

125 FERC ¶ 61,089
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellingshoff.

In re Integrys Energy Services, Inc.

Docket No. IN09-2-000

ORDER APPROVING STIPULATION AND CONSENT AGREEMENT

(Issued October 24, 2008)

1. The Commission approves the attached Stipulation and Consent Agreement (Agreement) between the Office of Enforcement (Enforcement) and Integrys Energy Services, Inc. (Integrys ESI). This Order is in the public interest because it resolves the investigation into certain self-reported violations by Integrys ESI of the Commission's capacity release policies, including circumvention of the posting and bidding requirements for released capacity and violations of the shipper-must-have-title (SMHT) requirement. Integrys ESI has agreed to pay a civil penalty of \$800,000 and to disgorge \$194,505.78, plus interest, in unjust profits. In addition, Integrys ESI has agreed to improve its regulatory compliance program and to submit compliance monitoring reports.

Background

2. Integrys ESI is a wholesale and retail marketer/seller of natural gas and electric services to customers primarily in the Northeast and Midwest regions of the United States and adjacent portions of Canada as well as Texas, providing service to approximately 15,000 commercial and industrial natural gas customers and approximately 80,000 small commercial and residential gas customers through direct mass marketing programs. Integrys ESI provides service either through interstate pipeline capacity obtained by Integrys ESI or through customers' transportation capacity. Integrys ESI delivered approximately 315 Bcf of gas in 2006 to its retail customers.

3. Integrys ESI commenced an internal investigation of its compliance with the Commission's capacity release requirements in early 2007. Integrys ESI subsequently reported to Enforcement that certain of its transactions violated the SMHT requirement.

Violations

4. Upon review of Integrys ESI's self-report, Enforcement opened an investigation into the reported violations pursuant to Part 1b of the Commission's regulations, 18 C.F.R. Part 1b (2008). Enforcement confirmed the SMHT violations, which occurred on two interstate pipelines and storage facilities, and involved the transportation or storage of up to approximately 6.7 Bcf of natural gas between April 1, 2004 and April 1, 2007. As a result of staff's investigation, Integrys ESI also determined that its predecessors in interest, WPS Energy Services, Inc. (WPS ESI) and its affiliate WPS ESI Gas Storage, LLC (WPS Gas Storage), engaged in "flipping" transactions and submitted additional information on these transactions to Enforcement.¹ The flipping transactions involved approximately 5.8 Bcf of natural gas transported intermittently during the period January 2004 through April 2006.

5. The primary cause of the violations was the absence of adequate internal mechanisms at Integrys ESI, and its predecessor WPS ESI, for identifying and correcting compliance issues related to the interstate transportation of natural gas in support of Integrys ESI's retail gas business. Integrys ESI does not otherwise have a history of violations of Commission rules and regulations.

1. Flipping transactions

6. The Commission's regulations at 18 C.F.R. § 284.8 (2008) require that a shipper releasing firm capacity for a term longer than 31 days and at a price less than the maximum tariff rate must post the capacity for competitive bidding on the pipeline's Electronic Bulletin Board. The regulations also provide that a discounted release for 31 days or less is exempt from the competitive bidding requirement, but must be posted for informational purposes within 48 hours of the release. Under 18 C.F.R. § 284.8(h)(2), a discounted, short-term release may not be rolled-over, extended, or in any way continued without complying with the posting and bidding requirements.

7. WPS ESI and WPS Gas Storage engaged in flipping by taking discounted short-term firm capacity released by a shipper on the ANR LINK system on an alternating

¹ Flipping involves a series of repeated short-term releases of discounted rate capacity to two or more affiliated replacement shippers on an alternating monthly basis, which avoids the competitive bidding requirement for discounted long-term capacity releases. The effect of flipping can be to create a long-term, non-competitive discounted rate release. *In re Constellation NewEnergy – Gas Division, LLC*, 122 FERC ¶ 61,220, at P 8 (2008) (*Constellation*).

basis during thirteen of the winter months of 2004, 2005, and 2006. The flipping transactions were used by WPS ESI and WPS Gas Storage on 277 days to transport 5,808,437 Dth of gas.

