



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 30, 2010

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

**Re: NERC Abbreviated Notice of Penalty
San Diego Gas & Electric Company (SDGE) FERC Docket No. NP10-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding SDGE,¹ with information and details regarding the nature and resolution of the violation² discussed in detail in the Disposition Document (Attachment a), 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

During an on-site Compliance Audit conducted from October 26, 2009 through October 30, 2009 (Audit), Western Electricity Coordinating Council (WECC) identified a violation of Reliability Standard PRC-005-1 Requirement (R) 2.1 for SDGE's failure, during the third quarter of 2009, to maintain and test equipment within the defined quarterly interval of the SDGE's Protection System⁴ maintenance and testing program. This Notice of Penalty is being filed with the Commission because SDGE does not dispute the violation of PRC-005-1 R2.1 and the assessed thirty thousand dollar (\$30,000) penalty. Accordingly, the violation identified as NERC

¹ On October 14, 2009, NERC submitted an Omnibus filing which addressed violations for certain registered entities including one (1) violation of PRC-005-1 R2.1 (NOC-338) for SDGE. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

² For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

³ *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 (2010). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R. § 39.7(c)(2).

⁴ *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

Violation Tracking Identification Number WECC200901708 is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

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 January 11, 2010, by WECC. The details of the findings and the basis for the penalty are set forth in the Disposition Document. 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, NERC provides the following summary table identifying each violation of a Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	San Diego Gas & Electric Company	NOC-462	WECC200901708	PRC-005-1	2.1 ⁵	High	30,000

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁶

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 and October 26, 2009 Guidance Orders,⁷ the NERC BOTCC reviewed the NOCV and supporting documentation on June 10, 2010. The NERC BOTCC approved the NOCV and the assessment of a thirty thousand dollar (\$30,000) financial penalty against SDGE based upon WECC's findings and determinations, 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, the NERC BOTCC considered the following factors:

1. the violation constituted SDGE's second occurrence of violation of the subject NERC Reliability Standard;⁸
2. WECC reported that SDGE was cooperative throughout the compliance enforcement process;

⁵ During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

⁶ See 18 C.F.R § 39.7(d)(4).

⁷ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009).

⁸ See n.1 *supra*.

3. the quality of SDGE's compliance program, as discussed in the Disposition Document;
4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. WECC determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Document; and
6. WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC believes that the assessed penalty of thirty thousand dollar (\$30,000) is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30 day period following the filing of this NOP with the Commission, or, if the Commission decides to review the penalty, upon final determination by the Commission.

Attachments to be included as Part of this Notice of Penalty

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

- a) Disposition of Violation, included as Attachment a;
- b) WECC's Regional Determination of Alleged Violation Summary of the Audit Team's findings of the PRC-005-1 R2.1 violation dated October 29, 2009, included as Attachment b;
- c) SDGE's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated January 8, 2010, included as Attachment c;
- d) SDGE's Mitigation Plan submitted on October 30, 2009, included as Attachment d;
- e) SDGE's Certification of Mitigation Plan Completion dated November 6, 2009, included as Attachment e; and
- f) WECC's Verification of Mitigation Plan Completion dated December 2, 2009, included as Attachment f.

A Form of Notice Suitable for Publication⁹

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

⁹ See 18 C.F.R § 39.7(d)(6).

Notices and Communications

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

<p>Gerald W. Cauley* 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 gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>David Geier* Vice President, Electric Transmission and Distribution San Diego Gas & Electric Company P.O. Box 129831, CP33A San Diego, CA 92123 (858) 650-6131 (858) 650-6106 – facsimile dgeier@semprautilities.com</p> <p>Randall Schimka* Electric Reliability Compliance Manager San Diego Gas & Electric Company 8830 Century Park Court, CP32H San Diego, CA 92112-9831 (858) 636-3922 (858) 654-1586 – facsimile rschimka@semprautilities.com</p> <p>*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel Holly A. Hawkins* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Steven Goodwill* General Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p>
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Conclusion

Accordingly, NERC respectfully requests that the Commission accept this NOP as compliant with its rules, regulations and orders.

