

July 30, 2010

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

**Re: NERC Abbreviated Notice of Penalty  
Commonwealth Edison Company (ComEd), FERC Docket No. NP10-\_\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding ComEd,<sup>1</sup> with information and details regarding the nature and resolution of the violation<sup>2</sup> discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Document (Attachment b), 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)).<sup>3</sup>

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<sup>1</sup> On October 1, 2009, NERC submitted a Notice of Penalty filing under Docket No. NP10-1-000 (NOC-215), which addressed a violation of FAC-003-1 R2 for ComEd. On October 23, 2009, FERC issued an order stating it would not engage in further review of the violation addressed in the October 1, 2009 Notice of Penalty. On October 14, 2009, NERC submitted an Omnibus filing under FERC Docket Number NP10-2-000 which addressed violations for certain registered entities including one (1) violation of PRC-005-1 R2.1 (NOC-073) for ComEd. 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. A violation of PRC-005-1 R2.1 (NOC-536) for PECO Energy Company (PECO) is being filed concurrently with the instant violation. PECO and ComEd are subsidiaries of Exelon Corporation. On June 4, 2008, NERC submitted a Notice of Penalty filing under Docket No. NP08-5-000 (NOC-003), which addressed a PRC-005-1 R2 violation for Exelon Generation Company, LLC. On July 3, 2008, FERC issued an order stating it would not engage in further review of the violation addressed in the June 4, 2008 Notice of Penalty. On June 2, 2010, NERC submitted a Notice of Penalty filing under Docket No. NP10-114-000 (NOC 440), which addressed a violation of VAR-002-1 R1. On July 2, 2010, FERC issued an order stating it would not engage in further review of the violation addressed in the June 2, 2010 Notice of Penalty.

<sup>2</sup> 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.

<sup>3</sup> *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*

On June 16, 2009, ComEd self-reported its second occurrence of non-compliance with NERC Reliability Standard PRC-005-1 Requirement (R) 2.1.<sup>4</sup> During an internal self-assessment of compliance performance, ComEd identified a number of Protection System maintenance tasks that were completed outside the required time intervals defined in ComEd's Preventive and Predictive Maintenance Program (Program), and, therefore, ComEd could not provide evidence that Protection System devices were maintained and tested within all of the defined intervals of its Program. This NOP is being filed with the Commission because ReliabilityFirst Corporation (ReliabilityFirst) and ComEd have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in ReliabilityFirst's determination and findings of the enforceable violation of PRC-005-1, R2.1. According to the Settlement Agreement, ComEd neither admits nor denies the violation, but has agreed to the assessed penalty of twenty-three thousand dollars (\$23,000) in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violation identified as NERC Violation Tracking Identification Number RFC200900155 is being filed in accordance with 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 Settlement Agreement executed on April 16, 2010, by and between ReliabilityFirst and ComEd. 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 the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC 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 resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
ReliabilityFirst Corporation	Commonwealth Edison Company	NOC-537	RFC200900155	PRC-005-1	2.1	High <sup>5</sup>	23,000

The text of the Reliability Standard at issue is set forth in the Disposition Document.

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*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).

<sup>4</sup> Although the instant violation was a second violation, ReliabilityFirst did not consider that fact an aggravating factor because the violations stemmed from different acts of non-compliance, as discussed in the Disposition Document. The first violation was caused by a software error and to mitigate the violation, ComEd focused on fixing the software error and did not validate testing dates. Therefore, the instant violation was not discovered at that time.

<sup>5</sup> PRC-005-1 R2 has a "Lower" VRF and PRC-005-1 R2.1 and R2.2 each have a "High" VRF. 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.

PRC-005-1 - OVERVIEW<sup>6</sup>

ReliabilityFirst determined that ComEd, as a Distribution Provider and Transmission Owner, identified a number of protection system substation battery inspection and maintenance tasks that ComEd completed but not within the designated time interval set by the Program.

The duration of the PRC-005-1 R2.1 violation is from June 18, 2007, when the Standard became mandatory and enforceable through June 16, 2009, the date ComEd reported that all outstanding maintenance and testing had been completed.<sup>7</sup>

ReliabilityFirst determined that ComEd's violation of PRC-005-1 R2.1 did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because the ComEd Program includes a series of battery inspection, maintenance and testing periods: five-week (monthly), quarterly, and annual and there is overlap in the associated tasks. As a result of the overlapping inspection and maintenance tasks in ComEd's program, maintenance and testing tasks were being completed for the batteries, although not always timely to the specific maintenance and testing period.

**Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>8</sup>**

**Basis for Determination**

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,<sup>9</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on June 10, 2010. The NERC BOTCC approved the Settlement Agreement, including ReliabilityFirst's assessment of a twenty-three thousand dollars (\$23,000) financial penalty against ComEd and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed 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 ComEd's second occurrence of violation of the subject NERC Reliability Standard but was unrelated to the first occurrence and was not considered an aggravating factor, as discussed in the Disposition Document;
2. ComEd self-reported the violation;

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<sup>6</sup> Further information on this violation is contained in the Disposition Document included as Attachment b.

<sup>7</sup> ComEd was included on the NERC Compliance Registry as a Distribution Provider on June 27, 2007 and as a Transmission Owner on May 30, 2007.

<sup>8</sup> See 18 C.F.R § 39.7(d)(4).

<sup>9</sup> *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).

3. ReliabilityFirst reported that ComEd was cooperative throughout the compliance enforcement process;
4. the quality of the ComEd compliance program, as discussed in the Disposition Document;
5. ReliabilityFirst reported there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. the violation did not pose a serious or substantial risk to the BPS, as discussed above and in the Disposition Document; and
7. ReliabilityFirst 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 approves the Settlement Agreement and believes that the assessed penalty of twenty-three thousand dollars (\$23,000) 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 FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

#### **Attachments to be included as Part of this Notice of Penalty**

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

- a) Settlement Agreement between ReliabilityFirst and ComEd, executed on April 16, 2010, included as Attachment a;
  - i. ComEd's Mitigation Plan dated February 16, 2010, included as Attachment a to the Settlement Agreement;
  - ii. ComEd's Self-Report submitted June 16, 2009, included as Attachment b to the Settlement Agreement; and
- b) Disposition Document dated June 10, 2010, included as Attachment b.

#### **A Form of Notice Suitable for Publication<sup>10</sup>**

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

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<sup>10</sup> 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, New Jersey 08540-5721 (609)452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Carl L. Segneri, Jr.* VP Programs &amp; Technology Commonwealth Edison Company Two Lincoln Centre Oakbrook Terrace, IL 60181-4260 (630)576-6860 carl.segneri@ComEd.com</p> <p>Bruce A. Krawczyk* Manager Business Support Commonwealth Edison Company Two Lincoln Centre Oakbrook Terrace, IL 60181-4260 (630)437-2173 bruce.krawczyk@ComEd.com</p> <p>Peter J. Thornton* Asst. General Counsel Commonwealth Edison Company 10 S. Dearborn Street, 49<sup>th</sup> Floor Chicago, IL 60603-5930 (312)394-4989 peter.thornton@exeloncorp.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, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net</p> <p>Timothy R. Gallagher* President &amp; CEO ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 (330) 456-5390 – facsimile tim.gallagher@rfirst.org</p> <p>Raymond J. Palmieri* Vice President and Director of Compliance ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 (330) 456-5408 – facsimile ray.palmieri@rfirst.org</p> <p>Robert K. Wargo* Manager of Compliance Enforcement ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 (330) 456-5408 – facsimile bob.wargo@rfirst.org</p>
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	Megan E. Gambrel* Compliance Enforcement Specialist ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 (330) 456-5408 – facsimile megan.gambrel@rfirst.org
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## Conclusion

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

Respectfully submitted,

Gerald W. Cauley  
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Vice President and General Counsel  
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cc: Commonwealth Edison Company  
ReliabilityFirst Corporation

Attachments

## **Attachment a**

### **Settlement Agreement between Reliability*First* and ComEd, executed on April 16, 2010**



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In re	)	
	)	
COMMONWEALTH EDISON	)	
COMPANY	)	
	)	
	)	DOCKET NUMBER
	)	
	)	RFC200900155
NERC Registry ID # NCR08013	)	
	)	

**SETTLEMENT AGREEMENT  
OF  
RELIABILITYFIRST CORPORATION  
AND  
COMMONWEALTH EDISON COMPANY**

**I. INTRODUCTION**

1. ReliabilityFirst Corporation (“ReliabilityFirst”) and Commonwealth Edison Company (“ComEd”) enter into this Settlement Agreement ("Agreement") to resolve all outstanding issues arising from a preliminary and non-public investigation resulting in ReliabilityFirst’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, of an alleged violation by ComEd of the NERC Reliability Standard PRC-005-1, Requirement 2.1.