8. The flipping transactions denied other market participants an opportunity to bid for discounted, long-term releases of capacity that may not have otherwise been available from the pipeline or other releasing shippers. In addition, as a result of the flipping arrangement, Integrys ESI obtained pipeline capacity at favorable rates and in a manner that adversely affected the transparency of the secondary market for natural gas transportation and storage served by the ANR LINK system.

2. Shipper-must-have-title violations

9. A central requirement of the Commission's capacity release program is that all shippers must have title to the gas at the time the gas is tendered to the pipeline or storage transporter and while it is being transported or held in storage by the transporter. Interstate pipeline tariffs include provisions requiring shippers to warrant good title to the gas tendered for transportation on the pipeline. Although the specific language of each interstate pipeline's tariffs varies, the Commission has made clear that the shipper of record and the owner of the gas must be one and the same throughout the course of the transportation or the duration of storage on any pipeline. *See Enron Energy Services, Inc.*, 85 FERC ¶ 61,221, at 61,906 (1998).

10. Integrys ESI often acted as agent for customers that hold pipeline capacity. In some instances Integrys ESI used such capacity to deliver gas to third parties. To comply with the SMHT requirement when transporting Integrys ESI-owned gas, Integrys ESI should have obtained pipeline capacity in its own name, such as by capacity release, or scheduled the transport over Integrys ESI's own contract capacity rather than using customers' capacity. Integrys ESI violated the SMHT requirement during the period April 2004 through April 2007 by improperly transporting up to 6.7 Bcf of gas owned by Integrys ESI on capacity held by others. Violations of the SMHT requirement interfere with the Commission's oversight of natural gas markets and interfere with the Commission's goal of market transparency.

Stipulation and Consent Agreement

11. Enforcement and Integrys ESI resolved Enforcement's investigation of Integrys ESI's violations by means of the attached Agreement. The Agreement requires Integrys ESI to pay an \$800,000 civil penalty to the United States Treasury within ten days of this Order accepting and approving the Agreement. Integrys ESI will also disgorge unjust profits from its flipping transactions of \$194,505.78, plus interest. The company has agreed to distribute the disgorged funds to certain energy assistance programs that receive and distribute funds from the federal Department of Health and Human Services.

12. Integrys ESI has also agreed to make specified improvements to its existing regulatory compliance program. Integrys ESI has provided training for its operational and supervisory personnel that addresses the Commission's SMHT and capacity release requirements. Integrys ESI will update and expand its training protocols, including ongoing training for operational and management employees that focuses on Commission regulatory requirements with particular emphasis on SMHT and capacity release requirements. In addition, Integrys ESI will also further refine and expand its monitoring program to ensure that use of any retail customer-owned interstate pipeline transportation contracts do not violate the Commission requirements. Finally, the results of these training program changes, scheduling process changes, and software modifications will be monitored by Integrys ESI through systematic review of nominations on customer-owned interstate pipeline transportation contracts.

13. Integrys ESI has also agreed to a compliance monitoring plan, and will submit semi-annual reports to Enforcement staff for one year. With respect to all of Integrys ESI's wholesale natural gas business, each compliance report shall describe any new and existing compliance program measures, including training, and alert staff to any additional violations of the capacity release requirements that may occur. Enforcement may extend the compliance monitoring for one additional year at its sole discretion.

Determination of the Appropriate Civil Penalty

14. Pursuant to section 22(a) of the Natural Gas Act (NGA), the Commission may assess a civil penalty up to \$1 million per day per violation for as long as the violation continues.² In approving the Agreement and the \$800,000 civil penalty, we considered the factors set forth in section 22(c) of the NGA, 15 U.S.C. § 717t-1(c), and our Revised Policy Statement on Enforcement.³ For the reasons noted below, we conclude that the penalty determination in the instant matter is a fair and equitable resolution of this matter and is in the public interest, as it reflects the seriousness and scope of Integrys ESI's violations while recognizing that the company took the initiative to both report and remedy its violations.

15. With respect to the SMHT violations, we note that Integrys ESI discovered these violations through Integrys ESI's existing compliance program ethics hotline and acted

² 15 U.S.C. § 717t-1(a) (*added by the Energy Policy Act of 2005, Pub. L. No. 109-58, § 314 (b)(1)(B), 119 Stat. 594, 691 (2005) (authorizing the Commission to impose civil penalties "of not more than \$1,000,000 per day per violation for as long as the violation continues"*).

³ *Enforcement of Statutes, Regulations, and Orders*, 123 FERC ¶ 61,156, at P 54-71 (2008) (Revised Policy Statement).

promptly to investigate, correct, and report the SMHT violations it found, for which Integrys ESI was given significant credit. We also note that there was no demonstrated harm to market participants as a result of the SMHT violations.

16. Integrys ESI's civil penalty is lower than prior settlements in cases involving both SMHT violations and flipping transactions. Integrys ESI's SMHT violations involved only 6.7 Bcf of gas over a period of approximately three years. With respect to the flipping violations, while flipping is a serious violation because it avoids competitive bidding for discounted capacity,⁴ Integrys ESI's flipping was not wide-spread, as it was limited to a series of winter period releases on the ANR LINK system, and the flipping violations involved only 5.8 Bcf of gas over thirteen intermittent months. These facts contrast to substantially higher volumes and more wide-spread flipping practices in other cases.⁵

17. Moreover, consistent with our recent emphasis on prompting companies to enhance their compliance programs,⁶ Integrys ESI voluntarily initiated improvements to its compliance program training programs well before the investigation closed, and has committed in the Agreement to update and expand its training protocols and refine and increase its transaction monitoring, for which Integrys ESI also was given credit.

18. We conclude that the civil penalty, disgorgement, compliance enhancements, and the compliance monitoring plan specified in the Agreement are fair and equitable, and in the public interest.

⁴ *Constellation*, 122 FERC ¶ 61,220 at P 21 (“[W]e are aware of no other reason for alternating monthly releases other than to disguise a long-term discounted rate release . . . to avoid the requirement to post such releases for competitive bidding.”).

⁵ *Constellation*, 122 FERC ¶ 61,220 at P 10, 12 (22.3 Bcf of SMHT and 12.9 Bcf of flipping); *BP Energy Company*, 121 FERC ¶61,088 (2007) (19.3 Bcf of SMHT and 24.9 Bcf of flipping).

⁶ Revised Policy Statement, 123 FERC ¶ 61,156 at P 57-60.

The Commission orders:

The Attached Stipulation and Consent Agreement is hereby approved without modification.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

In re Integrys Energy Services, Inc.)

Docket No. IN09-2-000

STIPULATION AND CONSENT AGREEMENT

I. INTRODUCTION

The staff of the Office of Enforcement (Enforcement) of the Federal Energy Regulatory Commission (Commission) and Integrys Energy Services, Inc. (Integrys ESI) enter into this Stipulation and Consent Agreement (Agreement) to resolve an investigation under Part 1b of the Commission’s regulations, 18 C.F.R. Part 1b (2008), into violations of certain elements of the Commission’s capacity release program, including circumventing the competitive bidding requirements for long-term, discounted rate capacity releases and violations of the shipper-must-have-title (SMHT) requirement.

II. STIPULATIONS

Enforcement and Integrys ESI hereby stipulate and agree to the following:

A. Background

19. Integrys ESI is a wholesale and retail marketer/seller of natural gas and electric services to customers primarily in the Northeast and Midwest regions of the United States and adjacent portions of Canada as well as Texas. Integrys ESI provides service to approximately 15,000 commercial and industrial natural gas customers and approximately 80,000 small commercial and residential gas customers through direct mass marketing programs. Integrys ESI’s retail customers fall into two categories. First, customers who do not hold their own pipeline capacity purchase a “bundled” product from Integrys ESI, that is, natural gas delivered to the customer at the city gate utility interconnection or the customer’s facility. Integrys ESI either purchases natural gas directly at these same locations or makes its own transportation arrangements on interstate pipelines either by entering into agreements with the pipeline or by obtaining capacity through capacity release. Second, for customers that hold their own transportation and storage contracts on interstate pipelines, Integrys ESI supplies and delivers natural gas to the customer’s pipeline transportation receipt point and then, acting as an agent for its customers, schedules this gas to the city gate or other delivery point using the customers’ transportation capacity. Integrys ESI, in total, delivered approximately 315 Bcf of gas in 2006 to its retail customers.