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
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(609) 452-9550 – facsimile
gerry.cauley@nerc.net
david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
North American Electric Reliability
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(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

cc: San Diego Gas & Electric Company
Western Electricity Coordinating Council

Attachments

Attachment a

Disposition of Violation

DISPOSITION OF VIOLATION¹**Dated June 10, 2010**NERC TRACKING
NO.**WECC200901708**REGIONAL ENTITY TRACKING
NO.**SDGE_WECC20091883**

NOC#

NOC-462

REGISTERED ENTITY

San Diego Gas & Electric Company (SDGE)

NERC REGISTRY ID

NCR05377

REGIONAL ENTITY

Western Electricity Coordinating Council (WECC)**I. REGISTRATION INFORMATION**

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
	X	X	X											
	6/17/07	6/17/07	6/17/07		6/17/07		6/17/07		6/17/07		6/17/07	6/17/07	6/17/07	

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

SDGE is a regulated full-service utility providing electricity and natural gas to 3.4 million consumers across 4,100 square miles from Orange County California to the US-Mexican border. SDGE has two 230 kV lines (Miguel-Tijuana line and the LaRosita-Imperial Valley Line) that connect the Californian transmission system with the Mexican Comisión Federal de Electricidad transmission system in Baja California. The Path 45 transmission corridor, spanning over the United States-Mexico border, has a capacity of 408 MW. SDGE has also one 500 kV line that forms the massive Path 46 transmission system that ensures Southern California has enough electricity.

SDGE and Southern California Gas Company are part of Sempra Energy Utilities, Sempra Energy's regulated business units.

Based in San Diego, Sempra Energy is a Fortune 500 energy services company with 2009 revenues of nearly \$8 billion. With 13,800 employees worldwide, the Sempra

¹ For purposes of this document and attachments hereto, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

Energy companies develop energy infrastructure, operate utilities, and provide related products and services to more than 29 million consumers worldwide.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	2	2.1	High²	Lower

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of Reliability Standard PRC-005-1 provides: to ensure that all transmission and generation Protection Systems³ affecting the reliability of the Bulk Electric System (BES) are maintained and tested.

PRC-005-1 R2 requires that:

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

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

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

VIOLATION DESCRIPTION

WECC conducted an On-Site Compliance Audit of SDGE from October 26, 2009 through October 30, 2009 (Audit). During the Audit, the WECC Audit Team discovered a violation of PRC-005-1 R2.1. SDGE records indicated that some of its Protection System devices were not maintained and tested within the defined intervals stated in SDGE's Protection System maintenance and testing program. SDGE provided a maintenance report for its Protection Systems related to its Generator Owner function as evidence of compliance with PRC-005-1. The maintenance report specified when maintenance and testing was last performed on

² During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

³ *The NERC Glossary of Terms Used in Reliability Standards*, updated April 20, 2009, defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

SDGE's Protection Systems. The evidence provided by SDGE for its Palomar generating station confirmed that the Steam Generating Unit #3's battery bank had not been maintained or tested during the third quarter of 2009. The remainder of SDGE's 38 battery banks were maintained and tested within the defined interval.

As part of its review of the evidence submitted, WECC Enforcement noted that this violation by SDGE of PRC-005-1 R2.1 is SDGE's second violation of this Standard.⁴ In the previous violation, the time guidelines for the "battery load" test in SDGE's Substation Maintenance Management System (SMMS) trigger were not properly set, resulting in a failure to test a single battery. SDGE completed the mitigation of that violation and reported its completion on March 14, 2008. Nevertheless, approximately six months later, the WECC Audit Team discovered the subject violation related to battery maintenance. In the instant violation, the cause of the violation is that a preventive maintenance task in SDGE's SAP system was "locked" and work orders were not generated for the maintenance crew members.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

Although the violation did not pose a serious or substantial risk to the bulk power system (BPS), WECC determined this violation posed a moderate risk to the BPS because, in the event the battery bank that was not tested had failed to perform its intended function, the Palomar generator protection would not operate correctly, requiring backup Time Delayed Relaying in order to isolate the generator. The switchyard is a breaker and a half configuration and backup relaying is desired to isolate the generator without also tripping other BPS equipment. A battery failure could lead to misoperation of the generator protection which would result in the unnecessary loss of 300 MW of generation.