**II. STIPULATION OF FACTS**

2. The facts stipulated herein are stipulated solely for the purpose of resolving between ComEd and ReliabilityFirst the matters discussed herein and do not constitute stipulations or admissions for any other purpose, including in any administrative proceedings. ComEd and ReliabilityFirst hereby stipulate and agree to the following:

## A. BACKGROUND

3. ComEd and its nearly 5,600 employees are responsible for maintaining more than 90,000 miles of power lines that make up the electric transmission and distribution systems in Northern Illinois. ComEd also provides customer operations for more than 3.8 million customers across the region, or 70 percent of the state's population. ComEd's service territory borders Iroquois County to the south (roughly Interstate 80), the Wisconsin border to the north, the Iowa border to the west and the Indiana border to the east. ComEd is a unit of Chicago-based Exelon Corporation (NYSE: EXC), one of the nation's largest electric utilities with a customer base of 5.4 million in Northern Illinois and Pennsylvania. Exelon Generation has one of the nation's largest portfolios of electricity generation capacity with access to approximately 33,500 megawatts of owned and contracted electricity, and a nationwide reach with strong positions in the Midwest, Mid-Atlantic, and Texas. Exelon Generation is comprised of Exelon Nuclear, Exelon Power, Exelon Power Team, and Exelon Energy.
4. ReliabilityFirst staff confirmed that ComEd is registered on the NERC Compliance Registry as a Distribution Provider ("DP"), Load-Serving Entity ("LSE"), Purchasing-Selling Entity ("PSE") and Transmission Owner ("TO") in the ReliabilityFirst region with the NERC Registry Identification Number of NCR08013 and is therefore subject to compliance with PRC-005-1, R2.1 as a DP and a TO.

## B. ALLEGED VIOLATION OF PRC-005-1, R2.1 – RFC200900155

5. Requirement 2.1 of PRC-005-1 states,

"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 Reliability Organization 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."

6. On June 16, 2009, Commonwealth Edison Company ("ComEd") self-reported a potential non-compliance with Requirement 2.1 of Reliability Standard PRC-005-1. During an internal self-assessment of compliance performance, ComEd identified a series of Protection System maintenance tasks that were completed outside the required time intervals defined in ComEd's Preventive and Predictive Maintenance Program. ComEd indicated in the Self-Report that there were no operating events related to this issue and that all the identified outstanding tasks had been completed.

7. In response to a ReliabilityFirst information request, ComEd indicated that the results of its internal investigation confirm that the only types of Protection System devices for which preventive maintenance tasks were performed outside the defined intervals were station batteries and microwave batteries<sup>1</sup>, and ComEd provided evidence to support this statement. ComEd also provided ReliabilityFirst with a chart indicating each test interval that was missed on each affected battery, the date the missed testing was completed, and the condition of each battery prior to and after the missed test interval.
8. There are a series of three battery inspection, maintenance and testing periodicities in the ComEd program: five-week (monthly)<sup>2</sup>; quarterly; and annual.<sup>3</sup> The five-week visual inspections approximate real-time condition monitoring that can detect developing problems and degradation, and provide condition data used to initiate corrective actions. Inspection activities include: (a) measure and record overall battery float voltage at terminals and adjust if necessary; (b) check appearance and cleanliness of battery and battery rack; (c) check and record charger output current; (d) check electrolyte levels of all cells and add water as required; (e) check for cracks or evidence of electrolyte leakage; (f) check for corrosion at terminals and connections; (g) check and record ambient temperature and check for proper battery room ventilation; (h) read and record pilot cell voltage, specific gravity and temperature; (i) read and record battery float charging current; (j) check for unintentional battery grounds; (k) verify flame arrestor integrity and replace any broken arrestors; and (l) equalize battery as necessary. On a quarterly basis, in addition to the above visual inspection tasks, the following tasks are performed: (m) read and record float voltage of each cell; (n) read and record temperature specific gravity and temperature corrected specific gravity of 10% of the cells, including pilot cell; and (o) read and record electrolyte level of all cells and correct electrolyte levels, if necessary. Finally, augmenting the five-week and quarterly tasks, on an annual basis ComEd also: (p) reads and records specific gravity, and temperature corrected specific gravity, of all battery cells; (q) performs a detailed visual inspection of each cell; (r) measures and records inter-cell connection resistance

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<sup>1</sup> “Station batteries” are permanently installed, vented lead-acid batteries for stationary applications. “Microwave batteries” are batteries supporting microwave communication systems.

<sup>2</sup> In 2003, microwave battery maintenance interval tasks performed monthly (or every five-weeks, for ComEd) were extended, and combined with the quarterly preventive maintenance interval tasks. The decision was based on historical operating experience that indicated the duty cycle for microwave batteries is less than that for a station battery, and the condition of the microwave batteries as found during the short five-week cycle supported extension to quarterly intervals, since microwave system load remains consistent when compared to the duty cycle of a substation battery, and as such, the microwave battery is submitted to less electrical and mechanical stress.

<sup>3</sup> For the microwave batteries only, there is also a six-month testing interval for some of the older installations. During the quarterly inspections at these six (6) sites, the measuring and recording internal impedance of all cells or “BITE” test is also performed. None of these test intervals were missed by ComEd.

of all connections; (s) checks structural integrity of the battery rack and/or cabinet; (t) reads and records electrolyte levels, and level corrected for acid and water combination of specific gravity on all cells; (u) assigns new pilot cell; (v) measures and records internal impedance of all cells, commonly referred to as a 'BITE' test; and (w) performs a "thermography" test, which is an infrared inspection to identify any hot spots that may exist on the external or internal component of the battery.

9. There are 495 batteries on the ComEd system subject to NERC compliance<sup>4</sup>. For the annual station battery preventative and maintenance testing interval, there were 19 late test intervals out of 791 total test intervals for the time period starting June 18, 2007 through October 15, 2009. Therefore, ComEd missed 2.4% of its annual test intervals for the station batteries. For the quarterly station battery testing, there were 268 late test intervals out of 3,248 total test intervals. Therefore, ComEd missed 8.3% of its quarterly test intervals for the station batteries. For the five-week station battery testing, there were 569 late test intervals out of 7,400 total test intervals. Therefore, ComEd missed 7.7% of its five-week test intervals for the station batteries. For the quarterly microwave battery testing, there were 46 missed test intervals out of 1,657 total test intervals. Therefore, ComEd missed 2.8% of its quarterly test intervals for the microwave batteries. For the six-month microwave battery testing, there were 0 missed test intervals out of 29 total test intervals. For the annual microwave battery testing, there were 6 missed test intervals out of 535 total test intervals. Therefore, ComEd missed 1.1% of its annual test intervals for the microwave batteries.
10. ComEd provided information to ReliabilityFirst regarding the potential impact of the alleged violation on the Bulk Electric System ("BES"). ComEd indicated that in all but one case, there were no significant corrective maintenance actions needed as a result of overdue maintenance or testing. In one case (referenced by ComEd work order number 06396252) at Station 13 Crawford Switchhouse 2, the battery bank, although functional, was found in a condition not acceptable for continuous reliable service and required an emergent replacement of all cells. Prior to this inspection, there were no operational issues associated with this battery and the relays connected with this battery operated correctly on numerous occasions. Station 13 Crawford is continuously monitored via SCADA and if the Switchhouse 2 Battery had actually not been functional, an alarm would have automatically been sent to the dispatchers at the Operational Control Center and addressed immediately. Records support that no alarms occurred during this time period for the Switchhouse 2 Battery. In addition, ComEd indicated that as a result of the multiple testing periodicities in the ComEd program (five-week;

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<sup>4</sup> 376 batteries missed at least one preventive maintenance and testing interval, but only 151 batteries missed a combination of the maintenance and testing interval (five-week, quarterly, and/or annual).

quarterly; and annual<sup>5</sup>); there are a number of overlapping tasks associated with each. As a result, in all but a few cases, inspection, maintenance and testing tasks were being completed for the batteries, albeit for time frames that in some cases were not timely and exceeded the intervals as defined in ComEd's Preventive and Predictive Maintenance Program.

