



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

September 30, 2010

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

**Re: NERC Abbreviated Notice of Penalty regarding Hetch Hetchy Water and Power,
FERC Docket No. NP10-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Hetch Hetchy Water and Power (HHWP),¹ with information and details regarding the nature and resolution of the violation² discussed in detail in the Disposition Documents attached hereto (Attachment d), 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

On December 14, 2009, HHWP self-reported a violation of VAR-002-1 Requirement (R) 3 to Western Electricity Coordinating Council (WECC) for HHWP's failure to notify its Transmission Operator, in two instances, within thirty minutes of a change in the status of its

¹ On October 14, 2009, NERC submitted an Omnibus filing, FERC Docket No. NP10-2-000, which addressed violations for certain, registered entities including violations of CIP-001-1 for HHWP. 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. WECC determined that the prior violations should not serve as a basis for aggravating the penalty because the subject violations of NP10-2-000 involved unrelated standards and the Mitigation Plans would not have resolved or prevented the instant violations. Specifically, HHWP's prior violation involved HHWP's lack of a procedure and the instant violation was the result of a malfunction on a generating unit and an untimely notification of such malfunction to HHWP's TOP. Moreover, there was nothing in the record to suggest that broader corporate issues were implicated.

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).

power system stabilizer (PSS). This NOP is being filed with the Commission because HHWP does not dispute the violation of VAR-002-1 R3 and the assessed four thousand dollar (\$4,000) penalty. Accordingly, the violation identified as NERC Violation Tracking Identification Numbers WECC200901785 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 NOP incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on February 18, 2010, by WECC. The details of the findings and the basis for the penalty are set forth in the Disposition Document. This NOP filing contains the basis for approval of this NOP 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 NOP.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Hetch Hetchy Water and Power	NOC-492	WECC200901785	VAR-002-1 ⁴	3	Medium	4,000

Statement Describing the Assessed 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 and October 26, 2009 Guidance Orders,⁶ the NERC BOTCC reviewed the NOCV and supporting documentation on August 3, 2010. The NERC BOTCC approved the NOCV and the assessment of a four thousand dollar (\$4,000) financial penalty against HHWP 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.

⁴ VAR-002-1 was enforceable from August 2, 2007, through August 27, 2008. VAR-002-1a was approved by the Commission and became enforceable on August 28, 2008. VAR-002-1.1a is the current enforceable Standard as of May 13, 2009. The subsequent interpretations provide clarity regarding the responsibilities of a registered entity and do not change the meaning or language of the original NERC Reliability Standard and its requirements. For consistency in this filing, the original NERC Reliability Standard, VAR-002-1, is used throughout.

⁵ See 18 C.F.R. § 39.7(d)(4).

⁶ *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). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

In reaching this determination, the NERC BOTCC considered the following factors:⁷

1. the violation constituted HHWP's first occurrence of violation of the subject NERC Reliability Standard;
2. HHWP self-reported the violation;
3. WECC reported that HHWP was cooperative throughout the compliance enforcement process;
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 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 four thousand dollars (\$4,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the bulk power system.

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 NOP are the following documents:

- a) HHWP's Self-Report dated December 14, 2009, included as Attachment a;
- b) HHWP's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated February 17, 2010, included as Attachment b;
- c) HHWP's Mitigation Plan and Certification of Mitigation Plan Completion submitted on February 16, 2010, included as Attachment c;
- d) WECC's Verification Mitigation Plan Completion submitted on February 26, 2010, included as Attachment d; and
- e) Disposition Document for VAR-002-1 R3.1, included as Attachment e.

A Form of Notice Suitable for Publication⁸

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

⁷ HHWP did not receive credit for having a compliance program because it was not reviewed by WECC.