IS THERE A SETTLEMENT AGREEMENT YES ☐ NO ☒

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☐

ADMITS TO IT YES ☒

DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☒

In SDGE's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction, SDGE stated that it "agrees with and does not contest" the violation.

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES ☒

⁴ On October 14, 2009, NERC submitted an Omnibus filing which addressed violations for certain registered entities including one (1) violation of PRC-005-1 R2.1 (NOC-338) for SDGE. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input checked="" type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) **7/01/09 (the first date of the quarter in which testing was missed) through 11/06/09 (Mitigation Plan Completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **10/29/09**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

IV. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-2152**

DATE SUBMITTED TO REGIONAL ENTITY	10/30/09
DATE ACCEPTED BY REGIONAL ENTITY	11/22/09
DATE APPROVED BY NERC	12/02/09
DATE PROVIDED TO FERC	12/02/09

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

NONE

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **11/06/09**

EXTENSIONS GRANTED **NONE**

ACTUAL COMPLETION DATE **11/06/09**

DATE OF CERTIFICATION LETTER **11/06/09**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **11/06/09**

DATE OF VERIFICATION LETTER **12/02/09**
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **11/06/09**

**ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
 RECURRENCE**

Upon discovery, the preventive maintenance task was “unlocked” immediately in SDGE’s SAP system so that future quarterly work orders would be produced. The quarterly battery system inspection was performed the following day (October 27, 2009). In addition to changing the configuration setting, SDGE will establish systems or processes that require that Generation department management are in receipt of regular notifications and reports that provide timely battery inspection status indicators until completed.

**LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE
 COMPLETION OF MITIGATION PLAN (FOR CASES IN WHICH
 MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED
 FOR COMPLETED MILESTONES)**

- 1. A SAP screen shot confirming that SDGE performed the fourth quarter battery system inspection dated October 27, 2009;**
- 2. The SAP work order configuration setting has been updated so that all battery maintenance work orders are produced at the proper intervals;**
- 3. SDGE implemented changes to other systems and processes in SDGE’s Electric Generation department, specifically:**
 - a. A screen shot from its Enviance system confirming that Enviance has been updated to generate a weekly e-mail to alert Generation management to review the SAP system GE06 report for uncompleted work orders. The weekly e-mail is reviewed by Generation management each Monday to ensure battery maintenance is completed at the required intervals. Once the maintenance work is verified as complete, the completion date is entered into Enviance.**
 - b. In addition, Generation management is pursuing an interface between SAP and the Enviance system such that the SAP report GE06 is included in the e-mail alert to management.**

V. PENALTY INFORMATION

**TOTAL ASSESSED PENALTY OR SANCTION OF THIRTY THOUSAND
 DOLLARS (\$30,000) FOR ONE VIOLATION OF RELIABILITY STANDARD.**

(1) REGISTERED ENTITY’S COMPLIANCE HISTORY

**PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY
 STANDARD(S) OR REQUIREMENT(S) THEREUNDER**

YES ☒ NO ☐

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS
On October 14, 2009, NERC submitted an Omnibus filing which addressed violations for certain registered entities including one (1) violation of PRC-005-1 R2.1 (NOC-338) for SDGE. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS
NONE

ADDITIONAL COMMENTS

(2) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐
IF NO, EXPLAIN

(3) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES ☒ NO ☐

SDGE's internal compliance program (ICP) was reviewed by WECC Audit Team on October 29, 2009. Among other things, SDG&E has a fully documented ICP that has been reviewed and approved by an Authorized Entity Officer or Equivalent; the Chief Operating Officer is the ICP designated oversight person, who reports directly to the Chief Executive Officer and has access to the SDG&E Board. The ICP has been disseminated to all employees because it is posted on the SDG&E Compliance intranet and a notice was sent to all employees letting them know the location of the document. Additionally, all employees with responsibility for compliance were given a hard copy and provided materials for training their subordinates.

Although the ICP is managed and operated fully independent of the work groups that are responsible for complying with Reliability Standards; the Electric Reliability Compliance Department meets

with the operations and planning departments in the course of maintaining compliance with the Standards.

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM, INCLUDING WHETHER SENIOR MANAGEMENT TAKES ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE.

YES ☒ NO ☐

EXPLAIN

See WECC Audit Team evaluation above. The ICP has the support and participation of Senior Management. The ICP is signed by the Chief Operating Officer who receives regular reports from the Director, FERC, CAISO and Reliability.

(4) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION(S) OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES ☐ NO ☒

IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION WAS INTENTIONAL (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒

IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒

IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒

IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ADDITIONAL SUPPORT FOR ASSESSED PENALTY OR SANCTION

EXHIBITS:

SOURCE DOCUMENT

WECC's Screen Shot of the Audit Team's findings of the PRC-005-1 R2.1 violation dated October 29, 2009

MITIGATION PLAN

SDGE's Mitigation Plan submitted October 30, 2009

CERTIFICATION BY REGISTERED ENTITY

Certification of Mitigation Plan Completion submitted November 6, 2009

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: **12/18/09** OR N/A ☐

SETTLEMENT DISCUSSIONS COMMENCED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: **01/11/10** OR N/A ☐

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE

OUTCOME

APPEAL REQUESTED

Attachment b

WECC's Regional Determination of Alleged Violation Summary of the Audit Team's findings of the PRC-005-1 R2.1 violation dated October 29, 2009



Non-Public and CONFIDENTIAL

Regional Determination of Alleged Violation Summary

Region: WECC

Registered Entity: San Diego Gas & Electric

NERC Registry ID: NCR05377

NERC Violation ID: WECC200901708

Date Alleged Violation reported to or discovered by WECC: 10/29/2009

Method of Discovery: Compliance Audit

Standard: PRC-005-1

Requirement: 2.1

Regional description of Alleged Violation:

The audit team concluded that based on documentation and interviews that the entity is in violation of Requirement 2 of PRC-005-1 for not performing required maintenance of its batteries in accordance with its stated maintenance interval.

Repeat Alleged Violation: ☐ Yes ☒ No

If Yes, NERC Violation ID:

NAVAPS Issue Date: 12/18/2009

Violation Risk Factor: HIGH

Violation Severity Level (VSL): VSL - Lower

Regional Determination of VSL:

Regional Determination of Impact to BPS: Moderate

Regional Detailed Description of Impact to BPS:

Begin Date of Alleged Violation: 06/18/2007

Time of Alleged Violation: 12:00:00 am

End Date of Alleged Violation:

Mitigation Plan Submittal Date: 10/30/2009



Non-Public and CONFIDENTIAL

Mitigation Plan Target Completion Date: 11/06/2009

Registered Entity Certification of Closure Date: 11/06/2009

Mitigation Plan Actual Completion Date: 11/06/2009

Additional Comments:

WECC Contact:

Name: Chris Luras

Title: Manager of Enforcement

Phone Number: 801-582-0353

Email: cluras@wecc.biz

Attachment c

**SDGE's Response to the Notice of Alleged
Violation and Proposed Penalty or Sanction dated
January 8, 2010**



David L. Geier
Vice President
Electric Transmission & Distribution

San Diego Gas & Electric
8330 Century Park Court
San Diego, CA 92123-1530

Tel: 858.650.6131
Fax: 858.650.6106
dgeier@SempraUtilities.com

January 8, 2010

Mrs. Constance B. White
Vice President of Compliance
Western Electricity Coordinating Council
615 Arapeen Drive
Suite 210
Salt Lake City, Utah 84108-1262