11. ComEd outlined three primary causes of the alleged violation, which included (a) lack of rigor in existing work management processes, including planning, tracking, reporting and managing the Protection System Equipment Preventative Maintenance ("PM") Program for compliance to NERC Reliability Standards at an operational and functional level in several departments within ComEd; (b) deficiencies in accountability and ownership for tracking, reporting and ensuring on-time completion of PM tasks for Protection System equipment; (c) inadequate training and less than a comprehensive understanding by ComEd personnel of NERC compliance requirements, including lack of formalized process for classification, input, review and updates for Protection System equipment that should be labeled as NERC assets in ComEd's work management system.
12. ReliabilityFirst alleges that ComEd failed to provide evidence that Protection System devices were maintained and tested within all of the defined intervals of its Protection System maintenance and testing program.
13. ReliabilityFirst and ComEd have reached an appropriate settlement, in which the determination of penalty took into account the totality of the facts and circumstances concerning the alleged violation.

### **III. PARTIES' SEPARATE REPRESENTATIONS**

#### **A. STATEMENT OF RELIABILITYFIRST AND SUMMARY OF FINDINGS**

14. ReliabilityFirst considers this Agreement as the resolution of all issues with regard to the above captioned docket number and to bind ComEd in the commitment to perform actions hereafter enumerated and listed as conditions for this Agreement.
15. PRC-005-1, R2.1 has a Violation Risk Factor (VRF) of "High", as evidenced by the NERC Violation Risk Factor Matrix.
16. ReliabilityFirst further noted certain aspects of ComEd's compliance program, including that compliance at ComEd and Exelon is accomplished through a

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<sup>5</sup> For the microwave batteries only, there is also a six-month testing interval for some of the older installations. During the quarterly inspections at these six (6) sites, the measuring and recording internal impedance or "BITE" test is also performed. None of these test intervals were missed by ComEd.

corporate level structure combined with dedicated oversight within each of the business units. Business Unit Vice Presidents and Directors are key participants in the corporate level and individual business unit oversight of the program. At the corporate level, the NERC Chief Compliance Officer has oversight responsibilities for the Exelon Program. This Senior Officer presides over the NERC Steering Committee which is comprised of Vice Presidents and Directors from each NERC registered business unit as well as representatives from the following Exelon departments; Legal, Ethics and Corporate Governance/Office of the Corporate Secretary, Governmental Affairs and Quality Assurance. This Committee meets monthly to review and discuss all NERC-related issues in detail. The Exelon/ComEd NERC Compliance Monitoring Processes require annual review of compliance with all standards. Finally, the Exelon NERC Reliability Standards Compliance Program (NRSCP) requires NERC training for all employees.

17. When evaluating the facts and circumstances of the present alleged violation and determining an appropriate penalty, ReliabilityFirst took into consideration that ComEd had a previous PRC-005-1, R2.1 alleged violation in 2007<sup>6</sup> involving a failure to test relay maintenance packages due to an error within the maintenance scheduling tool where some of the automatic relay maintenance work order triggers were incorrectly set to "inactive" within the system. The present alleged violation of PRC-005-1 was not related to the previous alleged violation of PRC-005-1, and was found when ComEd conducted an extensive review of preventive maintenance work order records for all protection system devices at ComEd. During this review, ComEd evaluated all protection system equipment and confirmed that the only category of Protection System devices for which preventive maintenance and testing tasks were performed outside the defined interval were station and microwave batteries.
18. ReliabilityFirst agrees that this agreement is in the best interest of the parties and in the best interest of bulk power system reliability.

## **B. STATEMENT OF COMMONWEALTH EDISON COMPANY**

19. In applying the adjustment factors specified in the NERC Sanction Guidelines, mitigating factors should be considered, including the following: (a) the number of intervals ComEd missed varied by the type of battery, but in all cases was less than 10% of the intervals; (b) with the exception of one battery, there were no significant corrective actions needed as a result of overdue maintenance and testing, and that one battery remained functional and was continuously monitored by SCADA equipment that would have activated an alarm if the battery became non-functional; (c) the overlapping inspection and maintenance

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<sup>6</sup> North American Electric Reliability Corporation, NERC Notice of Penalty Regarding Commonwealth Edison Company, FERC Docket No. NP10-2-000, Filed October 14, 2009.

tasks in ComEd's program assured that in all but a few cases, tasks were being completed for the batteries, though not always timely; (d) ComEd's self-report of the potential noncompliance; (e) the immediate voluntary corrective actions that ComEd took to assure rapid completion of all tasks; and (f) the degree of cooperation that ComEd demonstrated after the self-report in conducting an in-depth investigation, providing a full report of the investigation, and committing to corrective actions, as discussed below.

20. ComEd neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Agreement constitute violations of PRC-005-1, R2.1.
21. ComEd has agreed to enter into this Settlement Agreement with ReliabilityFirst to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. ComEd agrees that this agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.

#### **IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS**

##### **A. Mitigating Actions for PRC-005-1, Requirement 2.1 – RFC200900155**

22. On February 16, 2010, ComEd submitted to ReliabilityFirst a Mitigation Plan to address the Alleged Violation set forth in this Agreement. On February 25, 2010, ReliabilityFirst accepted the Mitigation Plan (Mitigation Plan Tracking # MIT-09-2361, *see* Attachment a). On February 26, 2010, ReliabilityFirst submitted the accepted Mitigation Plan to NERC. NERC approved the Mitigation Plan and submitted the Mitigation Plan to FERC as confidential, non-public information on March 10, 2010.
23. In the Mitigation Plan, ComEd outlined actions taken in order to mitigate the violation and prevent recurrence. At the time of submittal of the Mitigation Plan ComEd had completed all deficient testing for station and microwave batteries. ComEd's Asset Management and Investment Strategy group pulled all PassPort inspection, maintenance and/or testing work order records for station and microwave battery preventive maintenance ("PM") tasks performed since June 19, 2006. The detailed examination revealed three business gaps: (a) in the PassPort "Scheduled Backlog" field, the "NERC" identifier was missing for some of the station and/or microwave batteries; (b) the PassPort Calc Code designation that functionally determined the next calendar date for inspection, maintenance and/or testing interval based on completion of previous PM work order tasks input for some assets allowed the PM to be scheduled at a date beyond date required for NERC compliance; and (c) the business process utilized for managing Key Performance Indicators business metrics resulted in additional extensions to the scheduled PM completion dates.

24. ComEd remedied these business gaps by: (a) inserting “NERC” in the “Scheduled Backlog” input field in PassPort, the work management and scheduling software application; (b) where required, the ‘Calc Code’ PassPort designation was corrected for on-time scheduling of PM tasks; and (c) the Key Performance Indicators metric process was adjusted to ensure continued regulatory compliance, including communication to all levels of the company. In addition, ComEd’s Preventive and Predictive Maintenance (“PM”) Program was updated and substantially rewritten to more accurately capture and describe all aspects of the Company’s maintenance and testing program. For additional clarity and alignment with PRC standards, supporting Performance Centered Maintenance templates were updated and revised. In addition, ComEd committed to take a series of corrective actions designed to tighten internal business processes for scheduling, tracking and reporting inspection, maintenance and/or testing tasks for five-week, quarterly and annual station battery; and, quarterly, six-month, and annual microwave battery PM tasks. These actions will establish departmental ownership and accountability for ensuring on-time performance. The corrective actions are described in detail in ComEd’s Mitigation Plan.
25. When completed, this Mitigation Plan will have brought ComEd into full compliance with PRC-005-1. ReliabilityFirst will verify as such when appropriate.
26. ComEd shall pay a monetary penalty of \$23,000 to ReliabilityFirst. ReliabilityFirst shall present an invoice to ComEd within twenty days after the Agreement is approved (as submitted or as modified in a manner acceptable to the parties) either by the Federal Energy Regulatory Commission or by operation of law, and ReliabilityFirst shall notify the North American Electric Reliability Corporation if the payment is not received.
27. It is understood that ReliabilityFirst staff shall audit the progress of mitigation plans and any other remedies of this Agreement, including, but not limited to site inspection, interviews, and request other documentation to validate progress and/or completion of the mitigation plans and any other remedies of this Settlement Agreement. ReliabilityFirst shall reasonably coordinate audits and information requests with ComEd related to this Settlement Agreement.
28. ComEd shall pay \$23,000 to ReliabilityFirst as stated in this Settlement Agreement. However, if ComEd fails to complete the actions described above, ReliabilityFirst reserves the right to assess and collect a monetary penalty, to impose a sanction or otherwise to impose enforcement actions. ComEd shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.