20. Integrys ESI commenced an internal investigation in early 2007 when an employee raised an issue, through the company's compliance program, regarding a transaction involving transportation capacity on Northern Natural Gas Company. After reviewing the initial transaction in question, Integrys ESI conducted an investigation which revealed there were additional transactions in which, for scheduling efficiency purposes, Integrys ESI was scheduling on certain customer-held capacity delivery of gas to the owner-customer, but also delivery of gas to third party customers. Integrys ESI reported to Enforcement that certain of its transactions violated the SMHT requirement. Subsequently, Integrys ESI submitted a self-report detailing these transactions.

21. Upon review of Integrys ESI's self-report, Enforcement opened an investigation into the reported violations pursuant to Part 1b of the Commission's regulations, 18 C.F.R. Part 1b (2008). Enforcement investigated certain of Integrys ESI's transactions that occurred during the period April 2004 through April 2007. As a result of staff's investigation, Integrys ESI determined that its predecessors in interest, WPS Energy Services, Inc. (WPS ESI) and its affiliate WPS ESI Gas Storage, LLC (WPS Gas Storage), engaged in flipping transactions and submitted additional information on these transactions to Enforcement.

B. Summary of Violations

22. Enforcement confirmed Integrys ESI's flipping and SMHT violations. The flipping transactions involved approximately 5.8 Bcf of natural gas transported intermittently during the period January 2004 through April 2006. The SMHT violations occurred on two interstate pipelines and storage facilities, and involved the transportation or storage of up to approximately 6.7 Bcf of natural gas between April 1, 2004 and April 1, 2007.

23. The primary cause of the violations was the absence of adequate internal mechanisms at Integrys ESI, and its predecessor WPS ESI, for identifying and correcting compliance issues related to the interstate transportation of natural gas in support of Integrys ESI's retail gas business. Integrys ESI does not otherwise have a history of violations of Commission rules and regulations.

1. Flipping transactions

24. The Commission's regulations at 18 C.F.R. § 284.8 (2008) require that a shipper releasing firm capacity for a term longer than 31 days and at a price less than the maximum tariff rate must post the capacity for competitive bidding on the pipeline's Electronic Bulletin Board. The regulations also provide that a discounted release for 31 days or less is exempt from the competitive bidding requirement, but must be posted for informational purposes within 48 hours of the release. Under 18 C.F.R. § 284.8(h)(2), a discounted, short-term release may not be rolled-over, extended, or in any way continued without complying with the posting and bidding requirements.

25. WPS ESI and WPS Gas Storage engaged in a practice known as “flipping.” Flipping involves a series of repeated short-term releases of discounted rate capacity to two or more affiliated replacement shippers on an alternating monthly basis, which avoids the competitive bidding requirement for discounted long-term capacity releases. The effect of flipping can be to create a long-term, non-competitive discounted rate release. In Integrys ESI’s case, a capacity holder released discounted short-term firm capacity on the ANR LINK system to WPS ESI and WPS Gas Storage during thirteen of the winter months of 2004, 2005, and 2006. Operations personnel participated in the pre-arranged capacity release transactions, entered on the ANR electronic bulletin board (EBB) with a counterparty in a “flipping” manner, to move withdrawals of gas from WPS Gas Storage’s intrastate Kimball storage facility for winter season peaking service on the ANR LINK pipeline system. Afterwards, successive operating personnel continued the practice until April 1, 2006. While it does not appear that the ANR LINK system was constrained, the flipping transactions were used on 277 days to transport 5,808,437 Dth of gas.

26. The flipping transactions denied other market participants an opportunity to bid for discounted, long-term releases of capacity that may not have otherwise been available from the pipeline or other releasing shippers. In addition, as a result of the flipping arrangement, Integrys ESI obtained pipeline capacity at favorable rates and in a manner that adversely affected the transparency of the secondary market for natural gas transportation and storage served by the ANR LINK system.

2. Shipper-must-have-title violations

27. A central requirement of the Commission’s capacity release program is that all shippers must have title to the gas at the time the gas is tendered to the pipeline or storage transporter and while it is being transported or held in storage by the transporter. Interstate pipeline tariffs include provisions requiring shippers to warrant good title to the gas tendered for transportation on the pipeline. Although the specific language of each interstate pipeline’s tariffs varies, the Commission has made clear that the shipper of record and the owner of the gas must be one and the same throughout the course of the transportation or the duration of storage on any pipeline. *See Enron Energy Services, Inc.*, 85 FERC ¶ 61,221, at 61,906 (1998).

28. Integrys ESI often acts as agent for customers that hold pipeline capacity and delivers gas to those customers. In some instances, however, because of the way Integrys ESI scheduled the segmented capacity, it used such capacity to deliver gas to third parties. To comply with the SMHT requirement in such cases, Integrys ESI should have obtained pipeline capacity in its own name, such as by capacity release, or been more careful to schedule the transport over its own contract capacity. Integrys ESI violated the SMHT requirement during the period April 2004 through April 2007 by improperly transporting up to 6.7 Bcf of gas owned by Integrys ESI on capacity held by others but

delivered to third parties. Integrys ESI's SMHT violations avoided compliance with the Commission's capacity release requirements. Violations of the SMHT requirement interfere with the Commission's oversight of natural gas markets and interfere with the Commission's goal of market transparency.

C. Self-Corrective Action

29. Following the report of the SMHT violations through Integrys ESI's internal ethics and compliance program, Integrys ESI conducted a comprehensive review of Integrys ESI's interstate pipeline and gas storage transportation transactions. Integrys ESI engaged outside counsel to assist with its comprehensive review, and notified the Commission that a self-report would be forthcoming. Senior management fully supported the internal review and did not attempt to conceal the violations. Integrys ESI ceased the violations by April 2007, and revised its operational practices to avoid future incidents of flipping and SMHT violations.

30. Integrys ESI submitted a written self-report in which it disclosed to Enforcement staff the SMHT violations. Integrys ESI also cooperated fully with Enforcement throughout the investigation. In addition, upon discovery of the flipping transactions in the course of Enforcement's investigation, Integrys ESI promptly and fully provided information concerning those transactions.

31. At the time the violations described occurred, Integrys ESI, including its predecessor and its affiliates, had a comprehensive compliance program relating to state regulatory requirements and the Commission's standards of conduct, code-of-conduct, market behavior, and market manipulation rules. The company's program did not have extensive mechanisms in place to identify and prevent violations of other Commission regulations and programs, including capacity release and related rules. As a result, Integrys ESI's operational personnel lacked sufficient familiarity with the Commission's capacity release and SMHT requirements. Since submitting the self-report, Integrys ESI instituted a regulatory compliance training program in December 2007 for its operational and supervisory personnel, which covers the Commission's capacity release program and related requirements. Integrys ESI has also enhanced its company code of conduct and expanded its ethics hotline to accommodate employee calls to report concerns regarding both federal and state regulatory compliance and calls to seek guidance about compliance with respect to particular factual or operational circumstances.

III. REMEDIES AND SANCTIONS

32. For purposes of settling any and all civil and administrative disputes arising from Enforcement's investigation into the self-reported capacity release violations, Integrys ESI agrees to take the following actions.

A. Civil Penalty

33. Integrys ESI shall pay a civil penalty of \$800,000.00 to the United States Treasury, by wire transfer, within ten days after the Effective Date of this Agreement, as defined below.

B. Disgorgement

34. Integrys ESI shall disgorge \$194,505.78, plus interest, such amount representing unjust profits from Integrys ESI's flipping transactions, to energy assistance programs administered by States, territories, or Indian tribes and tribal organizations that have received grants from the federal Secretary of Health and Human Services, such energy assistance programs to be agreed upon and such disgorgement to be made within 30 days from the Effective Date of this Agreement. This distribution of unjust profits to such energy assistance programs is appropriate because the alternative of distribution to the releasing shipper in the flipping transactions would likely create a windfall benefit.

C. Compliance Program Improvements

35. Integrys ESI has a compliance program that includes an employee ethics hotline, and the SMHT self-report was the result of this compliance program. Integrys ESI's management did not previously understand the need for an ongoing training program that focused on the Commission's SMHT and capacity release requirements, in particular. Integrys ESI instituted in December 2007 a regulatory training program for its operational and supervisory personnel that addresses the Commission's SMHT and capacity release requirements. Integrys ESI will update and expand its training protocols, including ongoing training for operational and management employees that focuses on FERC regulatory requirements with particular emphasis on SMHT and capacity release requirements. In addition, Integrys ESI will also further refine and expand its monitoring program. The Integrys ESI natural gas scheduling system has been modified to ensure that any retail customer-owned interstate pipeline transportation contracts are properly scheduled so as not to violate the SMHT rules. Finally, the results of these training program changes, scheduling process changes, and software modifications will be monitored by Integrys ESI through systematic review of nominations on customer-owned interstate pipeline transportation contracts.

D. Compliance Monitoring

36. Integrys ESI shall make semi-annual reports to Enforcement staff for one year following the Effective Date of this Agreement. The first semi-annual report shall be submitted no later than ten days after the end of the second calendar quarter after the quarter in which the Effective Date of this Agreement falls. The second report shall be submitted six months thereafter. With respect to all of Integrys ESI's wholesale natural gas business, each compliance report shall: (1) advise staff whether additional violations

of the capacity release requirements have occurred; (2) provide a detailed update of all compliance training administered and compliance measures instituted in the applicable period, including a description of the training provided to all relevant personnel concerning the Commission's capacity release policies and a statement of the personnel that have received such training and when the training took place; and (3) include an affidavit executed by an officer of Integrys ESI that the compliance reports are true and accurate. Upon request by staff, Integrys ESI shall provide to staff all documentation supporting its reports. After the receipt of the second semi-annual report, Enforcement staff may, at its sole discretion, require Integrys ESI to submit semi-annual reports for one additional year.

IV. TERMS

37. The "Effective Date" of this Agreement shall be the date on which the Commission issues an order approving this Agreement without material modification. When effective, this Agreement shall resolve the matters specifically addressed herein as to Integrys ESI and any affiliated entity, its agents, officers, directors and employees, both past and present, and any successor in interest to Integrys ESI.

38. Commission approval of this Agreement without material modification shall release Integrys ESI and forever bar the Commission from holding Integrys ESI, any affiliated entity, its agents, officers, directors and employees, both past and present, and any successor in interest to Integrys ESI liable for any and all administrative or civil claims arising out of, related to, or connected with the capacity release violations addressed in this Agreement.

39. Failure to make a timely civil penalty payment or disgorgement payment or to comply with the compliance program improvements and monitoring agreed to herein, or any other provision of this Agreement, shall be deemed a violation of a final order of the Commission issued pursuant to the Natural Gas Act (NGA), and may subject Integrys ESI to additional action under the enforcement and penalty provisions of the NGA.

40. If Integrys ESI does not make the civil penalty payment above at the time agreed by the parties, interest payable to the United States Treasury will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 154.501(d) (2008) from the date that payment is due, in addition to the penalty specified above.

41. The Agreement binds Integrys ESI and its agents, successors, and assigns. The Agreement does not create any additional or independent obligations on Integrys ESI, or any affiliated entity, its agents, officers, directors, or employees, other than the obligations identified in Section III of this Agreement.

42. The signatories to this Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise

of any kind by any member, employee, officer, director, agent or representative of Enforcement or Integrys ESI has been made to induce the signatories or any other party to enter into the Agreement.

43. Unless the Commission issues an order approving the Agreement in its entirety and without material modification, the Agreement shall be null and void and of no effect whatsoever, and neither Enforcement nor Integrys ESI shall be bound by any provision or term of the Agreement, unless otherwise agreed to in writing by Enforcement and Integrys ESI.

44. In connection with the payment of the civil penalty provided for herein, Integrys ESI agrees that the Commission's order approving the Agreement without material modification shall be a final and unappealable order assessing a civil penalty under section 22(a) of the NGA, 15 U.S.C. § 717t-1(a). Integrys ESI waives findings of fact and conclusions of law, rehearing of any Commission order approving the Agreement without material modification, and judicial review by any court of any Commission order approving the Agreement without material modification.

45. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.

46. The undersigned representatives of Integrys ESI affirm that they have read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of their knowledge, information and belief, and that they understand that the Agreement is entered into by Enforcement in express reliance on those representations.

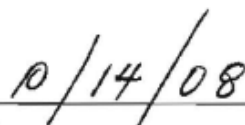
47. The Agreement may be signed in counterparts.

48. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

Agreed to and accepted:



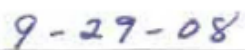
Susan J. Court
Director
Office of Enforcement
Federal Energy Regulatory Commission



Date



Terrence O'Reilly
General Counsel
Integrus Energy Services, Inc.



Date