ten SEPA-TOP Projects is the responsibility of SEPA, pursuant to the Corps-SEPA MOU.

To date, neither SEPA nor the Corps has included the Corps transmission facilities into an RTO. However, Amendment 2 is notable because it acknowledges SEPA's responsibility for coordinating operations of the switchyards. Specifically, the Amendment 2 states, in part, that "[t]he Corps acknowledges that [SEPA] has the responsibility [...] to coordinate through the Federal Operations Center the generation and sale of the power and energy from [the Corps-TOP Projects] and the operation of the associated switchyards to meet the government contractual agreements with the RTO."¹⁶

(ii) The Standard Operating Procedure

The Corps-SEPA MOU provides that "NERC operating requirements and other electrical power industry operating practices will have to be incorporated into Standard Operating Procedures [that] will be jointly developed and made a part of [the Corps-SEPA MOU]."¹⁷ The Standard Operating Procedure is one of these procedures. The purpose of the Standard Operating Procedure is to establish procedures to be followed in scheduling maintenance outages at the Corps' hydropower projects and procedures to be followed for non-scheduled maintenance outages. Of significance in the Standard Operating Procedure are Appendices E and G, which provide that the SEPA Operating Center may request voltage support.

(iii) The Memorandum of Understanding among the Corps, TVA and SEPA

The Memorandum of Understanding among the Corps, TVA and SEPA (the "TVA MOU") was executed on July 1, 1984. The TVA MOU provides a framework for operations of the plants constituting the Cumberland Basin to accomplish "applicable statutory objectives."¹⁸

(iv) The Contract between DOE acting by and through SEPA and SCPSC

The Contract between DOE acting by and through SEPA¹⁹ and SCPSC ("SCPSC Contract"), executed on September 13, 1985, provides for the delivery of capacity and energy from the Corps' Clarks Hill and Russell Projects to customers connected to the SCPSC transmission system. The contract also provides for SCPSC to purchase energy and capacity from the projects for its own use.

(v) The Contract between DOE acting by and through SEPA and Duke

The Contract between DOE acting by and through SEPA and Duke ("Duke Contract"), executed on April 1, 1997, provides for a transmission arrangement with Duke whereby the J. Strom Thurmond,

¹⁶ See Corps-SEPA MOU, Amendment No. 2, § 1.b.

¹⁷ See Corps-SEPA MOU, Amendment No. 1, § 6.d.

¹⁸ The plants constituting the Cumberland Basin include the following Corps projects in Tennessee and Kentucky: Barkley, Cheatham, Old Hickory, Cordell Hull, and Wolf Creek Projects on the Cumberland River; J. Percy Priest Project on the Stones River; Center Hill Project on the Caney Fork River; and Dale Hollow Project on the Obey River.

¹⁹ SEPA has executed both the SCPSC and Duke Contracts pursuant to authority delegated by the Department of Energy.

Richard B. Russell, and Hartwell Projects will be designated network resources used to serve SEPA's preference customers.

(3) Request each SEPA load customer to identify the entity that performs the resource planning function for their load;

In response to NERC's request, SERC contacted the SEPA Customers requesting, among other things, that they identify the entity that performs the resource planning function for their load. The SEPA Customers responded to SERC's request via SEPA. SERC has received responses from many, but not all, of the SEPA Customers and a summary of the results is included in a table provided by SEPA, attached hereto as Exhibit 5. Among the SEPA Customers that identified a Resource Planner for their load, none identified SEPA as their Resource Planner.

IV. DISCUSSION OF REGISTRATION DETERMINATION

A. SEPA's Registration As A Resource Planner

At this point in time, SERC believes that SEPA may not be the appropriate entity to be registered as a Resource Planner for the SEPA Customers in the long run. The results of the responses of the SEPA Customers to SERC's request support this conclusion. Furthermore, the capacity and energy resources that SEPA provides to the SEPA Customers, represented by the generating facilities owned by the Corps, are just one of the possible resources used by the Load-Serving Entities to serve their specific customer demand and energy requirements. Each of the preference customers has a designated, fixed amount of capacity from the Corps' generating facilities, delivered by SEPA to the preference customer's transmission service provider for distribution to the preference customers. This designated capacity from SEPA is not sufficient alone, but instead must be combined with other resources, to provide for resource adequacy of the Load-Serving Entities' customer demand and energy requirements.

Removing SEPA from the Compliance Registry as a Resource Planner will not result in a reliability gap of immediate consequence and will not impose a significant risk to the reliability of the bulk power system. In place of SEPA, SERC will continue to work to identify the appropriate entities to be registered as the Resource Planner. As an initial step, the SEPA preference customers already registered as LSEs²⁰ will be registered as the appropriate Resource Planners unless they indicate a more appropriate entity to be designated, and such entity acknowledges that it performs this function. In addition, any preference customers that are not yet registered will be registered as Resource Planners if they satisfy the relevant criteria under the Statement Registry of Compliance Criteria.

B. SEPA's Registration As A Transmission Operator

SERC continues to believe that SEPA should be registered as a Transmission Operator for the SEPA-TOP Projects. The background information SERC provided in its pleading in the remand

²⁰ Most of the SEPA preference customers are already registered as LSE, either individually or as members of generation and transmission cooperative organizations, joint action agencies, or similar organizations that have registered as accepted compliance responsibility on behalf of the individual preference customers.

proceeding clearly indicated that SEPA provides Transmission Operator functions,²¹ and the new information SERC has received further affirms this conclusion. In particular, the Corps-SEPA MOU and the related Standard Operating Procedure demonstrate that SEPA performs the functions of a Transmission Operator with respect to the transmission facilities of the SEPA-TOP Projects. Moreover, and particularly relevant to the Commission's concern regarding analysis of specific contractual language that binds SEPA,²² the Corps-SEPA MOU shows that the Corps intended to assign these Transmission Operator functions to SEPA.

The fact that the Corps has assigned to SEPA the functions performed by a Transmission Operator is demonstrated by the Corps-SEPA MOU's establishment of the Federal Operations Center, which SEPA is responsible for operating. From the Federal Operations Center, SEPA coordinates the generation and sale of the power and energy from the SEPA-TOP projects to meet the government contractual agreements with the SEPA Customers. According to SEPA's Conduct of Operations policy - portions of which SERC has previously provided in its pleading at the Commission - "[t]he Federal Operations Center at [SEPA] performs the BA and TOP tasks for the Federal Power Program as well as declares, schedules, and accounts for energy and capacity generated at the 22 Federal hydroelectric projects in [SEPA's] 11-state Marketing Area."²³

The Standard Operating Procedure also supplies corroborating evidence that SEPA performs Transmission Operator functions. In particular, Appendices E and G contemplate that SEPA will request voltage support. These appendices provide that if SEPA requests voltage support, the Corps' project operators will lend immediate assistance within the project's capabilities. Thus, consistent with the functions of a Transmission Operator, SEPA is able "to operate or direct the operation of devices necessary to regulate transmission voltage and reactive flow."²⁴

Furthermore, SEPA, and not the Corps, communicates and coordinates with other Transmission Operators that connect to the SEPA-TOP Projects (Duke Energy Carolinas, South Carolina Public Service Authority, Georgia Power Company/Southern Company Services, South Carolina Electric and Gas).

As noted, Amendment No. 1 to the Corp-SEPA MOU states that "[t]he ten plants [*i.e.*, the SEPA-TOP Projects] comprising the GA-AL-SC System will be integrated into one control area." Prior to the establishment of the Functional Model by NERC, a control area historically combined both the balancing authority function and the transmission operating function, and the Corps-SEPA MOU should be viewed in this context in which it was developed. The SEPA-TOP Projects are within SEPA's Balancing Authority Area and, SERC submits, within SEPA's Transmission Operator Area.

²¹ See Motion to Intervene and Comments of SERC Reliability Corporation, Docket No. RC08-1-000 (Nov. 15, 2007).

²² See Remand Order at P 22.

²³ See Southeastern Power Administration Systems Operation Center, Conduct of Operations, chapter 2, p. 3.

²⁴ See Reliability Standard VAR-001-1 R7.

Because SEPA asserts that it does not or cannot perform all of the responsibilities applicable to the Transmission Operator or that the Corps, as Generator Operator, is responsible for certain requirements also applicable to Transmission Operator, and consistent with the Commission's recommendation,²⁵ SEPA initiated informal discussions and efforts with the Corps (at lower technical levels) towards creating a Joint Registration Organization ("JRO") arrangement between SEPA and the Corps. The contemplated JRO agreement will identify the specific responsible party for each of the requirements of the Reliability Standards applicable to the Transmission Operator function. SERC recently learned that these efforts have thus far been unsuccessful. SERC will continue to pursue a SEPA-Corps JRO agreement so as to identify appropriate assignment of responsibility and ensure that no reliability gaps will exist through implementation of the JRO agreement.

At this point, SERC does not have a workable estimate of when such a JRO arrangement may be completed. So far, SERC has been unsuccessful in achieving substantial progress in completing the JRO arrangement with the Corps and SEPA. Nevertheless, the Corps' facilities are critical ones and Chairman Kelliher of the Commission has explained the Commission's preliminary view that, notwithstanding the Corps's view that it is exempt from the Reliability Standards, it may be registered for all appropriate functions.²⁶ SERC will accordingly continue to pursue a facilitation of the JRO arrangement with the Corps and SEPA. In the interim, SERC believes that SEPA must continue to be registered as the Transmission Operator in order to prevent gaps in the coverage of the Reliability Standards.

Based on information received to date, SERC believes that other entities registered as Transmission Operators are properly assigned the compliance responsibility for transmission operations for the remainder of the Corps projects in the SERC Region as indicated in Exhibit 2.

With respect to the Commission's concern that a Transmission Owner has not been registered for these facilities,²⁷ SERC believes that the Corps is the Transmission Owner for the transmission facilities associated with the generating facilities listed in Exhibit 4. SERC has obtained one-line diagrams of the transmission facilities for most of the projects. These one-line diagrams were developed by the Corps and provided to SEPA by the Corps and then to SERC by SEPA.²⁸ The one-line diagrams indicate that the switchyards owned by the Corps are integrated transmission facilities that are part of the bulk power system. As stated above, the Corps transmission switchyards have multiple circuit breakers and disconnects that, in most cases, allow for power flows across and through the switchyards and in several instances, provide interties with multiple transmission systems. SERC will initiate action to register the relevant Corps Districts as Transmission Owners.