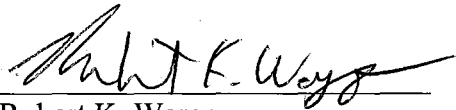
29. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement, shall be deemed to be either the same alleged violation(s) that initiated this Settlement and/or additional violation(s) and may subject ComEd to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
30. If ComEd does not make the monetary penalty payment above at the times agreed to by the parties, interest payable to ReliabilityFirst will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.

## **V. ADDITIONAL TERMS**

31. The signatories to the Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of ReliabilityFirst or ComEd has been made to induce the signatories or any other party to enter into the Agreement.
32. ReliabilityFirst shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify ReliabilityFirst and ComEd of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and ReliabilityFirst will attempt to negotiate a revised settlement agreement with ComEd including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.
33. This Agreement shall become effective upon the Commission's approval of the Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
34. ComEd agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and ComEd waives its right to further hearings and appeal, unless and only to the extent that ComEd contends that any NERC or Commission action on the Agreement contains one or more material modifications to the Agreement.

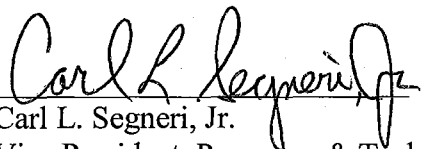
35. ReliabilityFirst reserves all rights to initiate enforcement, penalty or sanction actions against ComEd in accordance with the NERC Rules of Procedure in the event that ComEd fails to comply with any of the stipulations, remedies, sanctions, or additional terms, as set forth in this Agreement. In the event that ComEd fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Agreement, ReliabilityFirst will initiate enforcement, penalty, or sanction actions against ComEd as allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. ComEd shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
36. ComEd consents to the use of ReliabilityFirst's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be solely in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however that ComEd does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or Regional Entity, nor does ComEd consent to the use of this Agreement by any other party in any other action or proceeding.
37. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.
38. The undersigned representative of each party affirms that he or she has read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Agreement.
39. The Agreement may be signed in counterparts.
40. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

Agreed to and accepted:



Robert K. Wargo  
Manager of Compliance Enforcement  
ReliabilityFirst Corporation

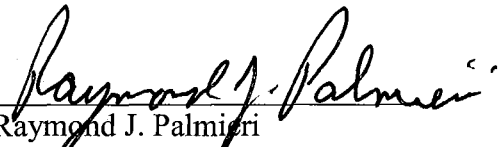
4/12/2010  
Date



Carl L. Segneri, Jr.  
Vice President, Programs & Technology  
Commonwealth Edison Company

4/15/2010  
Date

Approved by:



Raymond J. Palmieri  
Vice President and Director of Compliance  
ReliabilityFirst Corporation

4/16/10  
Date

# **Attachment a**

Mitigation Plan (MIT-09-2361)

Submitted February 16, 2010



RFC200900155

## Mitigation Plan Submittal Form

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

### 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."
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 ☒ I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

### Section B: Registered Entity Information

- B.1 Identify your organization.

Company Name: Commonwealth Edison Company  
Company Address: 440 South LaSalle Street, 33<sup>rd</sup> floor  
Chicago, IL 60605  
NERC Compliance Registry ID: NCR08013

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: Linda V. Lynch  
Title: Sr. Engineering Technical Specialist  
Email: Linda.Lynch@ComEd.com  
Phone: 630-437-3018



## **Section C: Identification of Alleged or Confirmed Violation(s) Associated with this Mitigation Plan**

C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date <sup>(*)</sup>	Method of Detection (e.g., Audit, Self-report, Investigation)
<b>RFC200900155</b>	<b>PRC-005</b>	<b>2.1</b>	<b>High</b>	<b>06/16/2009</b>	<b>Self-Report</b>

(\*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.

In March 2009, ComEd began a comprehensive analysis of PassPort work order records that revealed not all quarterly and annual station and microwave battery inspection, maintenance and/or testing tasks had been completed within the defined intervals as per the Company's Performance Centered Maintenance ("PCM") Battery templates. PassPort is ComEd's work management application for tracking, scheduling and recording completion of preventive inspection, maintenance and/or testing tasks for Protection System Equipment on the Bulk Power System ("BPS").

There were three primary causes for battery inspection, maintenance and/or testing tasks not being completed within the required time periods per the Preventive Maintenance ("PM") Program PCM Templates:

- (1) Lack of rigor in existing work management processes, including planning, tracking, reporting and managing the Company's Protection System Equipment PM Program for compliance to NERC Reliability Standards at an operational and functional level in several departments within ComEd.
- (2) Deficiencies in accountability and ownership for tracking, reporting and ensuring on-time completion of PM tasks for Protection System equipment.
- (3) Inadequate training and less than a comprehensive understanding by Company personnel of NERC compliance requirements, including lack of formalized process for classification, input, review and updates for Protection System Equipment that should be labeled as NERC assets in PassPort work management system.

Note: If a formal root cause analysis evaluation was performed, submit a copy of the summary report.



The "Extent of Cause/Condition Report for PRC-005 Self-Report" summarizing the Investigative Team's findings, conclusions and recommendations was filed with Reliability First Corporation ("RFC"), pursuant to RFC Request for Information on September 15, 2009. The company's preventive maintenance ("PM") work order PassPort asset records for all protection system equipment, (protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry), were evaluated. The objective was to identify business gaps and possible compliance risks for all protection system equipment since June 18, 2007 due to required PM tasks, as defined in the Company's Preventive and Maintenance Program and accompanying PCM Templates, not being completed at the required intervals. Due to the broad scope of the investigation, corrective actions were developed to address all business and operational processes to enhance compliance for NERC Reliability Standard PRC-005 requirements.

- C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment.

ComEd is currently in compliance for all station and microwave batteries. During the course of the extensive investigation it was confirmed that the only category of Protection System devices for which preventive maintenance tasks were performed outside the defined interval are station and microwave batteries. This oversight is believed to have posed a minimum level of risk to the BPS, a conclusion supported by the fact that no failures or operating events occurred during the time period since June 18, 2007 to present.

## **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 Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.

ComEd's Asset Management and Investment Strategy group pulled all PassPort inspection, maintenance and/or testing work order records for station and microwave battery preventive maintenance ("PM") tasks performed since June 19, 2006. The detailed and comprehensive examination revealed that not all quarterly and annual station and microwave battery inspection, maintenance and/or testing tasks had been completed within the defined intervals of Battery Performance Centered Maintenance ("PCM") Templates, the basis interval supplement to the company's "Protection System Equipment Program: Maintenance, Testing, Analysis and Reporting". When evaluated



for cause, three business gaps were immediately identified: (1) in the PassPort "Scheduled Backlog" field, the "NERC" identifier was missing for some of the station and/or microwave batteries; (2) the PassPort Calc Code designation that functionally determines the next calendar date for inspection, maintenance and/or testing interval based on the completion of the PM work order tasks input for some assets, allowed the PM to be scheduled at a date beyond the date required for NERC compliance; and, (3) the business process utilized for managing the Key Performance Indicators ("KPI") business metrics resulted in additional extensions to the scheduled PM completion dates. The following mitigation actions were taken, or are proposed, to improve Company performance for NERC Reliability Standard compliance requirements, immediately and in the future:

#### **Immediate Mitigation Actions:**

ComEd remedied identified business gaps by: (1) inserting "NERC" in the "Scheduled Backlog" input field in PassPort, the work management and scheduling software application; (2) where required, the 'Calc Code' PassPort designation was corrected for on-time scheduling of PM tasks; and (3) the KPI metric process was adjusted to ensure continued regulatory compliance, including communication to all levels of the company. On June 16, 2009, ComEd filed a Self-Report with RFC for NERC Reliability Standard PRC-005-1. In parallel, ComEd initiated an investigation to identify potential causes, and define mitigation steps to avoid potential non-compliance violations in the future.