⁸ 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* Sr. 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>Margaret Hannaford* Division Manager Hetch Hetchy Water and Power P.O. Box 160 Moccasin, CA 95347 209-989-2063 209-989-2104 - facsimile mhannaford@sflower.org</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>*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 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</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>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> <p>Sandy Mooy* Senior Legal Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 819-7658 (801) 883-6894 – facsimile SMooy@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
Sr. 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

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
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

cc: Hetch Hetchy Water and Power
Western Electricity Coordinating Council

Attachments

Attachment a

HHWP's Self-Report dated December 14, 2009



Self-Reporting Form

Date Submitted by Registered Entity: December 14, 2009

NERC Registry ID: NCR05182

Joint Registration Organization (JRO) ID:

Registered Entity: Hetch Hetchy Water and Power

Registered Entity Contact: Dan Mason, Compliance Manager, (209) 989-2579

Function(s) Applicable to Self-Report:

<input type="checkbox"/> BA	<input type="checkbox"/> TOP	<input type="checkbox"/> TO	<input type="checkbox"/> GO	<input checked="" type="checkbox"/> GOP	<input type="checkbox"/> LSE
<input type="checkbox"/> DP	<input type="checkbox"/> PSE	<input type="checkbox"/> TSP	<input type="checkbox"/> PA	<input type="checkbox"/> RP	<input type="checkbox"/> TP
<input type="checkbox"/> RSG	<input type="checkbox"/> RC	<input type="checkbox"/> IA	<input type="checkbox"/> RRO		

Standard: VAR-002-1.1a

Requirement: R3.1

Has this violation previously been reported or discovered: ☐ Yes ☒ No

If Yes selected: Provide NERC Violation ID (if known):

Date violation occurred: November 9, 2009 and December 7, 2009

Date violation discovered: December 9, 2009

Is the violation still occurring? ☐ Yes ☒ No

Detailed explanation and cause of violation: Mocassin Generator MPH-1 power system stabilizer (PSS) exciter control component failed on November 8. The failed exciter card was replaced, reprogrammed and the unit returned to service on November 9, 2009. On December 7, 2009, Hetch Hetchy Water & Power engineering staff determined that the exciter card settings were incorrect and that Mocassin Generator MPH-1 Power System Stabilizer (PSS) was not operating. The settings were corrected and the Mocassin Generator MPH-1 PSS was enabled on the same date.

On November 9, 2009, Hetch Hetchy Water & Power failed to notify Hetch Hetchy Water & Power's Transmission Operator (Pacific Gas and Electric Co.) within thirty (30) minutes of returning Mocassin Generator MPH-1 to service without an operating PSS. On December 7, 2009 Hetch Hetchy Water & Power failed to notify Pacific Gas& Electric within thirty (30) minutes of resuming PSS operation on Mocassin Generator MPH-1. Subsequently, on



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December 9, 2009, Hetch Hetchy Water & Power notified Pacific Gas and Electric of these PSS changes in status.

During its review of these events, Hetch Hetchy Water & Power has determined that it did not follow its Moccasin Control Room Communication Procedures, and identified deficiencies in generator PSS status information provided to its Hetch Hetchy Water & Power control room operators.

Potential Impact to the Bulk Power System (minimal, moderate, or severe): Minimal

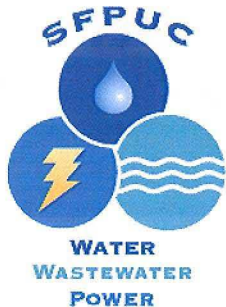
Detailed explanation of Potential Impact: Due to the generating capacity of the Moccasin Generator MPH-1 (57.5 MVA Rating) relative to other generating units capacities and loads in the Interconnection, and that Hetch Hetchy Water & Power generating units are not designated as black start units for system restoration purposes, the potential impact to the Bulk Power System would be expected to be minimal.

Additional Comments:

NOTE: While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)

Attachment b

HHWP's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated February 17, 2010



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Post Office Box 160, Moccasin, CA 95347 • Tel. (209) 989-2000 • Fax (209) 989-2104
Junction of Hwy 49 and Hwy 120



February 17, 2010

GAVIN NEWSOM
MAYOR

F.X. CROWLEY
PRESIDENT

FRANCESCA VIETOR
VICE PRESIDENT

ANN MOLLER CAEN
COMMISSIONER

JULIET ELLIS
COMMISSIONER

ANSON B. MORAN
COMMISSIONER

ED HARRINGTON
GENERAL MANAGER

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

Dear Ms. White:

Hetch Hetchy Water and Power (HHWP) is in receipt of the Notice of Alleged Violation and Proposed Penalty or Sanction from the Western Electricity Coordinating Council (WECC) dated January 18, 2010 (Notice). HHWP does not at this time contest the Notice and proposed Penalty or Sanction. HHWP has identified and implemented a mitigation plan to correct the violation and its underlying cause, and documented these corrective actions via upload to the WECC Compliance website on February 16, 2010.

HHWP does not thereby agree with every detail of the information set forth in Attachment 1 of the Notice, including but not limited to the time frame listed for the duration of the violation. Nonetheless, HHWP does not contest the Notice, the fact that a violation occurred or the proposed Penalty or Sanction. Moreover, HHWP remains committed to working cooperatively with WECC to ensure full and ongoing compliance.

Sincerely,

Margaret Hannaford
Division Manager, Hetch Hetchy Water and Power
dm

Cc: Matthew Moore

Attachment c

HHWP's Mitigation Plan and Certification of Mitigation Plan Completion submitted on February 16, 2010



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: February 16, 2010

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: February 13, 2010
- Submit Certification of Mitigation Plan Completion Form
- Submit evidence supporting Mitigation Plan completion

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Attachment 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: Hetch Hetchy Water and Power
Registered Entity Address: PO Box 160, Moccasin, CA 95347
NERC Compliance Registry ID: NCR05182

- 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: Daniel Mason
Title: NERC Compliance Manager

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

Email: dmason@sfwater.org

Phone: 209-989-2579



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: VAR-002-1.1a
[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)
HHWP WECC20091987	WECC200901785	R3	MED	11/08/09	self-report
HHWP WECC20091987	WECC200901785	R3	MED	12/09/09	self-report

(*) 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:

Moccasin Generator Unit #1 power system stabilizer (PSS) exciter control component failed on November 8, 2009 while the unit was off-line. The failed card was replaced, reprogrammed and the unit was returned to service on November 9, 2009. On December 7, 2009, Hetch Hetchy Water and Power engineering staff determined that the exciter card settings were incorrect and that Moccasin Generator Unit #1 PSS was not operating. The settings were corrected and the Moccasin Generator Unit #1 PSS was enabled on the same date.



On November 9, 2009, Hetch Hetchy Water and Power failed to notify Hetch Hetchy Water and Power's Transmission Operator (Pacific Gas and Electric Co.) within thirty (30) minutes of returning Moccasin Generator Unit #1 to service without an operating PSS. On December 7, 2009, Hetch Hetchy Water and Power failed to notify Pacific Gas and Electric Co. within thirty (30) minutes of resuming PSS operation on Moccasin Generator Unit #1. Subsequently, on December 9, 2009, Hetch Hetchy Water and Power notified Pacific Gas and Electric Co. of these PSS changes in status.

During its review of these events, Hetch Hetchy Water and Power has determined that it did not follow its Moccasin Control Room Communications Procedures addressing events of PSS status or capability change.

[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:

1. Upon discovery of the failure to follow Moccasin Control Room Communications Procedures, the Senior Operator in charge was advised of the problem and it was clarified that the Transmission Operator must be notified about each change in power system stabilizer status or capability; which resulted in the notification call being made to Pacific Gas and Electric Co. the next day.

2. Hetch Hetchy Water and Power (HHWP) conducted refresher training for all HHWP power generation operators on the Moccasin Control Room Communications Procedures with particular focus on the importance of



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following procedures requiring the notification of the Transmission Operator, Pacific Gas and Electric Co., within thirty (30) minutes of a) any power system stabilizer (PSS) status or capability change and b) expected duration of the change in status or capability.

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)

(*) 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:



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:

[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:

Conversations with Senior Operator in charge resulted in a clear understanding of the requirement to notify Transmission Operator, Pacific Gas and Electric Co., about each change in power system stabilizer status or capability and the importance generally of all operators following the Moccasin Control Room Communications Procedures.

Refresher training for all HHWP power generation operators on the Moccasin Control Room Communications Procedures minimizes the probability of incurring further communications violations with appropriate Transmission Operators associated with VAR-002-1.1a, R3.1, and similar Standards Requirements in the future through a) emphasizing the importance of following the procedures, b) review of procedural requirements, and c) clarification of any misunderstandings about procedural requirements.



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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:

Annual refresher training in communications procedures will be scheduled by Hetch Hetchy Water and Power for all power generation operators.

[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 Division Manager of Hetch Hetchy Water and Power.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Hetch Hetchy Water and Power.
 3. I understand Hetch Hetchy Water and Power 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. Hetch Hetchy Water and Power 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): Margaret Hannaford

Title: Division Manager, Hetch Hetchy Water and Power

Date: February 16, 2009



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.