²⁵ See Remand Order at P 24.

²⁶ See Letter from Joseph T. Kelliher, Chairman of FERC, to Honorable John P. Woodley, Jr., Assistant Secretary of the Army (Aug. 13, 2007).

²⁷ See *id.* at P 25.

²⁸ SERC believes that the one-line diagrams are privileged and confidential and are considered CEII and should be treated as non-public, confidential documents. As discussed earlier, SERC has accordingly designated the diagrams as "CEII."



V. SUMMARY OF RECOMMENDATIONS

- SEPA should be removed from the Compliance Registry as a Resource Planner.
- SERC will continue to work to identify the more appropriate entities to be registered as the Resource Planner;
- SEPA should remain registered as a Transmission Operator for the SEPA-TOP Projects until such time as a JRO agreement can be developed and executed;
- SERC will continue to attempt to reach agreement on a JRO arrangement between the Corps and SEPA; and
- The Corps should be registered as a Transmission Owner for the transmission facilities identified in Exhibit 2.

CONCLUSION

SERC believes the information it is providing in this response and the attached documents will assist NERC in making a revised registry determination, consistent with the Remand Order. Should you have any questions or require further assistance, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Gerry Cauley'.

Gerry W. Cauley
SERC Reliability Corporation
2815 Coliseum Centre Drive, Suite 500
Charlotte, North Carolina 28217

Attachments

cc: Tom Galloway, SERC Compliance Director
Ken Keels, SERC Manager of Compliance Enforcement
Steve Spina, SERC Counsel
Rebecca Michael, NERC Assistant General Counsel
Craig Lawrence, NERC Manager of Organization Registration and Certification
Lee Rampey, SEPA Administrator for Legal Affairs
Douglas Spencer, SEPA Engineer

**The June 20, 1991 Memorandum of
Understanding Between the U.S. Army Corps of
Engineers South Atlantic Division and the
Southeastern Power Administration**

(Exhibit 1)

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE U. S. ARMY CORPS OF ENGINEERS
SOUTH ATLANTIC DIVISION
AND
THE SOUTHEASTERN POWER ADMINISTRATION

THIS MEMORANDUM OF UNDERSTANDING (hereinafter called the "MOU") is made this 20th day of June, 1991, between the U. S. Army Corps of Engineers, South Atlantic Division, acting through the Division Engineer, and the Southeastern Power Administration, acting through its Administrator, each sometimes hereinafter referred to as the "Corps" and "Administrator".

1. INTRODUCTION

a. This MOU is agreed to between the Corps and Administrator for disposal of electric power and energy generated at the Corps projects within the Mobile, Savannah, and Wilmington Districts. It applies specifically to the projects listed on Exhibit A, attached hereto and hereby made a part of this MOU. These projects are an important part of the "Southeastern Federal Power Program" which is all the activities associated with the production, transmission and distribution of all Federal power marketed in ten Southeastern states under Section 5 of Public Law 78-534.

b. Construction and operation of these multipurpose projects have been authorized by various Federal laws. Responsibility for the planning, design, construction, operation and maintenance of the projects is vested in the Corps. The Administrator acknowledges that the Corps has the responsibility to manage the project uses and functions as appropriate to assure utilization of the resources for all authorized purposes.

c. Responsibility for transmission and disposition of the power and energy generated beyond that required in the operation of these projects is vested in the Administrator pursuant to the Flood Control Act of 1944. The Corps acknowledges that the Administrator has the responsibility to contract for the sale of electric power and energy to preference customers and to coordinate the power and energy available from the projects with these preference customers.

d. Within the project limitations established by the Corps and the Administrator, the Administrator coordinates the marketing of the power and energy produced from the projects listed in Exhibit A so that all of such projects are operated as three systems known as the Kerr-Philpott System, the Georgia-Alabama-South Carolina System, and the Jim Woodruff System.

e. The Administrator and the Corps have consulted and will continue to consult on the power and energy requirements of the Southeastern Federal Power Program.

2. OBJECTIVES

a. The parties agree that the power generating facilities of the systems should be operated in the overall most cost effective manner to the entire Southeast region of the country. The Federal Principles and Guidelines or other generally accepted economic analysis shall be used to evaluate the economies associated with determining the "most cost effective" manner. It is understood that implementing this goal may involve making assumptions based on industry criteria and standards, unit design limits, sensitivity analysis, and other appropriate analytical procedures.

b. The parties also recognize that the customers of the power products of these projects pay the Federal Government by the "unit" for energy and capacity based on the full allocated costs to the hydropower function. Some of the costs are associated with the capitalization of Federal investments and some with annual operating and maintenance costs. Furthermore, both the magnitude and nature of the costs can affect the rate to the ultimate customer. Therefore, to foster an understanding of the full costs allocated to hydropower and the associated accounting principles, the Corps and the Administrator will endeavor to fully disclose all cost information. The objective may involve establishing committees and/or conducting meetings with the interested parties and conducting periodic reviews of cost issues.

3. AVAILABILITY OF POWER AND ENERGY

a. The Corps, during the term of this memorandum, shall make available to the Administrator the electric power and energy available at the projects listed in Exhibit A in excess of the amounts reserved for use by the Corps, in accordance with schedules to be mutually agreed upon by the Administrator and the Corps. The parties hereto agree to supersede said Exhibit A with a new Exhibit A whenever it becomes necessary to do so as a result of any changes occurring with respect to an existing project or projects, or the addition of a new project or projects.

b. The Corps shall make said electric power and energy available to the Administrator at mutually agreeable points at or in the vicinity of the generating plants of the Corps. The electrical product shall be three-phase alternating current, at a frequency of approximately 60 hertz and at nominal delivery voltages within the range of the facilities used to receive or transmit said electric power and energy, or at other mutually agreeable voltages.

c. Subject to temporary interruption or reduction in the availability of electric power and energy which, in the opinion of the Corps, are necessary for the purpose of maintenance, replacement, installation of equipment, or investigation and inspection, and subject to emergencies, uncontrollable forces as defined herein, or other extraordinary conditions, the Corps shall operate the project so

as to schedule and to make available electric power and energy as requested by the Administrator, provided that, in the opinion of the Corps, compliance with such request in the operation of the projects:

(1) would not require the safe limits of the generating, transforming and switching facilities, and appurtenant equipment of said projects to be exceeded, or otherwise cause damage to the same;

(2) would not conflict with the statutory requirements for the operation of said projects with regard to fish and wildlife, flood control, navigation, recreation, water quality, water supply, or with other such purposes as said projects are to serve;

(3) would endeavor, insofar as practicable, to avoid detrimental effects on the environment;

(4) would not infringe upon the vested property rights of third parties; and

(5) would not be inconsiderate of the effect on downstream construction, maintenance or other similar activities.

d. The outages contemplated by subsection c. of this section, shall be scheduled in advance, so far as is practicable, to the end that there will be a minimum of interference with the availability of electric power and energy to the Administrator in accordance with subsection a. of this section.

e. Except as is otherwise provided herein, the electric power and energy to be made available hereunder to the Administrator will be measured by metering equipment furnished and maintained by the Corps. In the event that any meter or meters fail to register properly, the electric power and energy made available during such period of failure will be estimated from the best information in the possession of the Corps.

4. COOPERATION AND COORDINATION

a. The Corps and the Administrator will make available to each other all the information necessary for the Administrator and the Corps to meet their responsibilities pursuant to law. The timely interchange of certain data and information will be necessary to ensure optimum project operation for all purposes. Accordingly, such interchange will be made promptly as pertinent data and information become available. Pertinent details and cost funding responsibility will be established by operating arrangements consummated pursuant to paragraph 4.b. below. Any equipment shall be installed in such a way that there will be no adverse effect on the existing equipment of the other party. The specific information interchanged between the Administrator and Corps shall include, but not be limited to, the following:

(1) The Corps will furnish power and energy production data available at the projects and data which have a bearing on loading of the plants and limitations of operations.

(2) The Administrator will furnish data on Federal system load requirements, weekly issues of proposed generation assignments, and such daily loading schedules and other pertinent information as are needed to permit the Corps to carry out its responsibilities for multiple purpose operation at the projects.

(3) The Corps and the Administrator will discuss plans for adding or changing power projects, transmission facilities, and control and communication facilities in the preliminary planning phases to ensure optimum coordination.

b. In order to provide for the optimum effectiveness of the projects for power generating purposes, for other authorized project purposes, and for protection of the environment, the Corps and the Administrator will establish from time to time mutually satisfactory detailed operating arrangements to be followed in the coordination of their respective responsibilities. Such detailed operating arrangements will be jointly prepared in writing for review and approval of the Corps and Administrator. Such detailed operating arrangements, when approved, will be attached to this MOU as exhibits and shall be subject to amendment from time to time as circumstances require with the prior written approval of the Corps and the Administrator.

c. It is recognized that the preference customers of the Southeastern Federal Power Program have an interest in the maintenance, operation and maintenance expense, and funding. It is the intent of

the parties to develop a relationship of mutual respect and trust between the parties and the preference customers and to resolve controversial issues through discussion rather than confrontation. The parties, therefore, agree to meet as needed with the customers, or their designated representatives, to discuss maintenance, expense and funding procedures.

d. The Administrator will coordinate power and energy sales contracts with the Corps including minimum contract amounts and dependable capacities prior to finalizing them. This coordination process will be accomplished in the spirit of cooperation and the Administrator will endeavor to provide reasonable opportunity for the Corps to express its views.

5. ACCOUNTING

a. The Corps will furnish to the Administrator summarized financial statements, supporting schedules and operating reports with respect to construction and operation of the projects. The Administrator will furnish the Corps like statements, schedules and reports with respect to the marketing of and accounting for revenues from power and energy made available to it from the projects. Schedules for each project will be furnished promptly after the close of each governmental fiscal year following commencement of generation and for such other periods during each year and in such form as may be mutually agreed upon.

b. It is contemplated that the records, accounts, and reports of the Corps and the Administrator will be audited periodically by an independent auditing firm.