ComEd's Preventive and Predictive Maintenance ("PM") Program, a comprehensive inspection, maintenance and/or testing program for all transmission, distribution and substation assets, was pulled for review. It was updated and substantially rewritten to more accurately capture and describe all aspects of the Company's PM program. For additional clarity and business operational alignment with NERC PRC Standards, supporting Performance Centered Maintenance ("PCM") templates were also updated and revised. PCM Templates contain required preventive and predictive maintenance tasks and their frequencies applicable to specific types of equipment or components.

In addition to completing immediate mitigation measures, ComEd currently generates "Look Ahead" reports for all categories of protection system equipment. The reports are reviewed for PM tasks due for completion daily, weekly and/or monthly, as defined in ComEd's PCM Templates. All immediate mitigation actions have been completed, including assignment of appropriate corrective actions for improving inspection, maintenance and/or testing tasks for all Protection System components.

#### **Additional Mitigation Actions Completed or 'In Progress' at ComEd:**

Extensive review of the Company's existing PM program documentation and the basis for inspection, maintenance and/or testing intervals for station batteries, led to a decision to include the 5-week station battery inspections for NERC compliance. For consistency in managing similar functional assets, the quarterly and annual microwave battery inspections, maintenance and/or testing PM tasks were also changed, for business operations, to a category for which NERC compliance is required. The microwave

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batteries were updated with 'NERC' in the "Scheduled Backlog" field and Calc Type 'D', which ensures the PM is completed before its overdue date, in PassPort.

In the Extent of Cause/Condition Report, the Investigative Team developed Key Investigative Findings ("KIF") corrective actions, considered to be critical business improvements for regulatory compliance. The following twelve (12) KIF corrective actions, provided in the formal investigative report filed with RFC on October 19, 2009, are also detailed in the Milestone Activity table in section D.3 of this form.

**KIF A:** The following corrective actions are designed to tighten the internal business processes for scheduling, tracking and reporting inspection, maintenance and/or testing tasks for 5-week, quarterly and annual station battery, and quarterly and annual microwave battery PM tasks. Departmental ownership and accountability for ensuring on-time performance will be established. NERC compliant protection system equipment assets will be identified.

**A-1:** To improve on the timely execution of the Annual Battery Inspections, the T&S Transmission Services Department shall establish a process for NERC compliance oversight.

**A-2:** Institute a PM monitoring program to ensure adherence to program intervals, such as customizing the WM0116 Open and Past Due PM Tasks PassPort report, (or create a new monitoring program/report), to improve the functional usefulness of the report by aligning it with Substation Operations ("SSO") Supervisor scheduling task. Include the NERC tag field in the report to provide greater visibility for NERC compliance.

**A-3:** To improve on the timely execution of the Quarterly and Annual Comprehensive Microwave Battery Inspections, Relay & Protection Engineering and the Material Condition Department shall collaboratively establish a process for NERC compliance oversight.

**KIF B:** This group of corrective actions call for new or revised processes, procedures and templates for clarification of Protection System Equipment PM intervals, their basis and the predefined characteristics for including or excluding equipment in or from a NERC compliant asset category. This will result in creating formal documentation for ComEd's protection system equipment that is governed by NERC Reliability Standards.

**B-1:** The Real Time Analysis Group shall prepare more detailed basis documentation for PRC-005-1 beyond the information currently contained in the company's PCM templates. This document shall be the compilation of discrete 'Basis Statements' that explain ComEd's official rationale for maintenance and testing intervals, as well as, inclusions or exclusions of equipment for ComEd's NERC obligations and interpretations correlated to the specified PRC requirements. The Basis Document, which would be updated and used in perpetuity, is best retained on the Management Model. The Company's Management Model is the official repository for all processes, procedures, templates and corporate governance documentation. This document will be classified as Training & Reference

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Material ("T&RM") with a reference number that is aligned with the Preventive and Predictive Maintenance Program documentation.

**B-2:** The Battery SME shall define how ComEd will manage and account for the 5-week Battery Maintenance Inspection Program for NERC Compliance. The battery SME shall identify the appropriate "calc" code (C or D) to assure successful execution of maintenance and testing related to these types of short cycled activities. Existing procedures and templates must be revised accordingly. Also, the basis for this decision and definition shall be documented by the forthcoming process for writing NERC Basis Statements. (Refer to KIF-B1 above.)

**B-3:** The Real Time Analysis group shall develop a process to formalize and document actions and decisions for evidentiary purposes that impact success for NERC Compliance. Examples found during the investigation include the technical and regulatory basis for excluding microwave systems from ComEd's NERC obligations; assessment of the nuclear battery maintenance program in meeting ComEd's maintenance program, etc. ComEd needs to implement a formal decision making hierarchy or protocol that applies collaborative engineering expertise with regulatory/legal advisory input for business decisions that affect NERC compliance.

**KIF-C:** The following require revisions to business processes and contractual relationships for nuclear facilities and operators at Zion facilities. The business objective is to align existing ComEd PM tasks for station batteries with the protection system equipment owned by ComEd but physically located at Zion and the nuclear sites.

**C-1:** To address the risk of exposure for battery maintenance and testing performed at Exelon Nuclear Stations, the Transmission Operations and Planning Department shall secure and document legal opinion that establishes the compliance obligations of ComEd and the contractual obligations of the station in demonstrating NERC compliance for the operational reliability of the Bulk Power System ("BPS").

**C-2:** To address the risk of exposure for the battery maintenance at Zion, the Transmission Operations and Planning Department shall secure and document legal opinion that establishes the compliance obligations of ComEd and the contractual obligations of the station in demonstrating NERC compliance for the operational reliability of the BPS. Contingent upon the result of legal analysis, Transmission Operations and Planning ("TOP") shall design and execute a business procedure for maintaining NERC Compliance with respect to the Zion Station assets. The business procedure shall be included in OP-ZN-108-107-1002, Interface Procedure between Exelon Energy Delivery and Exelon Generation's Zion Station for Switchyard Operations.

**C-3:** ComEd to review and approve the battery PM programs used by Exelon Nuclear Stations and Zion Station, related to battery maintenance. OP-ZN-108-107-1002 is the correct document to capture Zion changes.

**KIF-D1:** To assure clarity and risk of exposure, all UFLS locations shall have the NERC tag. The Battery SME shall prepare a comprehensive list of NERC batteries, perform a



review of all existing NERC batteries and evaluate how the PMRQ is applied. For NERC batteries found without a PMRQ, activate PMRQ in the PassPort system.

**KIF-E:** Scheduling the next PM interval for protection system equipment is dependent on the activation of the PMID and PMRQ in PassPort, ComEd's work management software system. These corrective actions are designed to establish clear direction and ownership responsibilities required to complete this critical step for effective asset management.

**E-1:** To address the risk of not activating PMIDs for new substation equipment in PassPort, the Asset Information & System Policy department shall ensure CM-CE-P012 Rev. 2, Guidelines for Adding/Updating Substation Equipment Records in Cascade/PassPort, is approved and updated to Management Model. Process shall highlight that the start for the PMID cycle shall be the commissioning date of the equipment and not when the regional work group receives the paperwork.

**E-2:** The Battery SME shall prepare a comprehensive list of NERC batteries, perform a review of all existing NERC batteries and evaluate how the PMRQ is applied. For NERC batteries found without a PMRQ, activate PMRQ in the PassPort system.

#### **Mitigation Plan Timeline and Milestones**

D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

The final KIF corrective action, **KIF-B1** is scheduled for completion by September 3, 2010 and involves extensive engineering review, evaluation, research and collaboration for preventive maintenance basis for multiple types of protection system equipment on ComEd's Bulk Power System.

D.3 Enter Key Milestone Activities (with due dates) that can be used to track and indicate progress towards timely and successful completion of this Mitigation Plan.

Key Milestone Activity		Completion Date* (shall not be more than 3 months apart)	
CA ID	Corrective Action ("CA")	Proposed	Actual
N/A	PassPort work management records, for all Protection System Equipment, were evaluated for data input accuracy, NERC identification requirements, component/equipment functionality, and historical PM completion dates for inspection, maintenance and/or testing tasks.		JUN 16, 2009

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Key Milestone Activity		Completion Date* (shall not be more than 3 months apart)	
CA ID	Corrective Action ("CA")	Proposed	Actual
N/A	Real Time Analysis inserted "NERC", where missing, in the "Scheduled Backlog" input field in PassPort work management application for identified BPS assets.		APR 14, 2009
N/A	The 'Calc Code' PassPort designation was reviewed and corrected for on-time scheduling of PM tasks.		JUN 26, 2009
N/A	Key Performance Indicator ("KPI") metric process was adjusted to ensure continued regulatory compliance, including communication to all levels of the company.		JUN 30, 2009
N/A	The Preventive and Predictive Maintenance ("PM") Program was updated and substantially rewritten to more accurately capture and describe all aspects of the Company's PM program. For additional clarity and business operational alignment with NERC PRC Standards, supporting Performance Centered Maintenance ("PCM") templates were also updated and revised.		SEP 11, 2009
N/A	Executive leadership initiated an internal investigation by assembling a diverse group of departmental representatives with the expressed purpose of identifying all causal factors, defining a formal mitigation plan, and assigning appropriate corrective actions to assure full compliance.	AUG 31, 2009	AUG 27, 2009
KIF-A1	To improve on the timely execution of the Annual Battery Inspections, the T&S Transmission Services Department shall establish a process for NERC compliance oversight.	DEC 4, 2009	DEC 4, 2009
KIF-A2	Institute a PM monitoring program to ensure adherence to program intervals, such as customizing the WM0116 Open and Past Due PM Tasks report, (or create a new monitoring program/report), to improve the functional usefulness of the report by aligning it with Substation Operations ("SSO") Supervisor scheduling task. Include the NERC tag field in the report to provide greater visibility for NERC compliance.	NOV 19, 2009	NOV 19, 2009
KIF-A3	To improve on the timely execution of the Quarterly and Annual Comprehensive Microwave Battery Inspections, Relay & Protection Engineering and the Material Condition Department shall collaboratively	DEC 17, 2009	DEC 17, 2009

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Key Milestone Activity		Completion Date* (shall not be more than 3 months apart)	
CA ID	Corrective Action ("CA")	Proposed	Actual
	establish a process for NERC compliance oversight.		
KIF-B1	The Real Time Analysis Group shall prepare more detailed basis documentation for PRC-005-1 beyond the information currently contained in the company's PCM templates. This document shall be the compilation of discrete 'Basis Statements' that explain ComEd's official rationale for maintenance and testing intervals, as well as, inclusions or exclusions of equipment for ComEd's NERC obligations and interpretations correlated to the specified PRC requirements. The Basis Document, which would be updated and used in perpetuity, is best retained on the Management Model. The Company's Management Model is the official repository for all processes, procedures, templates and corporate governance documentation. This document will be classified as Training & Reference Material ("T&RM") with a reference number that is aligned with the Preventive and Predictive Maintenance Program documentation.	SEP 3, 2010	In Progress
KIF-B2	The Battery SME shall define how ComEd will manage and account for the 5-week Battery Maintenance Inspection Program for NERC Compliance. The battery SME shall identify the appropriate "calc" code (C or D) to assure successful execution of maintenance and testing related to these types of short cycled activities. Existing procedures and templates must be revised accordingly. Also, the basis for this decision and definition shall be documented by the forthcoming process for writing NERC Basis Statements. (Refer to KIF-B1 above.)	NOV 19, 2009	NOV 19, 2009
KIF-B3	The Real Time Analysis group shall develop a process to formalize and document actions and decisions for evidentiary purposes that impact success for NERC Compliance. Examples found during the investigation include the technical and regulatory basis for excluding microwave systems from ComEd's NERC obligations; assessment of the nuclear battery maintenance program in meeting ComEd's maintenance program, etc. ComEd needs to implement a formal decision making hierarchy or protocol that applies collaborative engineering expertise with regulatory/legal advisory input for business decisions that affect NERC compliance.	MAR 24, 2010	In Progress

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Key Milestone Activity		Completion Date* (shall not be more than 3 months apart)	
CA ID	Corrective Action ("CA")	Proposed	Actual
KIF-C1	To address the risk of exposure for battery maintenance and testing performed at Exelon Nuclear Stations, the Transmission Operations and Planning Department shall secure and document legal opinion that establishes the compliance obligations of ComEd and the contractual obligations of the station in demonstrating NERC compliance for the operational reliability of the Bulk Power System ("BPS").	JAN 22, 2010	JAN 22, 2010
KIF-C2	To address the risk of exposure for the battery maintenance at Zion, the Transmission Operations and Planning Department shall secure and document legal opinion that establishes the compliance obligations of ComEd and the contractual obligations of the station in demonstrating NERC compliance for the operational reliability of the BPS.  Contingent upon the result of legal analysis, Transmission Operations and Planning ("TOP") shall design and execute a business procedure for maintaining NERC Compliance with respect to the Zion Station assets. The business procedure shall be included in OP-ZN-108-107-1002, Interface Procedure between Exelon Energy Delivery and Exelon Generation's Zion Station for Switchyard Operations.	JAN 22, 2010	JAN 22, 2010
KIF-C3	ComEd to review and approve the battery PM programs used by Exelon Nuclear Stations and Zion Station, related to battery maintenance. OP-ZN-108-107-1002 is the correct document to capture Zion changes.	DEC 18, 2009	DEC 18, 2009
KIF-D1	To assure clarity and risk of exposure, all UFLS locations shall have the NERC tag in the Schedule Backlog field in PassPort.	OCT 30, 2009	OCT 30, 2009
KIF-E1	To address the risk of not activating PMIDs for new substation equipment in PassPort, the Asset Information & System Policy department shall ensure CM-CE-P012 Rev. 2, Guidelines for Adding/Updating Substation Equipment Records in Cascade/PassPort, is approved and updated to Management Model. Process shall highlight that the start for the PMID cycle shall be the commissioning date of the equipment and not when the regional work group receives the paperwork.	JAN 21, 2010	JAN 21, 2010



Key Milestone Activity		Completion Date* (shall not be more than 3 months apart)	
CA ID	Corrective Action ("CA")	Proposed	Actual
KIF-E2	The Battery SME shall prepare a comprehensive list of NERC batteries, perform a review of all existing NERC batteries and evaluate how the PMRQ is applied. For NERC batteries found without a PMRQ, activate PMRQ in the PassPort system.	OCT 30, 2009	OCT 30, 2009

(\*) Note: Additional violations could be determined for not completing work associated with accepted milestones.

## **Interim and Future Reliability Risk**

### **Abatement of Interim BPS Reliability Risk**

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.

There was minimal risk to the bulk electric system posed by this issue. There have not been any operating events on the BPS.

### **Prevention of Future BPS Reliability Risk**

- E.2 Describe how successful completion of this Mitigation Plan by your organization will prevent or minimize the probability that the reliability of the BPS incurs further risk of similar violations in the future. Additional detailed information may be provided as an attachment.

The Self-Report for PRC-005-1 was limited to batteries, but the ComEd Investigative Team evaluated the historical performance and business processes for all protection system equipment and developed corrective actions for immediate and long-term operating improvements for successful NERC compliance. Completion of all corrective actions contained in this mitigation plan will serve to strengthen ComEd's NERC Compliance Program for all Protection System Equipment and is expected to avoid any reliability risk to the BPS.

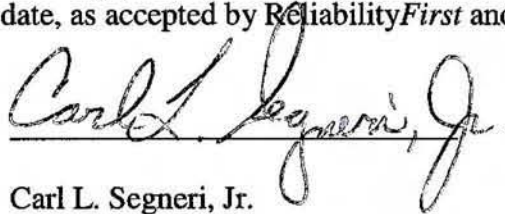
# RELIABILITY FIRST

## Section E: 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 this Mitigation Plan for acceptance by ReliabilityFirst and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
  1. I am Vice-President of Programs and Technology.
  2. I am qualified to sign this Mitigation Plan on behalf of Commonwealth Edison Company ("ComEd").
  3. I have read and am familiar with the contents of this Mitigation Plan.
  4. [Organization] agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature



Name (Print):

Carl L. Segneri, Jr.

Title:

Vice-President Programs and Technology

Date:

February 16, 2010

## Section F: Regional Entity Contact

Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address [mitigationplan@rfirst.org](mailto:mitigationplan@rfirst.org).

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.