Re: Notice of Alleged Violation and Proposed Penalty or Sanction
SDGE NCR05377
NERC Violation #: WECC200901708
WECC Violation #: SDGE – WECC20091883

Dear Mrs. White:

San Diego Gas & Electric Company (SDG&E) would like to reiterate its appreciation for the professionalism of WECC's Compliance Department throughout SDG&E's recent WECC audit. Together, we plowed new ground with a first-ever, fully electronic submission of audit materials in WECC's region. SDG&E also appreciates the speed with which WECC's audit and enforcement teams have moved through the audit process on behalf of SDG&E.

Pursuant to Section 5.2 of the CMEP, SDG&E hereby notifies WECC of its election to accept WECC's Notice of Alleged Violation and Proposed Penalty dated December 18, 2009. SDG&E agrees with and does not contest the Alleged Violation and proposed penalty. SDG&E understands that such acceptance fully resolves all issues and liabilities regarding SDG&E's compliance with PRC-005-1, R2.1 as identified in SDG&E's recent WECC audit conducted October 26 -30, 2009.

On October 30, 2009, SDG&E submitted its mitigation plan. On November 6, 2009, SDG&E submitted its mitigation completion. WECC accepted SDG&E's mitigation plan and found it compliant with its mitigation completion plan on November 23, 2009.

Please direct any questions regarding this letter to Patricia L. vanMidde, at 858-922-6140 or pvanmidde@semprautilities.com.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David L. Geier".

David L. Geier

Attachment d

**SDGE's Mitigation Plan submitted on October 30,
2009**



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: October 30, 2009

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 & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Appendix A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: San Diego Gas & Electric
Registered Entity Address: 8330 Century Park Ct. CP32H, San Diego,
CA 92123-1530
NERC Compliance Registry ID: NCR05377

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: Pat Vanmidde
Title: Regulatory Affairs, Ferc & Caiso Case Manager
Email: PvanMidde@semprautilities.com

¹ A copy of the WECC CMEP is posted on WECC's website at:
<http://compliance.wecc.biz/Application/Documents/Home/20090101%20-%20CMEP.pdf>.
Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



Western Electricity Coordinating Council

Phone: 858-922-6140

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

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

- C.1 Standard: PRC-005-1
[Identify by Standard Acronym (e.g. FAC-001-1)]
- C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R2	High	10/29/09	Audit

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use.

- C.3 Identify the cause of the alleged or confirmed violation(s) identified above:

For the WECC compliance audit that was completed on October 30, 2009, SDG&E determined and brought to WECC's attention on October 27, 2009 that one battery system was not inspected at the required quarterly intervals. The cause of the violation is that a preventive maintenance task in SDG&E's SAP system was "locked" and work orders were not generated for the maintenance crew members.

[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 alleged or confirmed violations associated with this Mitigation Plan:



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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

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

Upon discovery, the preventive maintenance task was "unlocked" immediately in SAP so that future quarterly worker orders would be produced. The quarterly battery system inspection was performed the following day (October 27, 2009). In addition to changing the configuration setting, SDG&E will establish systems or processes that require that Generation department management are in receipt of regular notifications/reports that provide timely battery inspection status indicators until completed.

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

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

Mitigation Plan Timeline and Milestones

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: November 6, 2009
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date*
--------------------	---------------------------



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RELIABILITY CORPORATION

Western Electricity Coordinating Council

	(milestones cannot be more than 3 months apart)
Battery Inspection Notifications/Reports process implemented	November 6, 2009

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

[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, 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 known, reasonably suspected 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:

The risk to the bulk electric system has been deemed minimal for the following reasons: a) batteries are inspected by system operators on a daily basis; b) the battery charging system is monitored by operations and alarmed in the control system; and c) the battery room is secured by card reader access controls and is climate controlled by an HVAC system.

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

Prevention of Future BPS Reliability Risk

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

The "unlocking" of the preventive maintenance task automated reminders from SDG&E's information system will generate the Work Orders that are necessary to ensure that the battery maintenance is required at the required intervals. As an additional step, SDG&E will establish a report/notification that provides Generation department management with the status of battery inspections to ensure maintenance is completed at the required intervals.



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

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

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



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 WECC for acceptance by WECC 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 [David L. Geier] of San Diego Gas & Electric.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of [San Diego Gas & Electric].
 3. I understand [San Diego Gas & Electric's] obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. [San Diego Gas & Electric] agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: _____

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): David L. Geier

Title: Vice President, Electric Transmission & Distribution

Date: October 30, 2009



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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]

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the WECC Compliance Website at:

<http://compliance.wecc.biz/Application/Documents/Forms/WECC%20Compliance%20Data%20Submittal%20Policy.pdf>

Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP 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.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



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- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment e

SDGE's Certification of Mitigation Plan Completion dated November 6, 2009



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

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

Registered Entity: San Diego Gas & Electric

NERC Registry ID: NCR05377

Date of Submittal of Certification: November 6, 2009

NERC Violation ID No(s) (if known):

Standard: PRC-005-1

Requirement(s): R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: November 6, 2009

Date Mitigation Plan was actually completed: November 6, 2009

Additional Comments (or List of Documents Attached): As discussed in the WECC Mitigation Plan Submittal Form dated October 30, 2009, SDG&E has completed the mitigation plan related to the PRC-005-1, R2 violation. Specifically SDG&E has:

1. Performed the fourth quarter battery system inspection (October 27, 2009; see attached SAP screen shot)
2. The SAP work order configuration setting has been updated so that all battery maintenance work orders are produced at the proper intervals.
3. Implemented changes to other systems and processes in SDG&E's Electric Generation department, specifically:
 - a. An existing system ("Enviance") has been updated to generate a weekly e-mail to alert Generation management to review the SAP system GE06 report for uncompleted work orders. The weekly e-mail is reviewed by Generation management each Monday to ensure battery maintenance is completed at the required intervals. Once the maintenance work is verified as complete, the completion date is entered into Enviance. See the attached screen shots from Enviance.



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- b. In addition, Generation management is pursuing an interface between SAP and the Enviance system such that the SAP report GE06 is included in the e-mail alert to management.

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

Name: David L. Geier

Title: Vice President, Electric Transmission and Distribution

Email: DGeier@semprautilities.com

Phone: 858-650-6131

Authorized Signature:

David L. Geier 11/6/09

Date: November 6 29, 2009

Attachment f

WECC's Verification of Mitigation Plan Completion dated December 2, 2009

CONFIDENTIAL



Laura Scholl
Managing Director of Compliance

(801) 819-7619
Lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

December 2, 2009

Patricia vanMidde
Electric Reliability Compliance Manager
San Diego Gas & Electric
8330 Century Park Court, CP32H
San Diego, California 92112-9831

NERC Registration ID: NCR05377

Subject: Certification of Completion Response Letter

Dear Patricia,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of San Diego Gas & Electric (SDGE) on 11/6/2009 for the alleged violation of Reliability Standard PRC-005-1 Requirement 2.1.

WECC has accepted the Certification of Completion for Requirement 2.1 of the Reliability Standard PRC-005-1 and has found this requirement to be fully mitigated. No further mitigation of this requirement will be required at this time.

If you have any questions or concerns, please contact Phil O'Donnell at podonnell@wecc.biz. Thank you for your assistance in this effort.

Sincerely,



Laura Scholl
Managing Director of Compliance

LS:rh

cc: Scott Peterson, SDGE Director, Electric Grid Operations
Lisa Milanese, WECC Manager of Compliance Program Administration
Phil O'Donnell, WECC Senior Compliance Engineer

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

San Diego Gas & Electric Company

Docket No. NP10-____-000

NOTICE OF FILING
July 30, 2010

Take notice that on July 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding San Diego Gas & Electric Company in the Western Electricity Coordinating Council 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