6. RETURN OF POWER EXPENSES AND INVESTMENT

From amounts paid to the Treasury, the Administrator shall endeavor to allocate to each project amounts equal to the operation, maintenance, and interest expenses for that project for the then current revenue year depending on the availability of funds and estimates provided by the Corps. The consolidated financial statement for the Southeastern Federal Power Program required by the Flood Control Act of 1944 will be considered to demonstrate that the Federal capital investment in the projects will be repaid in accordance with power system repayment criteria.

7. MAINTENANCE COSTS

It is in the interest of the effective operation of these projects that "unscheduled downtime" of power facilities be minimized. The parties agree to coordinate with each other and with the preference customers to bring about an effective and aggressive maintenance program that insures the long-term viability of Federal power within the Mobile, Savannah and Wilmington Districts. It is, however, recognized that major maintenance needs can occur unexpectedly which exceed the available budget, and that this can cause a delay in

maintenance, a loss of marketable power and energy, or both. The Corps and the Administrator agree that innovative methods of financing maintenance costs may be needed to address certain maintenance needs and that new legislation may be needed to authorize such methods.

8. UNCONTROLLABLE FORCES

Neither party shall be considered to be in default in respect to any obligation hereunder if prevented from fulfilling such obligation by reason of uncontrollable forces, the term "uncontrollable forces" being deemed for the purpose of this memorandum to mean any cause beyond the control of the party affected, including but not limited to flood, drought, equipment failure, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, proceeding by court or public authority, or act or failure to act by court or public authority, which uncontrollable forces, by exercise of due diligence and foresight, such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

9. TERM OF AGREEMENT

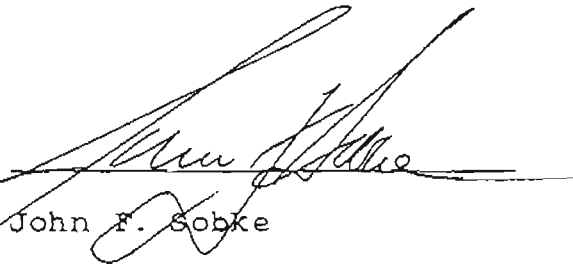
This MOU shall be effective upon its execution by both parties and shall remain in effect until subsequent agreement of the parties or until after 90 days written notice of termination by either party.

Any portion of this MOU may be amended or supplemented by mutual consent.

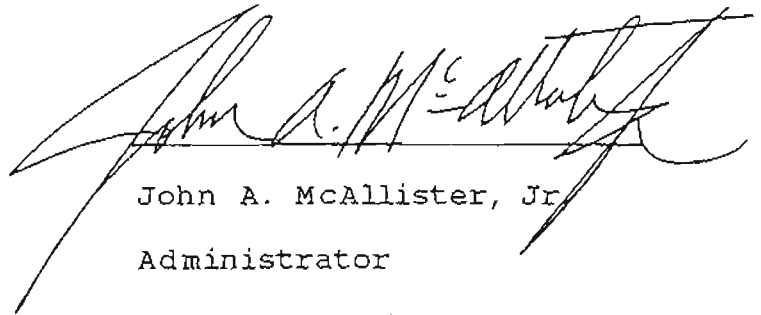
IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

US ARMY CORPS OF ENGINEERS
SOUTH ATLANTIC DIVISION

SOUTHEASTERN POWER
ADMINISTRATION



John F. Sobke
Major General, US Army
Division Engineer



John A. McAllister, Jr.
Administrator

EXHIBIT A

This MOU is applicable to the following projects:

Allatoona

Buford

Carters

Walter F. George

Hartwell

Robert F. Henry

John H. Kerr

Millers Ferry

Philpott

Richard B. Russell

J. Strom Thurmond

West Point

Jim Woodruff



DEPARTMENT OF THE ARMY

SOUTH ATLANTIC DIVISION, CORPS OF ENGINEERS

ROOM 322, 77 FORSYTH ST, SW

ATLANTA, GEORGIA 30303-3400

REPLY TO
ATTENTION OF

AMENDMENT #1
TO
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE U. S. ARMY CORPS OF ENGINEERS
SOUTH ATLANTIC DIVISION
AND
THE SOUTHEASTERN POWER ADMINISTRATION

THIS AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING, dated 20 June 1991, between the U. S. Army Corps of Engineers, acting through the Division Engineer, South Atlantic Division, and the Southeastern Power Administration (SEPA), acting through its Administrator, each sometimes hereinafter referred to as the "Corps" and "Administrator", is made this 3 February, 1997.

1. INTRODUCTION

a. This AMENDMENT is agreed to between the Corps and Administrator for the establishment of a Federal Operations Center located at the Southeastern Power Administration's (SEPA) headquarters located in Elberton, Georgia and a Federal Control Area. It applies specifically to the operation of the projects shown at Appendix A, attached hereto and known as the Georgia-Alabama-South Carolina System (GA-AL-SC System). The Federal Operations Center will be the focal point for the operation and administration of the Federal Control Area.

b. The responsibility for the planning, design, construction, and operation of the Operations Center is vested in the Southeastern Power Administration. The Corps acknowledges that the Administrator has the responsibility to establish an Operations Center to coordinate the generation and sale of the power and energy from these projects to meet the government contractual agreements with the Federal Power Customers.

c. The responsibility for the operation of the generation within the Federal Control Area is vested with the Corps.

d. The Administrator and the Corps have consulted and will continue to consult on the establishment and operation of the Federal Operations Center. The Southeastern Federal Power Alliance has established a team of Corps, SEPA, and Preference Customer representatives to aid in the establishment of the Federal Operations Center and the Federal Control Area.

2. OBJECTIVES

a. The parties agree that the power generating facilities of the GA-AL-SC System should be marketed and operated in accordance with the North American Electric Reliability Council (NERC) Operating Policies. These policies will be used to establish the overall guiding principles for the operation of the Federal Operations Center and the Federal Control Area. The operation of the Federal Control Area is multifaceted with specific responsibilities assigned to both Agencies as outlined at Appendix B. It is understood that establishing these guiding principles will involve developing procedures based on good utility practices, electrical utility industry criteria and standards, and other appropriate guidance.

b. The parties also recognize that the creation of a Federal Operations Center and Federal Control Area will require coordination with the Federal Power Customers, Public Utilities, and Investor Owned Utilities. To assist in establishing a full understanding of the Federal Operations Center/Control Area Functions, a standing committee has been established (consisting of the team defined in paragraph 1.d). In addition, conducting meetings with the interested parties and periodic reviews of issues may be required.

3. PURCHASING OF EQUIPMENT

a. SEPA. SEPA will purchase all the equipment and software for the Operations Center and the Remote Terminal Units (RTU) to be installed at each plant. SEPA will also be responsible for the development and purchasing of any Automatic Generation Control (AGC) software and for any computer equipment necessary to place selected Corps plants on AGC control.

b. CORPS. The Corps will purchase the monitoring and intelligence sensing equipment for each power plant and switchyard as required.

4. INSTALLATION OF EQUIPMENT

a. GENERAL. Equipment shall be installed in such a way that there will be no adverse effect on the existing equipment of the other party.

b. OPERATIONS CENTER. SEPA will be responsible for the purchasing and installation of all Operations Center equipment and software.

c. CORPS HYDROPOWER PLANTS

(1) REMOTE TERMINAL UNITS (RTU). SEPA will be responsible for the delivery of the RTU equipment and all necessary installation supplies/materials to the Corps hydropower

plants. The Corps will be responsible for the installation of the equipment and the interface to intelligence sensing and monitoring equipment.

(2) SENSING EQUIPMENT. The Corps will be responsible for the installation of intelligence sensing and measuring equipment as required.

d. COMMUNICATION LINKS. SEPA will be responsible for the communication links between the Operations Center and the Corps plants. These communications connections are presently leased telephone circuits.

5. MAINTENANCE OF EQUIPMENT

a. CORPS. The Corps will be responsible for the maintenance of the following at the Corps plants and switchyards:

- (1) Remote terminal units (RTU)
- (2) Intelligence gathering equipment
- (3) RTU interface to the plant equipment

b. SEPA. SEPA will be responsible for the maintenance of the following:

- (1) Operations Center equipment
- (2) Operations Center software
- (3) Project-Operations Center communications system

6. CONTROL AREA

a. GENERAL. The NERC definition for a control area is "An electrical system bounded by interconnection (tie line) metering and telemetry. It controls its generation directly to maintain its interchange schedule with other control areas and contributes to frequency regulation of the Interconnection." The ten plants comprising the GA-AL-SC System will be integrated into one control area. This will require computers and computer software developed specifically for this purpose.

b. AUTOMATIC GENERATION CONTROL (AGC). The NERC definition (see Appendix C) for AGC is "Equipment which automatically adjusts a control area's generation from a central location to maintain its interchange schedule plus frequency bias."

c. **FREQUENCY BIAS.** Frequency Bias is a control area's response to deviation from scheduled frequency. The NERC definition for this response is termed the "Frequency Bias Setting" which is defined as "A value, in MW/0.1 Hertz (Hz), set into a control area's AGC equipment to represent a control area's response to deviation from scheduled frequency."

d. **STANDARD OPERATING PROCEDURES.** The above and other NERC operating requirements and other electrical power industry operating practices will have to be incorporated into Standard Operating Procedures (SOPs). These and other operating criteria will be jointly developed and made a part of this MOU.

7. COOPERATION AND COORDINATION

a. The Corps and the Administrator will make available to each other all the information necessary for the Administrator and the Corps to meet their responsibilities to operate the generating facilities and switchyards in accordance with NERC policies and electrical power industry operating practices. The timely interchange of data and information is imperative for good system operation. The specific information interchanged between the Administrator and the Corps shall include, but not be limited to, the following:

- (1) The Corps will furnish:
 - (a) Line megawatts,
 - (b) Line megawatthours,
 - (c) Line megavars,
 - (d) Line voltage,
 - (e) System frequency,
 - (f) Switchyard breaker position,
 - (g) Unit status,
 - (h) Unit megawatts,
 - (i) Unit megavars,
 - (j) Station use - megawatthours,
 - (k) Operating limitations (units or plant),

- (l) Capacity operating range,
 - (m) Weekly energy declarations,
 - (n) Maintenance schedule,
 - (o) Other pertinent information as needed, to include pool elevation, tailwater elevation, spillway release and/or gate settings, etc.
- (2) SEPA will furnish:
- (a) Generation schedules,
 - (b) Federal system load requirements,
 - (c) Time initiation,
 - (d) Other pertinent information as needed.

b. In order to provide for the optimum use of the projects, the Corps and the Administrator will establish mutually satisfactory detailed operating arrangements to be followed in the coordination of their respective responsibilities. These will include:

- (1) Coordination with water managers.
- (2) Coordination with Operations Project Managers, Power Project Managers, and Operators.
- (3) Coordination with public/investor owned utilities.
- (4) Coordination with Federal Power Customers.
- (5) System emergency procedures.
- (6) Clearance procedures in accordance with ER 385-1-31, Safety and Occupational Health, THE CONTROL OF HAZARDOUS ENERGY (SAFE CLEARANCE) and OSHA Guidelines.
- (7) Coordination with the South Atlantic Division and SAD Districts.

(8) Others as required.

c. It is recognized that the Federal Power Customers of the Southeastern Federal Power Program have an interest in the operation of the Federal Power Projects. It is the intent of the parties to develop a relationship of mutual respect and trust and to resolve any issues through discussion. The parties, therefore, agree to meet with the customers to discuss operating policies, practices, and procedures.

8. MANPOWER

a. FEDERAL OPERATIONS CENTER. The manpower for the operation of the Federal Operations Center will be furnished by SEPA.

b. PLANT OPERATION. The manpower for the operating of the Federal Power Projects will be furnished by the Corps of Engineers.

9. COST RECOVERY

The costs for the design, purchase, and installation of the Operations Center equipment, including software and Center operating and maintenance costs, and for all related equipment at the projects, including maintenance and purchases by the Corps, will be recovered through the SEPA developed rate structure and repayment process.

10. TERM OF AGREEMENT


This AMENDMENT shall be in effect upon its execution by both parties and shall remain in effect until subsequent amendment by the parties or until after one year's written notice of termination by either party.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment the day and year first above written.

U.S. ARMY CORPS OF ENGINEERS
SOUTH ATLANTIC DIVISION

SOUTHEASTERN POWER
ADMINISTRATION


R. L. VanAntwerp
Brigadier General, US Army
Division Commander


Charles A. Borchardt
Administrator

APPENDIX "A"

This amendment is applicable to the following projects.

Allatoona

Buford

Carters

Walter F. George

Hartwell

Robert F. Henry (Jones Bluff)

Millers Ferry

Richard B. Russell

J. Strom Thurmond

West Point

APPENDIX "B"

Division of Responsibilities

	CORPS	SEPA
NERC Policy Compliance	X	X
Generation		
Operates	X	
Maintains	X	
Schedules		X
Administration		
Periodic Reports		X
Data Archive		X
Water Management	X	
Project-Operations Center Communications System		
Equipment Maint		X
Rental Fees		X
Intelligence Sensing (Meters/Transducers)		
Purchase	X	
Installation	X	
Maintenance	X	
Power Monitor Equipment		
Hardware		
Purchase	X	
Installation	X	
Maintenance	X	
Software		
Purchase		X
Installation		X
Maintenance		X

CORPS

SEPA

Automatic Generation Control (AGC) Equipment

Hardware

Purchase

Installation

Maintenance

Project

Project

X

Center

Center

Software

Purchase

Installation

Maintenance

Project

Project

X

Center

Center

APPENDIX "C"

Terms Used in the Policies

Anti-Aliasing Filter. An analog filter installed at a metering point to remove aliasing errors from the data acquisition process. The filter is designed to remove the high frequency components of the signal over the AGC sample period.

Adequate Regulating Margin. The minimum on-line capacity that can be increased or decreased to allow the system to respond to all reasonable demand changes in order to be in compliance with the Control Performance Criteria.

Adjacent System or Adjacent Control Area. Any system or control area either directly interconnected with or electrically close to (so as to be significantly affected by the existence of) another system or control area.

Area Control Error (ACE). The instantaneous difference between actual and scheduled interchange, taking into account the effects of frequency bias (and time error or unilateral inadvertent if automatic correction for either is part of the system's AGC).

Automatic Generation Control (AGC). Equipment which automatically adjusts a control area's generation from a central location to maintain its interchange schedule plus frequency bias.

Bulk Electric System. The aggregate of electric generating plants, transmission lines, and related equipment. The term may refer to those facilities within one electric utility, or within a group of utilities in which the transmission lines are interconnected.

Capacity Emergency. A capacity emergency exists when a system's or pool's operating capacity, plus firm purchases from other systems, to the extent available or limited by transfer capability, is inadequate to meet its demand plus its regulating requirements.

Clock Hour. The 60-minute period ending at :00. All surveys, measurements, and reports are based on clock hour periods unless specifically noted.

Commonly or Jointly Owned Units (COU/JOU). These terms may be used interchangeably to refer to a unit in which two or more control areas share ownership.

Contract Intermediary Control Area. A NERC control area that has connecting facilities in the scheduling path between the sending and receiving control areas and operating agreements which establish the conditions for the use of such facilities.

Control Area. An electrical system bounded by interconnection (tie line) metering and telemetry. It controls its generation directly to maintain its interchange schedule with other control areas and contributes to frequency regulation of the Interconnection.

Demand. The rate at which energy is being used by the customer.

Disturbance. 1. Any perturbation to the electric system. 2. The unexpected change in ACE that exceeds 3 times L_d which is caused by the sudden loss of generation or interruption of load.

Dynamic Schedule. A telemetered reading or value which is updated in real time and which is used as a schedule in the AGC/ACE equation and the integrated value of which is treated as a schedule for interchange accounting purposes. Commonly used for "scheduling" jointly owned generation to or from another control area.

Energy Emergency. An energy emergency exists when a system or pool does not have an adequate fuel supply (including water for hydro units) to provide its customers' expected energy requirement over a given period.

Frequency Bias Setting. A value, in MW/0.1 Hz, set into a control area's AGC equipment to represent a control area's response to deviation from scheduled frequency.

Host Control Area. 1. A CONTROL AREA that confirms and implements scheduled INTERCHANGE for a PURCHASING-SELLING ENTITY that operates generation or serves customers directly within the CONTROL AREA's metered boundaries. 2. The CONTROL AREA within whose metered boundaries a jointly-owned unit is physically located.

Hourly Value. Data measured on a clock-hour basis.

Inadvertent Interchange. The difference between the control area's net actual interchange and net scheduled interchange.

Interchange. Energy transfers that cross CONTROL AREA boundaries.

Interchange Schedule. A plan or arrangement for an INTERCHANGE transaction.

Interchange Confirmation. Agreement of the terms of the INTERCHANGE SCHEDULE prior to

Interchange Implementation. The physical initiation of the INTERCHANGE SCHEDULE by entering it into the CONTROL AREA'S energy management system or by approving a schedule that has been electronically transferred into the energy management system.

Interconnection. When capitalized, any one of the four bulk electric system networks in North America: Eastern, Western, ERCOT, and Quebec. When not capitalized, the facilities that connect two systems or control areas.

Interruptible Load. Demand that can be interrupted by direct action of the supplying system's system operator in accordance with contractual provisions.

Leap Second. A second of time added occasionally by the National Institute of Standards and Technology to correct for the offset between the clock-hour day and the solar day.

Load. The amount of electric power delivered or required at any specified point or points on a system.

Joint Control. Automatic generation control of jointly owned units by two or more control areas.

Metered Value. A measured electrical quantity that may be collected by telemetering, SCADA, or other means.

Neighboring System. See Adjacent System.

Net Energy for Load. Net system generation plus interchange received minus interchange delivered.

Non-spinning Reserve. That operating reserve not connected to the system but capable of serving demand within a specified time, or interruptible load that can be removed from the system in a specified time.

Operating Reserve. That capability above firm system demand required to provide for regulation, load forecasting error, equipment forced and scheduled outages and local area protection. It consists of spinning and non-spinning reserve.

Operating Security. The ability of a power system to withstand or limit the adverse effects of any credible contingency to the system including overloads beyond emergency ratings, excessive or inadequate voltage, loss of stability or abnormal frequency deviations.

Overlap Regulation Service. A method of providing regulation service in which the control area providing the regulation service incorporates all of the other control area's tie lines and schedules into its own AGC/ACE equation.

Pseudo-Tie. A telemetered reading or value which is updated in real time and which is used as a tie line flow in the AGC/ACE equation but for which no physical tie or energy metering actually exists. The integrated value is used as a metered MWh value for interchange accounting purposes.

Purchasing-Selling Entity. Refers in the United States to all entities that are subject to or eligible to apply for an order under Section 211 of the Federal Power Act.

Receiving Control Area. The CONTROL AREA within whose metered boundaries the ultimate load receiving the INTERCHANGE is located.

Region. One of the NERC Regional Reliability Councils.

Regulation Service. The process whereby one control area contracts to provide corrective response to all or a portion of the ACE of another control area. The controlling utility assumes the obligation of meeting all applicable control criteria as specified by NERC. Adjustments to control parameters shall be per applicable NERC Operating Policies. Control may be transferred by transmittal of an ACE quantity or the transmittal of the actual tie flows and corresponding schedules (see Overlap Regulation Service and Supplemental Regulation Service).

Reserve Sharing Group. A group whose members consist of two or more control areas that collectively maintain, allocate, and supply operating reserves required for each control area's use in recovering from contingencies within the group.

Schedule (*verb*). To set up a plan or arrangement for an INTERCHANGE transaction.

Sending Control Area. The CONTROL AREA within whose metered boundaries the generation source for the INTERCHANGE is located.

Subregion. A portion of a Region.

Supervisory Control and Data Acquisition (SCADA). A system of remote control and telemetry used to monitor and control the transmission system.

Special Protection System. A protection system designed to perform functions other than the isolation of electrical faults. Also called "remedial action scheme."

Spinning Reserve. Unloaded generation which is synchronized and ready to serve additional demand.

Station Service. The electric supply for the ancillary equipment used to operate a generating station or substation.

Station Service Generator. A generator (usually found in hydro plants) used to supply electric energy for station service equipment.

Supplemental Regulation Service. A method of providing regulation service in which the control area providing the regulation service receives a signal representing all or a portion of the other control area's ACE.

System. A combination of generation, transmission, and distribution components comprising an electric utility, or group of utilities.

System Operator. A person who operates the electric system.

Transmission Operating Entity. An entity that owns, operates, or manages transmission facilities, which may include control areas, transmission owners within the control area, pools, Subregions, Regions, or combinations of control areas, pools, Subregions, or Regions.

AMENDMENT #2
TO
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE U. S. ARMY CORPS OF ENGINEERS
SOUTH ATLANTIC DIVISION
AND
THE SOUTHEASTERN POWER ADMINISTRATION

THIS AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING, dated 20 June 1991, between the U. S. Army Corps of Engineers, acting through the Division Engineer, South Atlantic Division, and the Southeastern Power Administration (SEPA), acting through its Administrator, each sometimes hereinafter referred to as the "Corps" and "Administrator", is made this.

1. INTRODUCTION

a. This AMENDMENT is agreed to between the Corps and Administrator for the establishment of policy relevant to the inclusion of the Corps transmission facilities (switchyards) into a Regional Transmission Organization (RTO) by the Southeastern Power Administration (SEPA) and the operation of the Corps hydroelectric plants within the RTO. It applies specifically to the operation of the projects shown at Appendix A, attached hereto and known as the Georgia-Alabama-South Carolina System (GA-AL-SC System), the Kerr-Philpott System and the Jim Woodruff System. The Federal Operations Center, in Elberton, Georgia, will be the focal point for the operation and administration of the Corps hydroelectric plants within an RTO.

b. The responsibility for the inclusion of the Corps transmission resources into an RTO is vested in the Southeastern Power Administration. The Corps acknowledges that the Administrator has the responsibility to enter into agreements with RTO's and to coordinate through the Federal Operations Center the generation and sale of the power and energy from these projects and the operation of the associated switchyards to meet the government contractual agreements with the RTO.

c. The responsibility for the physical operation of the generation and the switchyards within the RTO is vested with the Corps.

d. The Administrator and the Corps have consulted and will continue to consult on the joining of an RTO and the coordination of RTO operation through the Federal Operations Center. The Southeastern Federal Power Alliance has established a team of Corps, SEPA, and Preference Customer representatives to aid in the establishment of policies governing the Federal Operations Center, the Federal Control Area, and the RTO membership.

2. OBJECTIVES

a. The parties agree that the power generating facilities of the Systems should be marketed and operated in accordance with the North American Electric Reliability Council (NERC) Operating Policies and Federal Energy Regulatory Commission (FERC) guidance. These policies and guidance will be used to establish the overall guiding principles for the operation of the Federal resources as a member of an RTO. It is understood that establishing these guiding principles will involve developing procedures based on good utility practices, electrical utility industry criteria and standards, and other appropriate guidance.

b. The parties also recognize that joining an RTO will require coordination with the Federal Power Customers, Public Utilities, and Investor Owned Utilities. To assist in establishing and maintaining a full understanding of the Federal Operations Center/Control Area/RTO Functions, the team, known as the Corps Customer SEPA Working Group (C²SWG), established by Amendment #1 and consisting of the team defined in paragraph 1.d, will continue to oversee and assist in developing policy for these functions. In addition, conducting meetings with the interested parties and periodic reviews of issues may be required.

c. The parties also recognize that joining an RTO may require an additional amendment to the MOU, between the Corps and SEPA, to cover any additional conditions or requirements not presently covered in the MOU or its amendments.

3. PURCHASING OF EQUIPMENT

a. SEPA. SEPA will purchase all the equipment and software necessary for the Operations Center and each plant, due to RTO membership. SEPA will also be responsible for the development and purchasing and coordination of any software and any computer equipment necessary for RTO membership.

b. CORPS. The Corps will purchase the monitoring and intelligence sensing equipment for each power plant and switchyard as required for RTO membership.

4. INSTALLATION OF EQUIPMENT

a. GENERAL. Equipment shall be installed in such a way that there will be no adverse effect on the existing equipment of the other party.

b. OPERATIONS CENTER. SEPA will be responsible for the purchasing and installation of all Operations Center equipment and software.

c. CORPS HYDROPOWER PLANTS. The Corps will be responsible for the installation of RTO required new equipment and for the installation of new intelligence sensing and measuring equipment as required.

d. COMMUNICATION LINKS. SEPA will be responsible for the communication links between the Operations Center, the RTO and the Corps plants. These communications connections are presently leased telephone circuits.

5. MAINTENANCE OF EQUIPMENT

a. CORPS. The Corps will be responsible for the maintenance of the following at the Corps plants and switchyards:

- (1) Remote terminal units (RTU)
- (2) Intelligence gathering equipment
- (3) RTU interface to the plant equipment

b. SEPA. SEPA will be responsible for the maintenance of the following:

- (1) Operations Center/RTO equipment
- (2) Operations Center/RTO software
- (3) Project-Operations Center/RTO communications system

6. REGIONAL TRANSMISSION ORGANIZATION

a. GENERAL. The FERC definition for an RTO is an electric transmission operator that: (1) is independent of power market participants (e.g., sellers of electric energy), (2) controls the electric transmission facilities within a region of appropriate scope and configuration, and (3) has specific responsibilities for ensuring that those facilities are used to provide reliable, efficient, and nondiscriminatory transmission service. An RTO may: (1) be for-profit or non-profit; (2) be an Independent System Operator (ISO), Transmission Company (Transco), hybrid, or other structure; (3) own transmission facilities, lease them, or operate facilities owned by others.

b. STANDARD OPERATING PROCEDURES. The above and other NERC, FERC operating requirements and other electrical power industry operating practices will have to be incorporated into Standard Operating Procedures (SOPs). These and other operating criteria will be jointly developed and made a part of this MOU.

7. COOPERATION AND COORDINATION

a. The Corps, the Administrator, and the RTO will make available to each other all the information necessary for the Administrator and the Corps to meet their responsibilities to operate the generating facilities and switchyards in accordance with NERC, FERC, and RTO policies and electrical power industry operating practices. The timely interchange of data and information is imperative for good system operation. The specific information interchanged between the Administrator and the Corps shall include, but not be limited to, the following:

(1) The Corps will furnish:

- (a.) Line megawatts,
- (b.) Line megawatt hours,
- (c.) Line megavars,
- (d.) Line voltage,
- (e.) System frequency,
- (f.) Switchyard breaker position,
- (g.) Unit status,
- (h.) Unit megawatts,
- (i.) Unit megavars,
- (j.) Station use - megawatt hours,
- (k.) Operating limitations (units or plant),
- (l.) Capacity operating range,
- (m.) Weekly energy declarations,
- (n.) Switchyard and Generator Maintenance schedule,

(o.) Other pertinent information as needed, to include pool elevation, tail water elevation, spillway release and/or gate settings, etc.

(2) SEPA will furnish:

- (a.) Generation schedules,
- (b.) Federal system load requirements,
- (c.) Time initiation,
- (d.) Other pertinent information as needed.

b. In order to provide for the optimum use of the projects, the Corps, the Administrator, and the RTO will establish mutually satisfactory detailed operating arrangements to be followed in the coordination of their respective responsibilities. These will include:

- (1) Coordination with RTO
- (2) Coordination with water managers.
- (3) Coordination with Operations Project Managers, Power Project Managers, and Operators.
- (4) Coordination with public/investor owned utilities.
- (5) Coordination with Federal Power Customers.
- (6) System emergency procedures.
- (7) Clearance procedures in accordance with ER 385-1-31, Safety and Occupational Health, THE CONTROL OF HAZARDOUS ENERGY (SAFE CLEARANCE) and OSHA Guidelines.
- (8) Coordination with the South Atlantic Division and SAD Districts.
- (9) Others as required.

c. It is recognized that the Federal Power Customers of the Southeastern Federal Power Program have an interest in the operation of the Federal Power Projects. The parties, therefore, agree to meet with the customers to discuss operating policies, practices, and procedures.

8. MANPOWER

a. FEDERAL OPERATIONS CENTER. The manpower for the operation of the Federal Operations Center and coordination with the RTO will be furnished by SEPA.

b. PLANT OPERATION. The Corps of Engineers will furnish the manpower for the operating of the Federal Power Projects, including switchyards.

9. COST RECOVERY

The costs for the design, purchase, and installation of the Operations Center equipment, including software and Center operating and maintenance costs, and for all related equipment at the projects, including maintenance and purchases by the Corps, related to RTO membership will be recovered through the SEPA developed rate structure and repayment process.

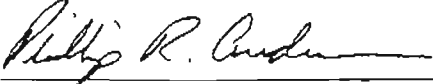
10. TERM OF AGREEMENT

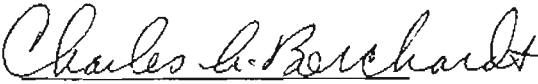
This AMENDMENT shall be in effect upon its execution by both parties and shall remain in effect until subsequent amendment by the parties or until after one year's written notice of termination by either party.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment the day and year first above written.

U.S. ARMY CORPS OF ENGINEERS
SOUTH ATLANTIC DIVISION

SOUTHEASTERN POWER
ADMINISTRATION


Philip R. Anderson
Major General, US Army
Division Commander


Charles A. Borchardt
Administrator

2 April 2001
DATE

18 April 2001
DATE

APPENDIX "A"

This amendment is applicable to the following projects:

Allatoona

Buford

Carters

Walter F. George

Hartwell

Robert F. Henry (Jones Bluff)

John H. Kerr

Millers Ferry

Philpott

Richard B. Russell

J. Strom Thurmond

West Point

Jim Woodruff

**A list of facilities owned by the U.S. Army Corps
of Engineers**

(Exhibit 2)

US Army Corps of Engineers Projects in SERC Region
6-1-08

EIA-860 Respondent Name	Plant Name	City	State	Unit Number	Existing Generator Nameplate Capacity (MW)	Interconnection Voltage (kV)	Transmission Operator
USCE -Vickburg District	Blakely Mountain	Royal	AR	1	37.5		Entergy
USCE -Vickburg District	Blakely Mountain	Royal	AR	2	37.5		Entergy
USCE -Vickburg District	Degray	Arkadelphia	AR	1	40		Entergy
USCE -Vickburg District	Degray	Arkadelphia	AR	2	28		Entergy
USCE -Vickburg District	Narrows	Murfreesboro	AR	1	8.5		Entergy
USCE -Vickburg District	Narrows	Murfreesboro	AR	2	8.5		Entergy
USCE -Vickburg District	Narrows	Murfreesboro	AR	3	8.5		Entergy
USCE-Wilmington District	John H Kerr	Boydton	VA	1	12	115	PJM
USCE-Wilmington District	John H Kerr	Boydton	VA	2	32	115	PJM
USCE-Wilmington District	John H Kerr	Boydton	VA	3	32	115	PJM
USCE-Wilmington District	John H Kerr	Boydton	VA	4	32	115	PJM
USCE-Wilmington District	John H Kerr	Boydton	VA	5	32	115	PJM
USCE-Wilmington District	John H Kerr	Boydton	VA	6	32	115	PJM
USCE-Wilmington District	John H Kerr	Boydton	VA	7	32	115	PJM
USCE-Wilmington District	Philpott Lake	Bassett	VA	1	6.7	138	PJM
USCE-Wilmington District	Philpott Lake	Bassett	VA	2	6.7	138	PJM
USCE-Wilmington District	Philpott Lake	Bassett	VA	3	0.6	138	PJM
US Army Corps of Engineers	St Stephen	St. Stephen	SC	1	28		SCPSA
US Army Corps of Engineers	St Stephen	St. Stephen	SC	2	28		SCPSA
US Army Corps of Engineers	St Stephen	St. Stephen	SC	3	28		SCPSA
USCE-Mobile District	Allatoona	Cartersville	GA	1	42.3	115	SEPA
USCE-Mobile District	Allatoona	Cartersville	GA	2	42.3	115	SEPA
USCE-Mobile District	Allatoona	Cartersville	GA	A	2	115	SEPA
USCE-Mobile District	Buford	Buford	GA	1	40	115	SEPA
USCE-Mobile District	Buford	Buford	GA	1A	62	115	SEPA
USCE-Mobile District	Buford	Buford	GA	2	40	115	SEPA
USCE-Mobile District	Buford	Buford	GA	2A	62	115	SEPA
USCE-Mobile District	Buford	Buford	GA	3	6	115	SEPA
USCE-Mobile District	Buford	Buford	GA	3A	7.2	115	SEPA
USCE-Mobile District	Carters	Chatsworth	GA	1	125	230	SEPA
USCE-Mobile District	Carters	Chatsworth	GA	2	125	230	SEPA
USCE-Mobile District	Carters	Chatsworth	GA	3	125	230	SEPA
USCE-Mobile District	Carters	Chatsworth	GA	4	125	230	SEPA
USCE-Mobile District	Jones Bluff (Henry)	Selma	AL	1	20.5	115	SEPA
USCE-Mobile District	Jones Bluff (Henry)	Selma	AL	2	20.5	115	SEPA
USCE-Mobile District	Jones Bluff (Henry)	Selma	AL	3	20.5	115	SEPA
USCE-Mobile District	Jones Bluff (Henry)	Selma	AL	4	20.5	115	SEPA
USCE-Mobile District	Millers Ferry	Camden	AL	1	33.7	115	SEPA
USCE-Mobile District	Millers Ferry	Camden	AL	2	33.7	115	SEPA
USCE-Mobile District	Millers Ferry	Camden	AL	3	33.7	115	SEPA
USCE-Mobile District	Walter F George	Shorteville	GA	1	32.5	115	SEPA
USCE-Mobile District	Walter F George	Shorteville	GA	2	32.5	115	SEPA

US Army Corps of Engineers Projects in SERC Region
6-1-08

EIA-860 Respondent Name	Plant Name	City	State	Unit Number	Existing Generator Nameplate Capacity (MW)	Interconnection Voltage (kV)	Transmission Operator
USCE-Mobile District	Walter F George	Shorteville	GA	3	32.5	115	SEPA
USCE-Mobile District	Walter F George	Shorteville	GA	4	32.5	115	SEPA
USCE-Mobile District	West Point	West Point	GA	1	3.3	115	SEPA
USCE-Mobile District	West Point	West Point	GA	2	35	115	SEPA
USCE-Mobile District	West Point	West Point	GA	3	35	115	SEPA
USCE-Savannah District	Hartwell Lake	Hartwell	GA	1	85	230	SEPA
USCE-Savannah District	Hartwell Lake	Hartwell	GA	2	85	230	SEPA
USCE-Savannah District	Hartwell Lake	Hartwell	GA	3	85	230	SEPA
USCE-Savannah District	Hartwell Lake	Hartwell	GA	4	85	230	SEPA
USCE-Savannah District	Hartwell Lake	Hartwell	GA	5	80	230	SEPA
USCE-Savannah District	J Strom Thurmond	Clarks Hill	SC	1	51.7	115	SEPA
USCE-Savannah District	J Strom Thurmond	Clarks Hill	SC	2	51.7	115	SEPA
USCE-Savannah District	J Strom Thurmond	Clarks Hill	SC	3	51.7	115	SEPA
USCE-Savannah District	J Strom Thurmond	Clarks Hill	SC	4	51.7	115	SEPA
USCE-Savannah District	J Strom Thurmond	Clarks Hill	SC	5	51.7	115	SEPA
USCE-Savannah District	J Strom Thurmond	Clarks Hill	SC	6	51.7	115	SEPA
USCE-Savannah District	J Strom Thurmond	Clarks Hill	SC	7	51.7	115	SEPA
USCE-Savannah District	Richard B Russell	Elberton	GA	1	75	230	SEPA
USCE-Savannah District	Richard B Russell	Elberton	GA	2	75	230	SEPA
USCE-Savannah District	Richard B Russell	Elberton	GA	3	75	230	SEPA
USCE-Savannah District	Richard B Russell	Elberton	GA	4	75	230	SEPA
USCE-Savannah District	Richard B Russell	Elberton	GA	5	82	230	SEPA
USCE-Savannah District	Richard B Russell	Elberton	GA	6	82	230	SEPA
USCE-Savannah District	Richard B Russell	Elberton	GA	7	82	230	SEPA
USCE-Savannah District	Richard B Russell	Elberton	GA	8	82	230	SEPA
USCE-Nashville District	Barkley	Kuttawa	KY	1	32.5	161	TVA
USCE-Nashville District	Barkley	Kuttawa	KY	2	32.5	161	TVA
USCE-Nashville District	Barkley	Kuttawa	KY	3	32.5	161	TVA
USCE-Nashville District	Barkley	Kuttawa	KY	4	32.5	161	TVA
USCE-Nashville District	Center Hill	Lancaster	TN	1	45	161/46	TVA
USCE-Nashville District	Center Hill	Lancaster	TN	2	45	161/47	TVA
USCE-Nashville District	Center Hill	Lancaster	TN	3	45	161/48	TVA
USCE-Nashville District	Cheatham	Ashland City	TN	1	12	69	TVA
USCE-Nashville District	Cheatham	Ashland City	TN	2	12	69	TVA
USCE-Nashville District	Cheatham	Ashland City	TN	3	12	69	TVA
USCE-Nashville District	Cordell Hull	Carthage	TN	1	33.3	161	TVA
USCE-Nashville District	Cordell Hull	Carthage	TN	2	33.3	161	TVA
USCE-Nashville District	Cordell Hull	Carthage	TN	3	33.3	161	TVA
USCE-Nashville District	Dale Hollow	Celina	TN	1	18	69	TVA
USCE-Nashville District	Dale Hollow	Celina	TN	2	18	69	TVA
USCE-Nashville District	Dale Hollow	Celina	TN	3	18	69	TVA
USCE-Nashville District	J P Priest	Nashville	TN	1	28	69	TVA

US Army Corps of Engineers Projects in SERC Region
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EIA-860 Respondent Name	Plant Name	City	State	Unit Number	Existing Generator Nameplate Capacity (MW)	Interconnection Voltage (kV)	Transmission Operator
USCE-Nashville District	Laurel	London	KY	1	70	161	TVA
USCE-Nashville District	Old Hickory	Hendersonville	TN	1	28.7	69	TVA
USCE-Nashville District	Old Hickory	Hendersonville	TN	2	25	69	TVA
USCE-Nashville District	Old Hickory	Hendersonville	TN	3	25	69	TVA
USCE-Nashville District	Old Hickory	Hendersonville	TN	4	25	69	TVA
USCE-Nashville District	Wolf Creek	Jamestown	KY	1	45	161	TVA
USCE-Nashville District	Wolf Creek	Jamestown	KY	2	45	161	TVA
USCE-Nashville District	Wolf Creek	Jamestown	KY	3	45	161	TVA
USCE-Nashville District	Wolf Creek	Jamestown	KY	4	45	161	TVA
USCE-Nashville District	Wolf Creek	Jamestown	KY	5	45	161	TVA
USCE-Nashville District	Wolf Creek	Jamestown	KY	6	45	161	TVA

A table (marked as Table 1) showing the functional responsibilities with respect to U.S. Army Corps of Engineers projects within the SERC Region

(Exhibit 3)

This table was provided by SEPA on 2/6/07 in response to request from SERC for assistance in determining registration status for Corps of Engineers. Highlights added by SERC.

Exhibit 3

TABLE -1: Functional Responsibility by Project

Project Name	Southeastern System	NERC Region	MW	KV	BA	GO	GOP	PC	PSE	RC	TO	TOP	TPL	RP
Philpott	Kerr-Philpott	Reliability First	15	138	PJM	USACE - SAW	USACE - SAW	PJM	SEPA	PJM	USACE - SAW	PJM	PJM	SEPA
John H. Kerr	Kerr-Philpott	SERC - VACAR	236	115	PJM	USACE - SAW	USACE - SAW	PJM	SEPA	PJM	USACE - SAW	PJM	PJM	SEPA
Jim Woodruff	Jim Woodruff	FRCC	43	115	PEF	USACE - SAM	USACE - SAM	FRCC	SEPA	FRCC	USACE - SAM	PEF	PEF	SEPA
Alatoona	GA-AL-SC	SERC – Southern SubRegion	72	115	SOCO	USACE - SAM	USACE - SAM	SOCO	SEPA	SSSC	USACE - SAM	SEPA	SOCO	SEPA
Buford	GA-AL-SC	SERC – Southern SubRegion	126	115	SOCO	USACE - SAM	USACE - SAM	SOCO	SEPA	SSSC	USACE - SAM	SEPA	SOCO	SEPA
Carters	GA-AL-SC	SERC – Southern SubRegion	572	230	SOCO	USACE - SAM	USACE - SAM	SOCO	SEPA	SSSC	USACE - SAM	SEPA	SOCO	SEPA
West Point	GA-AL-SC	SERC – Southern SubRegion	80	115	SOCO	USACE - SAM	USACE - SAM	SOCO	SEPA	SSSC	USACE - SAM	SEPA	SOCO	SEPA
W.F. George	GA-AL-SC	SERC – Southern SubRegion	150	115	SOCO	USACE - SAM	USACE - SAM	SOCO	SEPA	SSSC	USACE - SAM	SEPA	SOCO	SEPA
Millers Ferry	GA-AL-SC	SERC – Southern SubRegion	90	115	SOCO	USACE - SAM	USACE - SAM	SOCO	SEPA	SSSC	USACE - SAM	SEPA	SOCO	SEPA
R.F. Henry	GA-AL-SC	SERC – Southern SubRegion	82	115	SOCO	USACE - SAM	USACE - SAM	SOCO	SEPA	SSSC	USACE - SAM	SEPA	SOCO	SEPA
Hartwell	GA-AL-SC	SERC - VACAR	432	230	SEPA	USACE - SAS	USACE - SAS	DUK	SEPA	VACS	USACE - SAS	SEPA	DUK	SEPA
Russell	GA-AL-SC	SERC - VACAR	648	230	SEPA	USACE - SAS	USACE - SAS	SC	SEPA	VACS	USACE - SAS	SEPA	SC	SEPA
Thurmond	GA-AL-SC	SERC - VACAR	364	115	SEPA	USACE - SAS	USACE - SAS	SC	SEPA	VACS	USACE - SAS	SEPA	SC	SEPA
Barkely	Cumberland	SERC - TVA	148	161	TVA	USACE - LRN	USACE - LRN	TVA	SEPA	TVA	USACE - LRN	TVA	TVA	SEPA
Cheatham	Cumberland	SERC - TVA	41	69	TVA	USACE - LRN	USACE - LRN	TVA	SEPA	TVA	USACE - LRN	TVA	TVA	SEPA
Old Hickory	Cumberland	SERC - TVA	116	69	TVA	USACE - LRN	USACE - LRN	TVA	SEPA	TVA	USACE - LRN	TVA	TVA	SEPA
Percy Priest	Cumberland	SERC - TVA	30	69	TVA	USACE - LRN	USACE - LRN	TVA	SEPA	TVA	USACE - LRN	TVA	TVA	SEPA
Cordell Hull	Cumberland	SERC - TVA	114	161	TVA	USACE - LRN	USACE - LRN	TVA	SEPA	TVA	USACE - LRN	TVA	TVA	SEPA
Center Hill	Cumberland	SERC - TVA	156	161/46	TVA	USACE - LRN	USACE - LRN	TVA	SEPA	TVA	USACE - LRN	TVA	TVA	SEPA
Dale Hollow	Cumberland	SERC - TVA	62	69	TVA	USACE - LRN	USACE - LRN	TVA	SEPA	TVA	USACE - LRN	TVA	TVA	SEPA
Wolf Creek	Cumberland	SERC - TVA	312	161	TVA	USACE - LRN	USACE - LRN	TVA	SEPA	TVA	USACE - LRN	TVA	TVA	SEPA
Laurel	Cumberland	SERC - TVA	70	161	EK	USACE - LRN	USACE - LRN	EK	SEPA	TVA	USACE - LRN	EK	EK	SEPA

**One-line diagrams depicting U.S. Army Corps of
Engineers transmission facilities, designated as
“CEII”**

(Exhibit 4)

**Critical Energy Infrastructure Information Has
Been Removed From This Public Version**

**Responses of SEPA Customers to SERC's
Information Request**

(Exhibit 5)

**Response of SEPA Customers to SERC Request to Identify Resource Planner – April 21,2008
(Provided to SERC by SEPA)**

Representative Agency	Preference Customer	Resource Planner
AMEA	City of Dothan, AL	Alabama Power / Southern Company
AMEA	City of Alexander City, AL	Alabama Power / Southern Company
AMEA	City of Fairhope, AL	Alabama Power / Southern Company
AMEA	City of Foley, AL	Alabama Power / Southern Company
AMEA	City of LaFayette, AL	Alabama Power / Southern Company
AMEA	City of Lanett, AL	Alabama Power / Southern Company
AMEA	City of Opelika, AL	Alabama Power / Southern Company
AMEA	City of Piedmont, AL	Alabama Power / Southern Company
AMEA	City of Sylacauga, AL	Alabama Power / Southern Company
AMEA	City of Tuskegee, AL	Alabama Power / Southern Company
AMEA	City of Luverne, AL	Alabama Power / Southern Company
Big Rivers	Big Rivers Electric Corporation	
Big Rivers	City of Henderson, KY	
Central	Central Electric Power Cooperative	
East Kentucky	East Kentucky Power Cooperative	East Kentucky Power Cooperative
Electricities	Fayetteville, NC Public Works Commission	
Electricities	City of Kings Mountain, NC	
Electricities	City of Concord, NC	
Electricities	Town of Dallas, NC	
Electricities	Town of Forest City, NC	
Electricities	Town of Waynesville, NC	
Electricities	Town of Enfield, NC	
MDEA	Mississippi Delta Energy Agency	
MEAG	City of Thomaston, GA	MEAG
MEAG	City of Sylvester, GA	MEAG
MEAG	City of Covington, GA	MEAG
MEAG	City of Doerun, GA	MEAG
MEAG	City of Douglas, GA	MEAG
MEAG	City of East Point, GA	MEAG
MEAG	City of Commerce, GA	MEAG
MEAG	City of Sylvania, GA	MEAG
MEAG	City of West Point, GA	MEAG
MEAG	City of Ellaville, GA	MEAG
MEAG	City of Fairburn, GA	MEAG
MEAG	City of Fitzgerald, GA	MEAG
MEAG	City of Jackson, GA	MEAG
MEAG	City of Forsyth, GA	MEAG
MEAG	City of Fort Valley, GA	MEAG
MEAG	City of Elberton, GA	MEAG
MEAG	City of Camilla, GA	MEAG
MEAG	City of Albany, GA	MEAG
MEAG	City of Adel, GA	MEAG
MEAG	City of Acworth, GA	MEAG
MEAG	City of Blakely, GA	MEAG

**Response of SEPA Customers to SERC Request to Identify Resource Planner – April 21,2008
(Provided to SERC by SEPA)**

Representative Agency	Preference Customer	Resource Planner
MEAG	City of Brinson, GA	MEAG
MEAG	City of Buford, GA	MEAG
MEAG	City of Washington, GA	MEAG
MEAG	City of Calhoun, GA	MEAG
MEAG	City of Thomasville, GA	MEAG
MEAG	City of Oxford, GA	MEAG
MEAG	City of Cartersville, GA	MEAG
MEAG	Crisp County, GA Power Commission	MEAG
MEAG	City of Whigham, GA	MEAG
MEAG	City of College Park, GA	MEAG
MEAG	City of Grantville, GA	MEAG
MEAG	City of Cairo, GA	MEAG
MEAG	City of Quitman, GA	MEAG
MEAG	City of Palmetto, GA	MEAG
MEAG	City of Norcross, GA	MEAG
MEAG	City of Newnan, GA	MEAG
MEAG	City of Moultrie, GA	MEAG
MEAG	City of Monticello, GA	MEAG
MEAG	City of Monroe, GA	MEAG
MEAG	Town of Mansfield, GA	MEAG
MEAG	City of Griffin, GA	MEAG
MEAG	City of Lawrenceville, GA	MEAG
MEAG	City of Lagrange, GA	MEAG
MEAG	City of LaFayette, GA	MEAG
MEAG	City of Sandersville, GA	MEAG
MEAG	City of Barnesville, GA	MEAG
MEAG	City of Hogansville, GA	MEAG
MEAG	City of Marietta, GA	MEAG
MEAM	Municipal Energy Agency of Mississippi	
NCEMC	Haywood EMC	NCEMC
NCEMC	Four County EMC	NCEMC
NCEMC	Halifax EMC	NCEMC
NCEMC	Jones-Onslow EMC	NCEMC
NCEMC	Carteret-Craven EMC	NCEMC
NCEMC	Central EMC	NCEMC
NCEMC	Brunswick EMC	NCEMC
NCEMC	Lumbee River EMC	NCEMC
NCEMC	Roanoke EMC	NCEMC
NCEMC	Pee Dee EMC	NCEMC
NCEMC	Halifax EMC	NCEMC
NCEMC	Piedmont EMC	
NCEMC	Wake EMC	NCEMC
NCEMC	French Broad EMC	
NCEMC	Randolph EMC	NCEMC

**Response of SEPA Customers to SERC Request to Identify Resource Planner – April 21,2008
(Provided to SERC by SEPA)**

Representative Agency	Preference Customer	Resource Planner
NCEMC	Blue Ridge EMC	
NCEMC	Haywood EMC	NCEMC
NCEMC	Pee Dee EMC	NCEMC
NCEMC	Rutherford EMC	
NCEMC	Edgecombe-Martin County EMC	NCEMC
NCEMC	Pitt & Greene EMC	NCEMC
NCEMC	Albemarle EMC	NCEMC
NCEMC	Carteret-Craven EMC	NCEMC
NCEMC	South River EMC	NCEMC
NCEMC	Tideland EMC	NCEMC
NCEMC	Tideland EMC	NCEMC
NCEMC	Tri-County EMC	NCEMC
NCEMC	EnergyUnited EMC	
NCEMC	Union EMC	NCEMC
NCEMPA	City of Kinston, NC	
NCEMPA	Town of Ayden, NC	
NCEMPA	Town of Windsor, NC	
NCEMPA	City of Laurinburg, NC	
NCEMPA	Town of Apex, NC	
NCEMPA	Town of Tarboro, NC	
NCEMPA	Town of Benson, NC	
NCEMPA	Town of Clayton, NC	
NCEMPA	Town of Farmville, NC	
NCEMPA	Town of Fremont, NC	
NCEMPA	Town of Hookerton, NC	
NCEMPA	Town of La Grange, NC	
NCEMPA	City of Lumberton, NC	
NCEMPA	City of New Bern, NC	
NCEMPA	Town of Pikeville, NC	
NCEMPA	Town of Red Springs, NC	
NCEMPA	City of Elizabeth City, NC	
NCEMPA	Town of Louisburg, NC	
NCEMPA	City of Rocky Mount, NC	
NCEMPA	Town of Robersonville, NC	
NCEMPA	Town of Hobgood, NC	
NCEMPA	Town of Hamilton, NC	
NCEMPA	Town of Edenton, NC	
NCEMPA	Town of Belhaven, NC	
NCEMPA	Town of Wake Forest, NC	
NCEMPA	Town of Selma, NC	
NCEMPA	Greenville, NC Utilities Commission	
NCEMPA	Town of Scotland Neck, NC	
NCEMPA	Town of Smithfield, NC	
NCEMPA	City of Wilson, NC	

**Response of SEPA Customers to SERC Request to Identify Resource Planner – April 21,2008
(Provided to SERC by SEPA)**

Representative Agency	Preference Customer	Resource Planner
NCEMPA	City of Washington, NC	
NCEMPA	Town of Hertford, NC	
NCMPA1	Town of Maiden, NC	NCMPA1
NCMPA1	City of Monroe, NC	NCMPA1
NCMPA1	City of Newton, NC	NCMPA1
NCMPA1	City of Shelby, NC	NCMPA1
NCMPA1	City of Lincolnton, NC	NCMPA1
NCMPA1	Town of Cornelius, NC	NCMPA1
NCMPA1	City of Statesville, NC	NCMPA1
NCMPA1	Town of Pineville, NC	NCMPA1
NCMPA1	Town of Huntersville, NC	NCMPA1
NCMPA1	City of Gastonia, NC	NCMPA1
NCMPA1	City of Cherryville, NC	NCMPA1
NCMPA1	City of Morganton, NC	NCMPA1
NCMPA1	Town of Drexel, NC	NCMPA1
NCMPA1	Town of Bostic, NC	NCMPA1
NCMPA1	Town of Landis, NC	NCMPA1
NCMPA1	Town of Granite Falls, NC	NCMPA1
ODEC	B-A-R-C EC	PJM
ODEC	Southside EC	PJM
ODEC	Shenandoah Valley EMC	PJM
ODEC	Rappahannock EC	PJM
ODEC	Prince George EC	PJM
ODEC	Northern Virginia EC	
ODEC	Northern Neck EC	PJM
ODEC	Mecklenburg EMC	PJM
ODEC	Community EC	PJM
OPC	Slash Pine EMC	GSOC/GTC/OPC
OPC	Altamaha EMC	GSOC/GTC/OPC
OPC	Snapping Shoals EMC	GSOC/GTC/OPC
OPC	Washington EMC	GSOC/GTC/OPC
OPC	Ocmulgee EMC	GSOC/GTC/OPC
OPC	Okefenoke Rural EMC	GSOC/GTC/OPC
OPC	Satilla Rural EMC	GSOC/GTC/OPC
OPC	Pataula EMC	GSOC/GTC/OPC
OPC	Planters EMC	GSOC/GTC/OPC
OPC	Middle Georgia EMC	GSOC/GTC/OPC
OPC	Sawnee EMC	GSOC/GTC/OPC
OPC	Mitchell EMC	GSOC/GTC/OPC
OPC	Sumter EMC	GSOC/GTC/OPC
OPC	Three Notch EMC	GSOC/GTC/OPC
OPC	Tri-County EMC	GSOC/GTC/OPC
OPC	Diverse Power, Inc.	GSOC/GTC/OPC
OPC	Upson EMC	GSOC/GTC/OPC

**Response of SEPA Customers to SERC Request to Identify Resource Planner – April 21,2008
(Provided to SERC by SEPA)**

Representative Agency	Preference Customer	Resource Planner
OPC	Walton EMC	GSOC/GTC/OPC
OPC	Amicalola EMC	GSOC/GTC/OPC
OPC	Rayle EMC	GSOC/GTC/OPC
OPC	Greystone Power Corporation	GSOC/GTC/OPC
OPC	Canoochee EMC	GSOC/GTC/OPC
OPC	Carroll EMC	GSOC/GTC/OPC
OPC	Central Georgia EMC	GSOC/GTC/OPC
OPC	Coastal EMC	GSOC/GTC/OPC
OPC	Cobb EMC	GSOC/GTC/OPC
OPC	Oconee EMC	GSOC/GTC/OPC
OPC	Coweta-Fayette EMC	GSOC/GTC/OPC
OPC	Little Ocmulgee EMC	GSOC/GTC/OPC
OPC	Excelsior EMC	GSOC/GTC/OPC
OPC	Flint EMC	
OPC	Grady EMC	GSOC/GTC/OPC
OPC	Habersham EMC	GSOC/GTC/OPC
OPC	Hart EMC	GSOC/GTC/OPC
OPC	Irwin EMC	GSOC/GTC/OPC
OPC	Jackson EMC	GSOC/GTC/OPC
OPC	Jefferson EMC	GSOC/GTC/OPC
OPC	Southern Rivers Energy	GSOC/GTC/OPC
OPC	Colquitt EMC	GSOC/GTC/OPC
PMPA	City of Laurens, SC	
PMPA	City of Clinton, SC	
PMPA	City of Newberry, SC	
PMPA	City of Union, SC	
PMPA	City of Westminster, SC	
PMPA	City of Greer, SC	
PMPA	City of Gaffney, SC	
PMPA	City of Abbeville, SC	
PMPA	City of Rock Hill, SC	
PMPA	City of Easley, SC	
PowerSouth	Baldwin County EMC	PowerSouth
PowerSouth	PowerSouth Energy Cooperative	PowerSouth
PowerSouth	Wiregrass EC	PowerSouth
PowerSouth	West Florida ECA	PowerSouth
PowerSouth	Pioneer EC	PowerSouth
PowerSouth	Pea River EC	PowerSouth
PowerSouth	Dixie EC	PowerSouth
PowerSouth	Coosa Valley EC	PowerSouth
PowerSouth	Clarke-Washington EMC	PowerSouth
PowerSouth	Central Alabama EC	PowerSouth
PowerSouth	Tallapoosa River EC	PowerSouth
PowerSouth	Choctawhatchee EC	PowerSouth

**Response of SEPA Customers to SERC Request to Identify Resource Planner – April 21,2008
(Provided to SERC by SEPA)**

Representative Agency	Preference Customer	Resource Planner
RWBeck	City of Bardstown, KY	
RWBeck	City of Owensboro, KY	
RWBeck	City of Providence, KY	
RWBeck	City of Paris, KY	
RWBeck	City of Nicholasville, KY	
RWBeck	City of Madisonville, KY	
RWBeck	City of Frankfort, KY	
RWBeck	City of Falmouth, KY	
RWBeck	City of Corbin, KY	
RWBeck	City of Bardwell, KY	
RWBeck	City of Barbourville, KY	
RWBeck	City of Benham, KY	
Saluda	York EC	
Saluda	Laurens EC	
Saluda	Little River EC	
Saluda	Broad River EC	
Saluda	Blue Ridge EC	
Saluda	Little River EC	
Santee Cooper	South Carolina Public Service Authority	
SMEPA	South Mississippi EPA	SMEPA
SMEPA	Singing River EPA	SMEPA
SMEPA	Coast EPA	SMEPA
SMEPA	South Mississippi EPA	SMEPA
Southern Illinois	Southern Illinois Power Cooperative	
TVPPA	Tennessee Valley Public Power Association	
Unaffiliated	City of Troy, AL	
Unaffiliated	Central Virginia EC	
Unaffiliated	City of Hampton, GA	
Unaffiliated	City of Dalton, GA	
Unaffiliated	City of Evergreen, AL	
Unaffiliated	City of Hartford, AL	
Unaffiliated	City of Robertsdale, AL	
Unaffiliated	Town of Bamberg, SC	
Unaffiliated	City of Georgetown, SC	
Unaffiliated	Craig-Botetourt EC	
Unaffiliated	Black Warrior EMC	
Unaffiliated	City of Greenwood, SC	
Unaffiliated	Town of Due West, SC	
Unaffiliated	East Mississippi EPA	Mississippi Power / Southern Company
Unaffiliated	City of Seneca, SC	
Unaffiliated	Tombigbee EC	
Unaffiliated	Town of Prosperity, SC	
Unaffiliated	City of Orangeburg, SC	South Carolina Electric and Gas
Unaffiliated	Town of Winnsboro, SC	

**Response of SEPA Customers to SERC Request to Identify Resource Planner – April 21,2008
(Provided to SERC by SEPA)**

Representative Agency	Preference Customer	Resource Planner
Unaffiliated	Town of McCormick, SC	
VMEA	Town of Blackstone, VA	
VMEA	City of Franklin, VA	
VMEA	Town of Elkton, VA	
VMEA	Town of Culpepper, VA	
VMEA	Town of Wakefield, VA	
VMEA	Harrisonburg Electric Commission	

**Corps of Engineers Project Operation, Standing
Operating Procedure, Hydropower Operations,
designated as “Privileged”**

(Exhibit 6)

**Privileged and Confidential Information Has Been
Removed From This Public Version**

Memorandum of Understanding (Operating Agreement) Between Corps of Engineers, U.S. Army, Tennessee Valley Authority, and Southeastern Power Administration, Department of Energy, With Respect to Operations of the Cumberland System Projects, designated as “Privileged”

(Exhibit 7)

Privileged and Confidential Information Has Been Removed From This Public Version

**Contract executed by the United States
Department of Energy acting by and through the
Southeastern Power Administration and South
Carolina Public Service Authority, designated as
“Privileged”**

(Exhibit 8)

**Privileged and Confidential Information Has Been
Removed From This Public Version**

**Contract executed by the United States
Department of Energy acting by and through the
Southeastern Power Administration and Duke
Power Company, designated as “Privileged”**

(Exhibit 9)

**Privileged and Confidential Information Has Been
Removed From This Public Version**



Attachment C

Excerpt from

**Southeastern Power Administration System
Operations Center**

Conduct of Operations

Revision 1 – February 8, 2007

Privileged and Confidential Information

Has Been Removed From This Public Version