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: Hetch Hetchy Water and Power

NERC Registry ID: NCR05182

Date of Submittal of Certification: 02/16/2010

NERC Violation ID No(s) (if known): HHWP_WECC20091987

Standard: VAR-002-1.1a

Requirement(s): R3

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: NA

Date Mitigation Plan was actually completed: 02/13/2010

**Additional Comments (or List of Documents Attached): Moccasin Control Room
Communications Procedures Refresher Training Sign-in Sheet**


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: Margaret Hannaford

Title: Division Manager HHWP

Email: mhannaford@sfgwater.org

Phone: 209-989-2063

Authorized Signature: 

Date: 02/16/2010

Attachment d

WECC's Verification Mitigation Plan Completion submitted on February 26, 2010

CONFIDENTIAL



Western Electricity Coordinating Council

Laura Scholl
Managing Director of Compliance

801-819-7619
lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

February 26, 2010

Daniel Mason
Utility Specialist
Hetch Hetchy Water and Power
PO Box 160
Moccasin, California 95347

NERC Registration ID: NCR05182
NERC Violation ID: WECC200901785

Subject: Notice of Mitigation Plan and Completed Mitigation Plan Acceptance
Reliability Standard VAR-002-1 Requirement 3

Dear Daniel,

The Western Electricity Coordinating Council (WECC) has received the Mitigation Plan and Certification of Completion and supporting evidence submitted by Hetch Hetchy Water and Power (HHWP) on 2/16/2010 for the alleged violation of Reliability Standard VAR-002-1 Requirement 3.

WECC has accepted the Mitigation Plan and Certification of Completion for Requirement 3 of the Reliability Standard VAR-002-1 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 Mike Wells at mike@wecc.biz. Thank you for your assistance in this effort.

Sincerely,

Laura Scholl
Managing Director of Compliance

LS:rh

cc: Margaret Hannaford, HHWP Division Manager HHWP
John McGhee, WECC Director of Audits and Investigations
Lisa Milanese, WECC Manager of Compliance Program Administration
Mike Wells, WECC Senior Compliance Engineer

Attachment e

""Disposition Document for VAR-002-1 R3

DISPOSITION OF VIOLATION¹

Dated August 3, 2010

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
WECC200901785	HHWP_WECC20091987	NOC-492

REGISTERED ENTITY Hetch Hetchy Water and Power (HHWP)	NERC REGISTRY ID NCR05182
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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							

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

HHWP's system is a conglomerate of dams, hydroelectric plants, and transmission lines operated by the San Francisco Public Utilities Commission which provide hydroelectric power for San Francisco municipal uses and for sale to irrigation districts and public utilities. HHWP consists of four hydroelectric powerhouses, generating approximately 1.6 billion kilowatt hours of renewable energy each year. Some of the power is used for the City and County of San Francisco offices and services. Surplus power is sold to Central Valley irrigation districts and public agencies.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
VAR-002-1²	3		Medium	Moderate

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.

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

The purpose statement of VAR-002-1 provides: “To ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.”

VAR-002-1 R3 provides:

R3. Each Generator Operator shall notify its associated Transmission Operator as soon as practical, but within 30 minutes of any of the following:

R3.1. A status or capability change on any generator Reactive Power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability.

R3.2. A status or capability change on any other Reactive Power resources under the Generator Operator’s control and the expected duration of the change in status or capability.

VIOLATION DESCRIPTION

On December 14, 2009, HHWP self-reported a violation of VAR-002-1 R3 because it failed to notify its Transmission Operator within thirty minutes of a change in the status of its power system stabilizer (PSS). According to the self-report, the exciter control equipment for the PSS on HHWP’s Moccasin Generator MPH-1 failed on November 8, 2009 and required replacement. HHWP replaced, reprogrammed and returned the unit to service on November 9, 2009, but did not notify its Transmission Operator within thirty minutes.

The self-report also stated that, on December 7, 2009, HHWP discovered that the Moccasin Generator MPH-1 PSS was not operating because the exciter card settings were incorrect. HHWP corrected the settings and enabled the PSS on the same date, but did not notify its Transmission Operator within thirty minutes.

After discovering the above instances of non-compliance, HHWP notified its Transmission Operator of the status changes on December 9, 2009.

² VAR-002-1 was enforceable from August 2, 2007, through August 27, 2008. VAR-002-1a was approved by the Commission and became enforceable on August 28, 2008. VAR-002-1.1a is the current enforceable Standard as of May 13, 2009. The subsequent interpretations provide clarity regarding the responsibilities of a registered entity and do not change the meaning or language of the original NERC Reliability Standard and its requirements. For consistency in this filing, the original NERC Reliability Standard, VAR-002-1, is used throughout.

During its review of these events, HHWP determined that it did not follow its Moccasin Control Room Communications Procedures addressing events of PSS status or capability change.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violation did not pose a serious or substantial risk to the reliability of the BPS because, in both instances, HHWP returned the PSS to service within one day and, although not in accordance with the subject Standards requirement, HHWP did notify its Transmission Operator of the status changes described above. HHWP had procedures in place, which would have allowed HHWP to remain in compliance with the notification requirements, if the procedures were followed.

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 ☒

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES ☒

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input 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) 11/8/09 (when HHWP failed to notify its Transmission Operator when the status of a PSS changed) through 12/9/09 (the date HHWP notified its Transmission Operator of the correct status of its PSS)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 12/14/2009

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒
 PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

IV. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-09-2342**

DATE SUBMITTED TO REGIONAL ENTITY **2/16/2010**

DATE ACCEPTED BY REGIONAL ENTITY **2/18/2010**

DATE APPROVED BY NERC **3/3/2010**

DATE PROVIDED TO FERC **3/3/2010**

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

MITIGATION PLAN COMPLETED YES ☒ NO ☐

SUBMITTED AS COMPLETE ON **2/16/2010**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **2/13/2010**

DATE OF CERTIFICATION LETTER **2/13/2010**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **2/13/2010**

DATE OF VERIFICATION LETTER **2/26/10**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **2/13/2010**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

1. Upon discovery of the failure to follow Moccasin Control Room Communication Procedures, the Senior Operator in charge was advised of the problem and it was clarified that the Transmission Operator must be notified about each change in power system stabilizer status or capability. The Transmission Operator was notified the day after the process failure was discovered.
2. HHWP conducted refresher training for all HHWP power generation operators on the Moccasin Control Room Communications Procedures

with particular focus on the importance of following procedures requiring the notification of the Transmission Operator within thirty (30) minutes of (a) any power system stabilizer status or capability change and (b) expected duration of the change in status or capability.

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)

Along with the completed mitigation plan, HHWP submitted:

- 1. a Refresher Training sign-in sheet;**
- 2. an e-mail from HHWP's Power Generation Supervisor stating that (1) HHWP provided refresher training on the *Moccasin Control Room Communication Procedure* document; and (2) HHWP trained "each of the Operations staff individually...and provided with both electronic and hard copies of the document."**

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF \$4,000 FOR ONE VIOLATION OF RELIABILITY STANDARDS.

(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

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER
YES ☒ NO ☐

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

On October 14, 2009, NERC submitted an Omnibus filing, FERC Docket No. NP10-2-000, which addressed violations for certain, registered entities including violations of CIP-001-1 for HHWP. 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.³

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 ☐ UNDETERMINED ☒
EXPLAIN

WECC did not review HHWP's internal compliance program.

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.

See above.

(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

³ WECC determined that the prior violations should not serve as a basis for aggravating the penalty because the subject violations of NP10-2-000 involved unrelated standards and the Mitigation Plans would not have resolved or prevented the instant violations. Specifically, HHWP's prior violation involved HHWP's lack of a procedure and the instant violation was the result of a malfunction on a generating unit and an untimely notification of such malfunction to HHWP's TOP. Moreover, there was nothing in the record to suggest that broader corporate issues were implicated.

(5) ANY EVIDENCE THE VIOLATION(S) WERE 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

EXHIBITS:

SOURCE DOCUMENT

HHWP's Self-Report dated December 14, 2009

MITIGATION PLAN

HHWP's Mitigation Plan and Certification of Completion dated February 16, 2010

VERIFICATION BY REGIONAL ENTITY

WECC's Verification of Mitigation Plan Completion dated February 26, 2010

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: **1/18/2010** OR N/A ☐

SETTLEMENT DISCUSSIONS COMMENCED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: **2/18/2010** 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 f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Hetch Hetchy Water and Power

Docket No. NP10-____-000

NOTICE OF FILING
September 52, 2010

Take notice that on September 52, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Hetch Hetchy Water and Power 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