## **Attachment A – Compliance Notices & Mitigation Plan Requirements**

- I. Section 6.2 of the CMEP<sup>1</sup> 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.
  - (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) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
  - (9) Any other information deemed necessary or appropriate.
  - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. This Mitigation Plan is submitted to ReliabilityFirst and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

<sup>1</sup> "Compliance Monitoring and Enforcement Program" of the ReliabilityFirst Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on the ReliabilityFirst website.

# RELIABILITY FIRST


mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by ReliabilityFirst and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. ReliabilityFirst or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.

## DOCUMENT CONTROL

**Title:** Mitigation Plan Submittal Form  
**Issue:** Version 2.0  
**Date:** 11 July 2008  
**Distribution:** Public  
**Filename:** ReliabilityFirst Mitigation Plan Submittal Form - Ver 2.DOC  
**Control:** Reissue as complete document only

## DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Senior Consultant Compliance	Raymond J. Palmieri Vice President and Director Compliance		1/2/08

## DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue – Replaces “Proposed Mitigation Plan” Form	1/2/08
2.0	Tony Purgar	Revised email address from <a href="mailto:compliance@rfirst.org">compliance@rfirst.org</a> to <a href="mailto:mitigationplan@rfirst.org">mitigationplan@rfirst.org</a>	7/11/08

# **Attachment b**

## **Compliance Monitoring and Enforcement Program Violation Self- Reporting Form**

Submitted June 16, 2009

## COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM VIOLATION SELF-REPORTING FORM

*This Violation Self-Reporting Form can be used for submittals via e-mail or fax for violations of the Reliability Standards identified by a self- assessment.*

1. Reliability Standard (XXX-###-# or XXX-###-RFC-##) PRC-005-1
2. Violation(s): Check the appropriate box(s) to identify violation(s) of any of the applicable requirement(s) referenced in the standard.

**For violations of requirements with Levels of Non-Compliance or Violation Severity Levels (VSL) specified in the standard:**

- ☒ Entity is Level 1 Non-Compliance or has Lower VSL for the following: requirement(s): 2.1 for function(s): DP
- ☐ Entity is Level 2 Non-Compliance or has Moderate VSL for the following: requirement(s): \_\_\_\_\_ for function(s): \_\_\_\_\_
- ☐ Entity is Level 3 Non-Compliance or has High VSL for the following: requirement(s): \_\_\_\_\_ for function(s): \_\_\_\_\_
- ☐ Entity is Level 4 Non-Compliance or has Severe VSL for the following: requirement(s): \_\_\_\_\_ for function(s): \_\_\_\_\_

**For violations of requirements with no Levels of Non-Compliance or Violation Severity Levels specified in the standard:**

- ☐ Entity is in violation of requirement(s) not referenced in the Levels of Non-Compliance or Violation Severity Levels section of the standard:
- requirement(s): \_\_\_\_\_ for function(s): \_\_\_\_\_

3. **Description of the violation:** During an internal self-assessment of compliance performance for maintenance tasks in PRC-005 a series of Protection System maintenance tasks were identified as being completed outside the required time interval as defined in the company's Preventive and Predictive Maintenance Program AM-ED-P034. This Program includes a series of corporate templates that govern the implementation and oversight of preventive maintenance relating to electric transmission, substation and distribution assets. Since some of these substations may include circuits and related components supporting the UFLS, UVLS and/or SPS programs, there may be overlap with NERC Standards PRC-008, PRC-011 and PRC-017 that will be investigated further.
4. **Additional information:** A review of the calculation codes in the ComEd maintenance scheduling tool that drive the inspection and testing frequency for these tasks has been completed and corrections made to prevent future incidents. There is no risk to the bulk electric system posed by this issue. There were no operating events relating to this issue. All of the identified outstanding tasks have been completed. Immediate mitigation actions were taken that include: (1) initial preliminary investigation of maintenance inspection and testing tasks to confirm the continued reliability and safety of the bulk electric system; (2) immediate completion of any identified outstanding tasks; (3) implementation of additional reporting, oversight and management controls; (4) initiation of an investigation to identify all issues, causal factors, implement any other necessary immediate remediation, define a formal mitigation plan, and assign appropriate corrective actions to assure full compliance for maintenance of all Protection System components.

5. Mitigation Plan attached: ☐ Yes ☒ No

6. **Officer Verification:** I understand that this information is being provided as required by the ReliabilityFirst Compliance Monitoring and Enforcement Program. Any review of this violation will require all information certified on this form be supported by appropriate documentation.

**Enter NERC Registry ID#** 08013

Officer's Name: John Tyler Anthony

Officer's Title: VP Transmission and Substations

Officer's e-mail address: John.Anthony@ComEd.com

Phone: 630-576-7065

Registered Company Name: Commonwealth Edison Company

Primary Compliance Contact/Secondary: John Kruse

Email: John.Kruse@ComEd.com

Phone: 630-437-2769

Date: 6/16/2009

E-mail Submittals to **compliance@rfirst.org** Subject Line: **Violation Self-Report**  
For any questions regarding compliance submittals, please e-mail **compliance@rfirst.org**.

## **Attachment b**

**Disposition Document dated June 10, 2010**

**DISPOSITION OF VIOLATION<sup>1</sup>**

June 10, 2010

NERC TRACKING  
NO.**RFC200900155**REGIONAL ENTITY TRACKING  
NO.**RFC200900155**

NOC#

**NOC-537**

REGISTERED ENTITY

**Commonwealth Edison Company (ComEd)**

NERC REGISTRY ID

**NCR08013**

REGIONAL ENTITY

**ReliabilityFirst Corporation (ReliabilityFirst)****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				X			
	6/27/07				7/10/07		7/10/07				5/30/07			

\* VIOLATION APPLIES TO SHADED FUNCTIONS

## DESCRIPTION OF THE REGISTERED ENTITY

**ComEd and its nearly 5,600 employees are responsible for maintaining more than 90,000 miles of power lines that make up the electric transmission and distribution systems in Northern Illinois. ComEd also provides customer operations for more than 3.8 million customers across the region, or 70 percent of the state's population. ComEd's service territory borders Iroquois County to the south (roughly Interstate 80), the Wisconsin border to the north, the Iowa border to the west and the Indiana border to the east.**

**ComEd is a unit of Chicago-based Exelon Corporation, one of the nation's largest electric utilities with a customer base of 5.4 million in Northern Illinois and Pennsylvania. Exelon Generation has one of the nation's largest portfolios of electricity generation capacity with access to approximately 33,500 megawatts of owned and contracted electricity, and a nationwide reach with strong positions in the Midwest, Mid-Atlantic, and Texas. Exelon Generation is**

<sup>1</sup> 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.

comprised of Exelon Nuclear, Exelon Power, Exelon Power Team and Exelon Energy.

## **II. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>PRC-005-1</b>	<b>2</b>	<b>2.1</b>	<b>High<sup>2</sup></b>	<b>Lower</b>

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 Systems<sup>3</sup> 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

**On June 16, 2009, after an internal investigation, ComEd self-reported its second occurrence of non-compliance with PRC-005-1 R2.1.<sup>4</sup> ComEd identified a number of Protection System maintenance tasks that were completed outside the required time intervals defined in ComEd's *Preventive and Predictive Maintenance Program* (Program). ComEd reported that the results of its internal investigation confirmed**

<sup>2</sup> 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.

<sup>3</sup> *The NERC Glossary of Terms Used in Reliability Standards* defines a Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

<sup>4</sup> ComEd's first violation of PRC-005-1 R2.1 was determined to stem from a different act of non-compliance, as discussed below.

that the only types of Protection System devices for which preventive maintenance tasks were performed outside the defined intervals were station batteries and microwave batteries supporting associated communication systems.<sup>5</sup>

There are three battery inspection, maintenance and testing periods in the ComEd Program: five-week (monthly); quarterly; and annual.<sup>6</sup>

There are 495 batteries on the ComEd system subject to NERC compliance.<sup>7</sup> The following lists intervals missed from June 18, 2007 through October 15, 2009:

- For the annual station battery preventative and maintenance testing interval, there were 19 late test intervals out of 791 total test intervals. Therefore, ComEd missed 2.4% of its annual test intervals for the station batteries.
- For the quarterly station battery testing, there were 268 late test intervals out of 3,248 total test intervals. Therefore, ComEd missed 8.3% of its quarterly test intervals for the station batteries.
- For the five-week (monthly) station battery testing, there were 569 late test intervals out of 7,400 total test intervals. Therefore, ComEd missed 7.7% of its five-week (monthly) test intervals for the station batteries.
- For the quarterly microwave battery testing, there were 46 missed test intervals out of 1,657 total test intervals. Therefore, ComEd missed 2.8% of its quarterly test intervals for the microwave batteries.
- For the annual microwave battery testing, there were 6 missed test intervals out of 535 total test intervals. Therefore, ComEd missed 1.1% of its annual test intervals for the microwave batteries.

#### RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

ReliabilityFirst determined that the violations did not pose a serious or substantial risk to the BPS because the ComEd Program includes a series of battery inspection, maintenance and testing periods: five-week (monthly), quarterly, and annual and there is overlap in the associated tasks. As a result of the overlapping inspection and maintenance tasks in ComEd's program, maintenance and testing tasks were being completed for the batteries, although not always timely to the specific maintenance and testing period.

IS THERE A SETTLEMENT AGREEMENT      YES   ☒      NO   ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

<sup>5</sup> "Station batteries" are permanently installed, vented lead-acid batteries for stationary applications. "Microwave batteries" are batteries supporting microwave communication systems.

<sup>6</sup> For the microwave batteries only, there is also a six-month testing interval for some of the older installations. None of these test intervals were missed by ComEd.

<sup>7</sup> 376 batteries missed one or more tests for the same type of maintenance and testing interval. 151 batteries missed tests for more than one of the types of maintenance and testing intervals (five-week, quarterly and/or annual).

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) As a Transmission Owner from June 18, 2007, and as a Distribution Provider from June 27, 2007, when ComEd was included on the NERC Compliance Registry for these functions, through June 16, 2009 when all outstanding maintenance and testing had been completed.**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **6/16/09**

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-09-2361**

DATE SUBMITTED TO REGIONAL ENTITY	<b>2/16/2010</b>
DATE ACCEPTED BY REGIONAL ENTITY	<b>2/25/2010</b>
DATE APPROVED BY NERC	<b>3/10/2010</b>
DATE PROVIDED TO FERC	<b>3/10/2010</b>

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

**NONE**

MITIGATION PLAN COMPLETED      YES ☐      NO ☒

EXPECTED COMPLETION DATE      **9/3/2010**  
 EXTENSIONS GRANTED      **NONE**  
 ACTUAL COMPLETION DATE      **TBD**

DATE OF CERTIFICATION LETTER      **TBD**  
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **TBD**

DATE OF VERIFICATION LETTER      **TBD**  
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **TBD**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**At the time of submittal of the Mitigation Plan ComEd had completed all outstanding testing for station batteries.**

**Additionally, ComEd's Asset Management and Investment Strategy group pulled all PassPort<sup>8</sup> inspection, maintenance and/or testing work order records for station battery preventive maintenance (PM) tasks performed since June 19, 2006. The detailed examination revealed three business gaps:**

- 1. in the PassPort "Scheduled Backlog" field, the "NERC" identifier was missing for some of the station batteries;**
- 2. the PassPort Calc Code designation that functionally determined the next calendar date for inspection, maintenance and/or testing interval based on completion of previous PM work order tasks input for some assets allowed the PM to be scheduled at a date beyond date required for NERC compliance; and**
- 3. the business process utilized for managing Key Performance Indicators business metrics resulted in additional extensions to the scheduled PM completion dates.**

**ComEd remedied these business gaps by:**

- 1. inserting "NERC" in the "Scheduled Backlog" input field in PassPort on April 14, 2009;**
- 2. correcting the 'Calc Code' PassPort designation for on-time scheduling of PM tasks, where required on June 26, 2009; and**

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<sup>8</sup> PassPort is ComEd's work management and scheduling software application.

3. **adjusting the Key Performance Indicators metric process to ensure continued regulatory compliance, including communication to all levels of the company on June 30, 2009.**

**In addition, ComEd's Preventive and Predictive Maintenance (PM) Program was updated and substantially rewritten to more accurately capture and describe all aspects of ComEd's maintenance and testing program. This task was completed on September 11, 2009.**

**ComEd established an Investigative Team which developed twelve (12) Key Investigative Findings (KIF) corrective actions,<sup>9</sup> considered to be critical business improvements for regulatory compliance. All of these corrective actions have been completed, with the exception of the following (KIF B-1) which is scheduled to be completed by September 3, 2010:**

- **ComEd's Real Time Analysis Group will prepare more detailed basis documentation for PRC-005-1 beyond the information currently contained in the company's Performance Centered Maintenance templates. This document will be the compilation of discrete 'Basis Statements' that explain ComEd's official rationale for maintenance and testing intervals, as well as, inclusions or exclusions of equipment for ComEd's NERC obligations and interpretations correlated to the specified PRC requirements. The Basis Document, which would be updated and used in perpetuity, is best retained on the Management Model. The Company's Management Model is the official repository for all processed, procedures, templates and corporate governance documentation. This document will be classified as Training & Reference Material with a reference number that is aligned with the Preventative and Predictive Maintenance Program documentation.**

**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)**

**TBD**

## **V. PENALTY INFORMATION**

**TOTAL ASSESSED PENALTY OR SANCTION OF TWENTY-THREE THOUSAND DOLLARS (\$23,000) FOR ONE VIOLATION OF RELIABILITY STANDARDS.**

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<sup>9</sup> These corrective actions are described in detail in ComEd's Mitigation Plan attached to the Notice of Penalty.

## (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-073) for ComEd. 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.**

**When evaluating the facts and circumstances of the present alleged violation and determining an appropriate penalty, ReliabilityFirst took into consideration that ComEd had a previous PRC-005-1 R2.1 violation in 2007, involving a failure to test relay maintenance packages due to an error within the maintenance scheduling tool where some of the automatic relay maintenance work order triggers were incorrectly set to "inactive" within the system. The present violation of PRC-005-1 was not related to the previous violation of PRC-005-1, and was found when ComEd conducted an extensive review of preventive maintenance work order records for all protection system devices at ComEd.**

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

YES ☒ NO ☐

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND  
STATUS

**On October 1, 2009, NERC submitted a Notice of Penalty filing under Docket No. NP10-1-000 (NOC-215), which addressed a violation of FAC-003-1 R2 for ComEd. On October 23, 2009, FERC issued an order stating it would not engage in further review of the violation addressed in the October 1, 2009 Notice of Penalty.**

(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 ☐

EXPLAIN

**Compliance at ComEd and Exelon is accomplished through a corporate level structure combined with dedicated oversight within each of the business units. At the corporate level, the NERC Chief Compliance Officer has oversight responsibilities for the Exelon Program. This Senior Officer presides over the NERC Steering Committee which is comprised of Vice Presidents and Directors from each NERC registered business unit as well as representatives from the following Exelon departments: Legal, Ethics and Corporate Governance/Office of the Corporate Secretary, Governmental Affairs and Quality Assurance. This Committee meets monthly to review and discuss all NERC-related issues in detail. The Exelon/ComEd NERC Compliance Monitoring Processes require annual review of compliance with all standards.**

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

YES ☒ NO ☐

EXPLAIN

**Business Unit Vice Presidents and Directors are key participants in the corporate level and individual business unit oversight of the program. The Exelon NERC Reliability Standards Compliance Program (NRSCP) requires NERC training for all employees.**

(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(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

**ReliabilityFirst did not consider the fact that this was a second violation an aggravating factor because the violation stemmed from a different act of non-compliance, as discussed above. The first violation was caused by a software error and to mitigate the violation, ComEd focused on fixing the software error and did not validate testing dates. Therefore, the instant violation was not discovered at that time.**

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒  
IF YES, EXPLAIN

(9) ADDITIONAL SUPPORT FOR ASSESSED PENALTY OR SANCTION

EXHIBITS:

SOURCE DOCUMENT

**ComEd's Self-Report submitted June 16, 2009**

MITIGATION PLAN

**ComEd's Mitigation Plan submitted February 16, 2010**

CERTIFICATION BY REGISTERED ENTITY

**To be provided upon completion of the Mitigation Plan**

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR  
SANCTION ISSUED

DATE:           OR N/A ☒

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **2/19/10** OR N/A ☐

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE:           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 c**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Commonwealth Edison 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 Commonwealth Edison Company in the Reliability *First* Corporation 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](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary