



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 10, 2009

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

**Re: NERC Notice of Penalty regarding Eastman Cogeneration Limited Partnership,
FERC Docket No. NP09-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Eastman Cogeneration Limited Partnership (Eastman), NERC Registry ID NCR01092,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

As a result of a self-certification submitted by Eastman on January 18, 2008, Southwest Power Pool Regional Entity (SPP RE) found Eastman in violation of CIP-001-1, Requirements R1 and R4. Eastman failed to have documented procedures for recognizing sabotage events and making operating personnel aware of them as required by CIP-001-1 R1. In addition, Eastman had not established contact with the Federal Bureau of Investigation (FBI) nor had it developed FBI reporting procedures as required by CIP-001-1 R4. This Notice of Penalty is being filed with the Commission because, based on information from SPP RE, Eastman does not dispute the violations of CIP-001-1 R1 and R4 and the proposed penalty of zero dollars (\$0) to be assessed to Eastman. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers SPP200700018 and SPP200700019 are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP.

¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). *See also* 18 C.F.R. Part 39 (2008). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A).

² Southwest Power Pool Regional Entity confirmed that Eastman was included on the NERC Compliance Registry as a Generator Owner and Generator Operator on May 31, 2007, and as a Generator Operator was subject to the requirements of NERC Reliability Standard CIP-001-1.

³ *See* 18 C.F.R § 39.7(c)(2).

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on November 3, 2008, by SPP RE. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying each Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
SPP RE	Eastman Cogeneration Limited Partnership	NOC-129	SPP200700018	CIP-001-1	1	Medium	0
		NOC-129	SPP200700019	CIP-001-1	4	Medium	

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

CIP-001-1 R1 requires an entity such as Eastman to have procedures for the recognition of and for making its operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection. CIP-001-1 R1 has a “Medium” Violation Risk Factor (VRF).

CIP-001-1 R4 requires an entity such as Eastman to establish communication contacts with local FBI officials, and develop reporting procedures as appropriate to their circumstances. CIP-001-1 R4 has a “Medium” VRF.

On January 18, 2008, Eastman reported violations of CIP-001-1 R1 and R4 in a self-certification report submitted to SPP RE. According to Eastman, it did not have a written procedure for the recognition of sabotage events. Additionally, Eastman stated that it had not established communication contacts with the FBI.

The Initial Notice of Alleged Violation was issued on March 7, 2008. Eastman submitted its Mitigation Plan on March 17, 2008, to SPP RE and SPP RE accepted the Mitigation Plan on March 21, 2008.

On May 27, 2008, SPP RE issued a Notice of Alleged Violation and Proposed Penalty or Sanction (NAVAPS) addressing the violations and proposed a zero dollar (\$0) penalty therein. On July 18, 2008, Eastman issued a response to the NAVAPS in which it agreed with the violations and the proposed penalty. Eastman’s Mitigation Plan established procedures to

comply with CIP-001-1 R1 and R4 that were developed in conjunction with the Eastman Chemical facility. According to Eastman, its cogenerating facility is completely enclosed within the perimeter of an Eastman Chemical Company manufacturing facility and the host chemical facility provides security for both the chemical and cogenerating facility. Once the procedures were approved, all personnel were trained on the requirements for sabotage reporting. In a letter received by SPP RE on June 20, 2008, Eastman stated it had completed its Mitigation Plan. Accompanying the letter, Eastman provided SPP RE with a copy of revisions to its Operating Procedures manual addressing Sabotage Reporting. The written procedure gave personnel instructions on who to contact to report events of sabotage and identified contact information for the FBI. Upon reviewing the documents on August 7, 2008, SPP RE issued a letter on August 8, 2008 stating its determination that the written procedure, effective June 20, 2008, incorporated all required elements of Reliability Standard CIP-001-1. SPP RE determined the duration of the subject violations was from June 18, 2007, when the standard became enforceable, through June 20, 2008, when Eastman successfully completed its Mitigation Plan.

SPP RE exercised its discretion to assess no penalty for these violations based on a number of factors. SPP RE Staff considered the following mitigating factors with respect to the facts and circumstances of the referenced violations: (1) Eastman self-reported the violations during the annual 2007 self-certification program utilized by SPP RE;⁴ (2) Eastman submitted a Mitigation Plan that resolved the violations and prevented recurrence by developing a documented procedure for the recognition of sabotage events, establishing contact with the local FBI office, and training all responsible personnel on the procedures; and (3) the physical location of the cogeneration facility is within the perimeter of a facility owned by the Eastman Chemical Company which has its own plant protection personnel and procedures.

SPP RE Staff determined these violations did not put the bulk power system (BPS) reliability at serious or substantial risk because the Eastman cogeneration facility is completely enclosed within the perimeter of the Eastman Chemical manufacturing facility. Eastman Chemical had a sabotage recognition and reporting program already in place and the chemical facility had its own plant protection personnel and protocols. Any attempt at sabotage of the cogeneration facility would first have to penetrate Eastman Chemical security. This created less risk to the BPS because Eastman Chemical security procedures were in place during the timeframe that the cogeneration facility was in violation of CIP-001-1 R1 and R4.

The Eastman violations were not repeat violations; no negative relevant compliance history exists, there was no applicable history of compliance directives being issued, there was no evidence of any attempt by Eastman to conceal the violations, or that the violations were intentional, and there were no aggravating extenuating circumstances that would have led SPP RE Staff to recommend any penalty beyond zero dollars.

⁴ The self-certification process in which Eastman initiated its report of the CIP violations opened November 26, 2007 and closed February 29, 2008. Eastman submitted its response to the self-certification process on January 18, 2008.

Status of Mitigation Plan

Eastman's Mitigation Plan to address the referenced violations was submitted to SPP RE on March 17, 2008, accepted by SPP RE on March 21, 2008, and approved by NERC on May 6, 2008. The Mitigation Plan for the CIP-001-1 R1 and R4 violations is designated as MIT-07-0470 and was submitted as non-public information to FERC on May 6, 2008, in accordance with FERC orders.

Eastman stated in its Mitigation Plan that it did not have fully documented procedures for the recognition of and for making operating personnel aware of sabotage events at its cogeneration facility. It also did not have reporting procedures established for contacting the local FBI office. Eastman identified the specific tasks it planned to undertake to correct the violations of CIP-001-1 R1 and R4. As set forth in its Mitigation Plan, Eastman identified the following tasks: (1) to develop a documented procedure, in conjunction with the Eastman Chemical Company, for recognizing and reporting sabotage events; (2) to establish contact with the local Federal Bureau of Investigation office; and (3) to train its personnel on the new procedure by July 1, 2008 to correct the company's violation of CIP-001-1 R1 and R4.

Eastman certified to SPP RE on June 20, 2008, that it had completed its Mitigation Plan and provided evidence to support completion. The evidence submitted by Eastman consisted of a Sabotage Reporting procedure, inserted as page 4 of 39 in the Operating Procedures manual, effective on June 20, 2008. The procedure requires in the event of a non-accidental and possible sabotage event, for personnel to notify the Cogeneration Operations Manager, who in turn must notify the Texas Eastman Plant Security- Director of Commercial Power and the Reliability Coordinator. Then, the Texas Eastman Chemical Plant Security officer is to notify the local FBI. Eastman indicated that the FBI contact was established via a telephone conversation with an agent in the local field office on March 11, 2008. As verification, a call was made to the telephone number listed in the Sabotage Reporting procedure by SPP RE Staff on August 7, 2008, confirming the number as the appropriate FBI contact to report sabotage events. Based on the evidence submitted by Eastman, on August 8, 2008, SPP RE notified Eastman that it had determined the evidence to be complete and indicative of Eastman's completion of the Mitigation Plan and in compliance with CIP-00-1 R1 and R4.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁵

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008, Guidance Order,⁶ the NERC BOTCC reviewed the NOCV and supporting documentation on January 9, 2009. The NERC BOTCC affirmed SPP RE's findings and determination to impose a zero dollar (\$0) financial penalty against Eastman,

⁵ See 18 C.F.R. § 39.7(d)(4).

⁶ *Guidance on Filing Reliability Notices of Penalty*, 124 FERC ¶ 61,015 (2008).

based upon the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

In reaching this determination, NERC BOTCC considered the following factors: (1) Eastman notified SPP RE of the violation through the self-certification process; (2) Eastman's submission of a Mitigation Plan to resolve the violations and prevent recurrence; (3) Eastman did not have repetitive violations; (4) Eastman was cooperative in the violation investigation; (5) SPP RE did not find any evidence that the violation was intentional; (6) Eastman accepted SPP RE's confirmation of the violation and the proposed penalty; and (7) the violation did not put the BPS reliability at serious or substantial risk because the Eastman Chemical security procedures were in place during the period the cogeneration facility was in violation of the CIP-001-1 R1 and R4.

Therefore, NERC believes the proposed zero dollar (\$0) financial penalty is appropriate and consistent with NERC's goal to ensure reliability of the BPS.

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

Attachments to be Included as Part of this Notice of Penalty

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

- a) Eastman's Self-Certification Reports dated January 18, 2008, included as Attachment a;
- b) Eastman's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated July 18, 2008, included as Attachment b;
- c) Mitigation Plan designated as MIT-07-0470 dated March 17, 2008, included as Attachment c;
- d) Eastman's Certification of Completion of the Mitigation Plan dated June 20, 2008, included as Attachment d; and
- e) SPP RE's Verification of Completion of the Mitigation Plan dated August 8, 2008, included as Attachment e.

A Form of Notice Suitable for Publication

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

Notices and Communications

Notices and communications with respect to this filing may be addressed to the following:

Rick Sergel
President and Chief Executive Officer
David N. Cook*
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

For Eastman Cogeneration L.P.:

Mr. James Ray
President
Eastman Cogeneration L.P.
200 S. Wilcox Drive, B280
Kingsport, Tennessee 3762
(903) 237-5025
jeray@eastman.com

Mr. James Stark*
Manager of Cogeneration
Eastman Chemical Company, Texas Operations
P.O. Box 7444, B121
Longview, TX 75607
jstark@eastman.com

Rebecca J. Michael*
Assistant General Counsel
Holly A. Hawkins*
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

For SPP, RE:

Mr. Ron Ciesiel*
Executive Director, Compliance
Southwest Power Pool Regional Entity
415 N. McKinley, 140 Plaza West
Little Rock, AR 72205-3020
(501) 614-3265
rciesel@spp.org

*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.

Conclusion

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

Respectfully submitted,

Rick Sergel
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

cc: Eastman Cogeneration Limited Partnership
Southwest Power Pool Regional Entity

Attachments

Attachment a

**Eastman's Self-Certification Reports, dated
January 18, 2008**

Compliance Data Management System 2007 Self-Certification Worksheet

Eastman Cogeneration L.P.

<u>REQUIREMENT</u>	CIP-001-1 R1	Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load-Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi site sabotage affecting larger portions of the interconnection.
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<u>RESP. FOR COMPLYING</u>	Yes	<u>RECEIVED DATE</u>	01/18/2008
<u>DUE DATE</u>	11/26/2007	<u>COMPLIANCE LEVEL</u>	NC Level 1
<u>MP DUE DATE</u>	02/29/2008	<u>SC STATUS</u>	Work In Progress

NOT RESPONSIBLE REASON

MEMBER COMMENTS

Need additional procedures for making personnel aware of sabotage events.

MEMBER CONTACT

Lloyd Webb - Director, Commercial Power

***** End of Report *****

Compliance Data Management System 2007 Self-Certification Worksheet

Eastman Cogeneration L.P.

REQUIREMENT CIP-001-1 R4

Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load-Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances.

RESP. FOR COMPLYING Yes

RECEIVED DATE 01/18/2008

DUE DATE 11/26/2007

COMPLIANCE LEVEL NC Level 1

MP DUE DATE 02/29/2008

SC STATUS Work In Progress

NOT RESPONSIBLE REASON

MEMBER COMMENTS

Need to put FBI contacts in operating procedures.

MEMBER CONTACT

Lloyd Webb - Director, Commercial Power

***** End of Report *****

Attachment b

Eastman's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction, dated July 18, 2008

Eastman Cogeneration L.P.

P. O. Box 7444
Building 121
Longview, Texas 75607-7444
903-237-5333

Lloyd Webb
Director, Commercial Power
Eastman Cogeneration, L.P.
P.O. Box 7444
Longview, TX 75607
July 18, 2008

Mr. Ronald W. Ciesiel
Executive Director of Compliance
Southwest Power Pool Regional Entity
415 N. McKinley Suite 140
Little Rock, Arkansas 72205

Re: Notice of Alleged Violation and Proposed Penalty or Sanction for Registered Entity
NCR01092

Dear Mr. Ciesiel:

This letter is to notify you that per Item III. in your attached communication of May 27, 2008DATE, Eastman Cogeneration L.P. does not contest the allegations.

Please be advised we have completed all needed mitigation work and all procedures and protocols are now in place to fully comply with the R1 and R4 requirements of CIP-001-1. Since completing our mitigation , we have also concluded our work to determine if our cogeneration facility located in Longview, Texas-- and registered as Entity NCR01092-- is a critical asset and subject to the NERC CIP standards. We determined the Longview cogeneration facility is a non-critical asset and have certified it as non-critical in the most recent CIP certification survey.

Thank you for your ruling to not impose a penalty and sanction.. We appreciate your continued assistance in ensuring that we meet all of the required Standards.

Yours truly,



Lloyd Webb
Director, Commercial Power

Enclosure

cc: C. Greenwaldt, JP Jones, B. Pitchie, D. Rachels, R. Ratheal, J. Ray

Attachment c

**Mitigation Plan designated as MIT-07-0470, dated
March 17, 2008**



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 3/17/2008

If this Mitigation Plan has already been completed:

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

Section A: Compliance Notices

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

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



- This submittal form may be used to provide a required Mitigation Plan for review and approval by SPP RE and NERC.
- The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- This Mitigation Plan form may be used to address one or more related violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is approved by SPP RE and NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- SPP RE or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Section B: Registered Entity Information

B.1 Identify your organization:

Company Name: Eastman Cogeneration L.P.
Company Address: P.O. Box 7444, Longview, TX 75607-7444
NERC Compliance Registry ID : NCR01092

B.2 Identify the individual in your organization who will serve as the Contact to SPP RE regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to SPP RE regarding this Mitigation Plan.

Name: Lloyd Webb
Title: Director, Commercial Power
Email: lbwebb@eastman.com
Phone: 423 229 8902

Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

C.1 Standard: CIP-001-1



C.2 Requirement(s) violated and violation dates:

NERC Violation ID # [if known]	[Company Acronym] Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
NA	NA	R1	01/18/2008
NA	NA	R4	01/18/2008

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

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

R1 - Did not have fully documented procedures for the recognition of and for making operating personnel aware of sabotage events at above facility. R4 - Did not have reporting procedures established for FBI contacts.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

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

We are of the opinion that our facility is a non-critical asset and as such should not be subject to the CIP standards but have not completed the self certification. We will resolve the CIP-001-1 standards first by putting appropriate processes in place with the expectation we will certify as a non-critical asset at a later date.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:



R-1: We are jointly drafting standard procedures with the plant protection personnel from the Eastman Chemical Company chemical facility that hosts our cogeneration facility. Once the standard procedures are completed, we will train all responsible personnel.

R-4: Have established a contact with the local FBI office and advised of their role in our NERC sabotage notification procedures. We are jointly drafting standard procedures with the plant protection personnel from the Eastman Chemical Company chemical facility that hosts our cogeneration facility. Once the standard procedures are completed, we will train all responsible personnel.

Check this box and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: 7-1-2008

D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (updates shall not be more than 3 months apart)
R-1 Draft standard procedures	5-1-2008
R-1 Final approval of standard procedures	6-1-2008
R-1 Complete training of all responsible personnel	7-1-2008
R-4 Draft standard procedures	5-1-2008
R-4 Final approval of standard procedures	6-1-2008
R-4 Complete training of all responsible personnel	7-1-2008

(*) Note: Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.

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



Additional Relevant Information (Optional)

D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

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



Section E: Interim and Future Reliability Risk

Check this box and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

Our preliminary assessment determined that we are a non-critical asset. We are currently doing a more comprehensive review to self certify the same. Based on the above we do not consider our non-compliance with CIP-001-1 R1 and R4 as representing any risk to the Bulk Power System.

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

Completion of the Mitigation plan will put in place all needed procedures which can be executed by fully trained personnel to address any requirements under CIP-001-1 R1 and R4.

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

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to SPP RE for acceptance by SPP RE and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Director, Commercial Power of Eastman Cogeneration L.P.
 2. I am qualified to sign this Mitigation Plan on behalf of Eastman Cogeneration L.P.
 3. I have read and understand Eastman Cogeneration L.P.'s obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEM)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Eastman Cogeneration L.P. agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by SPP RE and approved by NERC.

Authorized Individual Signature

A handwritten signature in black ink, appearing to read 'L Webb', written over a horizontal line.

(Electronic signatures are acceptable; *see* CMEM)

Name (Print): Lloyd Webb
Title: Director, Commercial Power
Date: March 17, 2008



Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

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

Please direct any questions regarding completion of this form to:

Shon Austin
501-614-3273
saustin@spp.org

or Kevin Goolsby
501-614-3275
kgoolsby@spp.org

Section H: To submit the form

1. Log into the CDMS tool
2. Go to the top and click on Non-Compliance/Self-report
3. Complete the “add new self-report” for the standard in violation (button is at the bottom of the page)
4. Once completed this will create an open mitigation file
5. Go to the top and click Non-Compliance/Mitigation Plans
6. Choose edit for the standard you are reporting
7. Here you can complete the information in each of the tabs or go to the Documents tab and upload this report.
8. To upload the report, press Browse and find the report on your machine. Type in a description of the mitigation report and submit.
9. Finally, please send Shon and Kevin an e-mail stating that you have submitted a mitigation plan into the CDMS.

Attachment d

Eastman's Certification of Completion of the Mitigation Plan, dated June 20, 2008

Eastman Cogeneration L.P.

P. O. Box 7444
Building 121
Longview, Texas 75607-7444

June 20, 2008

Mr. Ron Ciesiel
Executive Director – Compliance
Southwest Power Pool
415 North McKinley, Suite 800
Little Rock, AR 72205-3020

Dear Mr. Ciesiel:

This letter is to confirm that Eastman Cogeneration L.P. completed all mitigation requirements to conform to Standard: CIP-001-1 per the attached Mitigation Plan Submittal Form.

Please find attached the implemented operating procedure that fully mitigates this violation. All necessary training and ongoing training requirements related to this procedure are completed.

If you have any questions related to this matter please contact the undersigned at (423) 229-8902.

Yours truly,



Lloyd Webb
Director, Commercial Power

Cc: JP Jones, RB Pitchie, DJ Rachels, J Ray

Attachment e

SPP RE's Verification of Completion of the Mitigation Plan, dated August 8, 2008

August 8, 2008

Mr. Chip Millican
Director – Commercial Power
Eastman Cogeneration LP
P.O. Box 431, B280
Kingsport, TN 37662

RE: NERC Violation SPP200700018 CIP-001-1, R1
 NERC Violation SPP200700019 CIP-001-1, R4

Dear Mr. Chip Millican:

On December 31, 2007, Eastman Cogeneration LP (“Eastman”) reported compliance violations to the Southwest Power Pool Regional Entity (“SPP-RE”) arising from the System Self-Certification process for 2007. Eastman reported violation of NERC Reliability Standards CIP-001-1, R1 & R4 – Cyber Security.

The alleged violations were assigned NERC Violation Tracking Identification Numbers SPP200700018 and SPP200700019 respectively by the SPP-RE and reported to NERC. Eastman’s Mitigation Plan was accepted by SPP-RE on March 21, 2008.

On May 27, 2008, SPP-RE sent Eastman a Notice of Alleged Violation and Proposed Penalty or Sanction (“Notice”). Therein, Eastman was advised: (1) SPP-RE had confirmed the violations of the NERC Reliability Standards; (2) SPP-RE had determined a civil penalty was not warranted under the circumstances; (3) a waiver of any civil penalty would be subject to Eastman’s satisfactory completion of its Mitigation Plan; (4) Eastman must exercise its options under Section 5 of the NERC Compliance Monitoring and Enforcement Program within thirty (30) days; and (5) the Mitigation Plan previously submitted by Eastman had been accepted by SPP-RE on March 21, 2008, and by NERC on May 6, 2008. On June 20, 2008, SPP-RE received notification from Eastman the proposed Mitigation Plan was complete. Subsequently, on July 18, 2008, Eastman notified SPP-RE it had elected not to contest the alleged violations.

Mitigation Plan CIP-001, SPP200700018 & SPP200700019

Violation of CIP-001-1, R1 & R4 occurred because Eastman indicated it did not have documented procedures for the recognition of and for making operating personnel aware of sabotage events at its facility. Furthermore, Eastman did not have procedures established to report such events to the FBI.

In its Mitigation Plan Eastman specifically committed to:

1. Develop a documented procedure for the recognition of sabotage events; and
2. Establish contact with the local FBI office.

The evidence submitted by Eastman consists of a procedure inserted as page 4 of 39 in the Operating Procedures Manual effective June 20, 2008. The procedure requires the Cogeneration Operations Manager to notify the Texas Eastman Plant Security, the Director of Commercial Power and the Reliability Coordinator. Plant Security is to notify the local FBI. Eastman has indicated within its procedure that local FBI contact was established via telephone conversation with an agent in the local office. A call was made to the telephone number in the Eastman procedure by SPP-RE on August 7, 2008, to confirm the number as the appropriate local location to report sabotage events.

SPP-RE finds the evidence provided by Eastman to be complete and indicative of Eastman's compliance with CIP-001-1, R1 & R4. Accordingly, SPP-RE has determined the Mitigation Plan submitted by Eastman to be complete.

If you have any questions concerning this matter, please feel free to contact me at 501-614-3265.

Respectfully,

Ronald W. Ciesiel

RWC/ms

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Eastman Cogeneration Limited Partnership

Docket No. NP09-____-000

NOTICE OF FILING
July 10, 2009

Take notice that on July 10, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Eastman Cogeneration Limited Partnership in the Southwest Power Pool Regional Entity region.

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

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

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

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary