



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

September 30, 2010

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

**Re: NERC Abbreviated Notice of Penalty regarding UGI Utilities, Inc.,  
FERC Docket No. NP10-\_\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding UGI Utilities, Inc. (UGI), with information and details regarding the nature and resolution of the violation<sup>1</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>2</sup>

On September 30, 2009, UGI self-reported a violation of PRC-005-1 Requirement (R) 2 to the ReliabilityFirst Corporation (ReliabilityFirst) for UGI's failure to maintain test records for seven of its Protection System<sup>3</sup> devices. This NOP is being filed with the Commission because ReliabilityFirst and UGI have entered into a Settlement Agreement to resolve all outstanding issues arising from ReliabilityFirst's determination and findings of the enforceable violation of PRC-005-1 R2. According to the Settlement Agreement, UGI neither admits nor denies the violation, but has agreed to the assessed penalty of five thousand dollars (\$5,000), in addition to

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<sup>1</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>2</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 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>3</sup> *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

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 Numbers RFC200900196 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 June 11, 2010, by and between ReliabilityFirst and UGI. 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	UGI Utilities, Inc.	NOC-586	RFC200900196	PRC-005-1	2	High <sup>4</sup>	5,000

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

#### PRC-005-1 - OVERVIEW<sup>5</sup>

ReliabilityFirst determined that UGI, as a Distribution Provider and Transmission Owner, did not maintain test records for 7 of its 63 Protection System devices. In several instances, testing was conducted but test records were lost.

The duration of the PRC-005-1 R2 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through December 21, 2009, the date UGI completed its Mitigation Plan.

ReliabilityFirst concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because all seven relays were within their manufacturer specified parameters and they functioned properly at all relevant times.

<sup>4</sup> PRC-005-1 R2 has a "Lower" VRF; 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-005-1 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. ReliabilityFirst determined that the "High" VRF was more applicable.

<sup>5</sup> Further information on this violation is contained in the Disposition Document included as Attachment b.

## Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>6</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>7</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on August 3, 2010. The NERC BOTCC approved the Settlement Agreement, including ReliabilityFirst's assessment of a five thousand dollar (\$5,000) financial penalty against UGI 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 UGI's first occurrence of violation of the subject NERC Reliability Standard;
2. UGI self-reported the violation;
3. ReliabilityFirst reported that UGI was cooperative throughout the compliance enforcement process;
4. UGI has a compliance program,<sup>8</sup> as discussed in the Disposition Document;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. ReliabilityFirst determined that the violation did not pose a serious or substantial risk to the reliability of 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 five thousand dollars (\$5,000) 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.

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<sup>6</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>7</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). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182.

<sup>8</sup> For the reasons described in the Settlement Agreement, ReliabilityFirst determined that UGI's compliance policy was a mitigating factor.

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

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

- a) Settlement Agreement by and between ReliabilityFirst and UGI executed June 11, 2010, included as Attachment a;
  - i. UGI's Self-Report for PRC-005-1 R2 dated September 30, 2009, included as Attachment A to the Settlement Agreement;
  - ii. UGI's Mitigation Plan MIT-07-2313 for PRC-005-1 R2 submitted January 6, 2010, included as Attachment B to the Settlement Agreement;
  - iii. UGI'S Certification of Mitigation Plan Completion for PRC-005-1 R2 dated February 1, 2010,<sup>9</sup> included as Attachment C to the Settlement Agreement; and
  - iv. ReliabilityFirst's Verification of Mitigation Plan Completion for PRC-005-1 R2 dated April 1, 2010, included as Attachment D to the Settlement Agreement;
- b) Disposition Document, 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>9</sup> The cover sheet of the Certification is incorrectly dated February 1, 2009.

<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* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Robert Stoyko* Vice President Operations-North Richard Gill Manager-Engineering &amp; Operations UGI Utilities, Inc. One UGI Center Wilkes Barre, Pennsylvania 18711 rstoyko@ugi.com rgill@ugi.com</p> <p>Thomas M. Jackal* Vice President – Law UGI Utilities, Inc. 460 North Gulph Road King of Prussia, Pennsylvania 19406 (610) 768-3621 jackal@ugicorp.com</p> <p>Michael D. Austin* Compliance Enforcement Specialist ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, Ohio 44333 (330) 456-2488 (330) 456-5408 – facsimile mike.austin@rfirst.org</p> <p>*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net</p> <p>Timothy R. Gallagher* President &amp; CEO ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, OH 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, OH 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, OH 44333 (330) 456-2488 (330) 456-5408 – facsimile bob.wargo@rfirst.org</p>
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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  
President and Chief Executive Officer  
David N. Cook  
Sr. Vice President and General Counsel  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540-5721  
(609) 452-8060  
(609) 452-9550 – facsimile  
gerry.cauley@nerc.net  
david.cook@nerc.net

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

cc: UGI Utilities, Inc.  
ReliabilityFirst Corporation

Attachments

## **Attachment a**

**Settlement Agreement by and between  
ReliabilityFirst and UGI executed June 11, 2010**



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<i>In re:</i> UGI UTILITIES, INC.	)	Docket No. RFC200900196
	)	
	)	NERC Reliability Standard:
NERC Registry ID No. NCR00935	)	PRC-005-1, Requirement 2
	)	

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SETTLEMENT AGREEMENT  
BETWEEN  
RELIABILITYFIRST CORPORATION  
AND  
UGI UTILITIES, INC.

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**I. INTRODUCTION**

1. ReliabilityFirst Corporation ("ReliabilityFirst") and UGI Utilities, Inc. ("UGI") enter into this Settlement Agreement ("Agreement") to resolve an alleged violation by UGI of the North American Electric Reliability Corporation ("NERC") Reliability Standard PRC-005-1, Requirement 2.

**II. STIPULATION OF FACTS**

2. UGI and ReliabilityFirst agree and stipulate to this Agreement in its entirety. The facts stipulated herein are stipulated solely for the purpose of resolving between UGI and ReliabilityFirst the subject matter of this Agreement and do not constitute admissions or stipulations for any other purpose. UGI neither admits nor denies that the facts stipulated herein constitute violations of NERC Reliability Standard PRC-005-1, R2.

**A. Background.**

3. UGI is a wholly-owned subsidiary of UGI Corporation, and its Electric Division is headquartered in Wilkes-Barre, Pennsylvania. UGI provides electric service to 62,000 customers in eastern, northeastern, and central Pennsylvania. UGI's Electric Division has a peak demand of 210 megawatts. Its Bulk Electric System ("BES") components consist of approximately 16.57 miles of 230 kilovolt transmission lines and one substation. On May 30, 2007, UGI registered on the NERC Compliance Registry as a Distribution Provider, Purchasing-Selling Entity,



and Transmission Owner. On February 25, 2008, UGI also registered on the NERC Compliance Registry as a Load Serving Entity.

**B. Alleged Violation of PRC-005-1, R2.**

4. PRC-005-1, R2 is applicable to UGI in its capacity as a Transmission Owner and Distribution Provider. In pertinent part, PRC-005-1, R2, states:

**R2.** 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.

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

5. UGI self-reported to ReliabilityFirst seven relays for which it did not maintain test records in accordance with PRC-005-1 in its Self-Report dated September 30, 2009 (the "Self-Report") (attached as **Attachment A**). In total, UGI has 63 relays that it tests and maintains pursuant to PRC-005-1.
6. In the Self-Report, UGI stated that it discovered the violation on September 28, 2009. UGI identified seven instances where test records evidencing that Protection System devices were tested within their defined intervals did not exist in violation of PRC-005-1. UGI's maintenance and testing interval for these seven relays is four years.
7. Although UGI did not maintain the requisite test records for the seven relays, UGI believes that all seven relays were functioning properly at all relevant times.
8. For example, the first three relays functioned properly when faults occurred by either tripping the associated transmission line to lockout for a permanent fault or causing the associated transmission line to trip and reclose. The second three relays were installed in the Fall of 2005 when UGI installed a new transformer at one of its substations. UGI tested these three relays prior to their installation and determined they were properly calibrated. UGI stored two of these pre-installation test records electronically but the electronic files in which these records were stored were inadvertently overwritten. UGI cannot locate the written results of the third test. Finally, UGI tests the seventh relay, a communication device, constantly through an automated scheme. The relay sends

and receives signals to and from a remote relay. If the relay was not communicating properly alarms would have notified the appropriate UGI personnel, and no such alarm was ever generated.

9. Since UGI failed to maintain test records for seven relays, UGI failed to comply with PRC-005-1, R2.

### III. RISK CONSIDERATIONS AND COMPLIANCE CULTURE

#### A. Risk Considerations for PRC-005-1, R2.

10. PRC-005-1, R2 has a Violation Risk Factor (“VRF”) of “Lower,” consistent with the VRF Matrix promulgated by NERC. Sub-requirements 2.1 and 2.2 of PRC-005-1, R2, however, each have VRFs of “High.” The facts underlying this alleged violation implicated both sub-requirements. Therefore, ReliabilityFirst assigned a VRF of “High.”
11. The duration of this alleged violation is from June 18, 2007, the date on which UGI was required to comply with PRC-005-1, through December 21, 2009, the date that UGI completed its Mitigation Plan (defined below). Pursuant to Section 316A(b) of the Federal Power Act (16 U.S.C. § 825o-1),<sup>1</sup> it is appropriate to apply this penalty on a daily basis for the duration of the violation.
12. ReliabilityFirst finds that the potential impact to the reliability of the BES was low because UGI provided evidence, as discussed above (*supra*, at ¶¶ 7 and 8), that all seven relays were within their manufacturer-specified parameters and that they functioned properly at all relevant times. The potential impact is also low because two of the relays maintained the redundant protection of backup relays that would have functioned in the event of their failure.<sup>2</sup>

#### B. UGI’s Culture of Compliance.

13. ReliabilityFirst commends certain aspects of UGI’s compliance program. For example, the UGI Chief Compliance Officer reports directly to the UGI Chief Executive Officer and has direct access to the UGI Board of Directors. UGI also maintains a formal policy requiring annual review of its compliance programs.

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<sup>1</sup> See, also, NERC Sanction Guidelines, at § 3.20 (attached as Appendix 4(B) to the NERC Rules of Procedure).

<sup>2</sup> One of the two relays with redundant protection experienced a misoperation, on October 3, 2009, due to whisker-like formations on the circuit board edge connectors of the relay. UGI would not have discovered this issue during testing of this relay, because the issue could only be discovered by disassembling the relay, a diagnostic process not performed during routine relay testing. The redundant protection provided by the backup relay would have protected the BES in the event that the primary relay failed to trip under actual fault conditions. The issue was corrected on October 15, 2009, and the relay was subsequently tested and found to be functioning properly. None of the remaining six relays experienced a misoperation.

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

##### A. Mitigating Actions for PRC-005-1, R2.

14. On January 6, 2010, UGI submitted to ReliabilityFirst its mitigation plan ("Mitigation Plan") to address the alleged violation set forth in this Agreement. *See*, NERC Mitigation Plan ID No. MIT-07-2313, UGI Mitigation Plan (attached as **Attachment B**). ReliabilityFirst accepted the Mitigation Plan on February 5, 2010, and, on this same date, submitted the accepted Mitigation Plan to NERC for approval. NERC approved the Mitigation Plan on February 9, 2010 and, on this same date, submitted the Mitigation Plan to the Federal Energy Regulatory Commission (the "Commission") as confidential, non-public information.
15. On February 1, 2010, UGI submitted to ReliabilityFirst a certification of completion of the Mitigation Plan and evidence in support of this certification, which stated that the Mitigation Plan was completed as of December 21, 2009. *See*, Certification of Mitigation Plan Completion (attached as **Attachment C**).
16. In the Mitigation Plan, UGI outlined actions necessary to mitigate the alleged violation, all of which were taken prior to UGI's submission of the Mitigation Plan. First, UGI tested all seven relays for which test records were not available and documented this testing. Second, UGI transitioned all its BES relay test records to an electronic database to manage testing and maintenance schedules. And third, UGI modified its internal processes to ensure that UGI personnel responsible for NERC compliance monitor BES relay testing.
17. In support of its certification of completion of the Mitigation Plan, UGI submitted evidence that, as of December 21, 2009, all BES relays were tested within these intervals. UGI also submitted its newly implemented (a) electronic database for managing all relay testing and maintenance; and (b) electronic database used by compliance personnel to monitor BES relay testing and maintenance.
18. ReliabilityFirst reviewed the evidence UGI submitted in support of its certification of completion of the Mitigation Plan. On April 1, 2010, ReliabilityFirst verified that UGI completed the Mitigation Plan in accordance with its terms. *See*, Summary and Review of Evidence of Mitigation Plan Completion (attached as **Attachment D**).

##### B. Monetary Penalty.

19. Based upon the foregoing, UGI shall pay a monetary penalty of \$5,000 to ReliabilityFirst.

20. ReliabilityFirst shall present a \$5,000 invoice to UGI within 20 days after the Agreement is approved by the Commission or affirmed by operation of law. Upon receipt, UGI shall have 30 days to remit payment.
21. If UGI fails to timely remit the \$5,000 monetary penalty payment to ReliabilityFirst, interest will commence to accrue on the outstanding balance, pursuant to 18 C.F.R. § 35.19 (a)(2)(iii), on the earlier of (a) the 31<sup>st</sup> day after the date on the invoice issued by ReliabilityFirst to UGI for the \$5,000 monetary penalty payment or (b) the 51<sup>st</sup> day after the Agreement is approved by the Commission or affirmed operation of law.
22. ReliabilityFirst may deem UGI's failure to timely remit the \$5,000 penalty payment as either the same alleged violation identified in this Agreement or additional violation(s) or both, and, if so deemed, UGI will be subject to new or additional enforcement, penalty, or sanction actions in accordance with the NERC Rules of Procedure. UGI shall retain all rights to defend against such additional actions in accordance with the NERC Rules of Procedure.

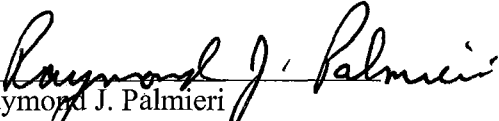
#### **V. ADDITIONAL TERMS**

23. ReliabilityFirst and UGI agree that this Agreement is in the best interest of BES reliability.
24. The terms and conditions of the Agreement are consistent with the regulations and orders of the Commission and the NERC Rules of Procedure.
25. ReliabilityFirst shall report the terms of all settlements of compliance matters to NERC. NERC will review the Agreement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under similar circumstances. Based on this review, NERC will either approve or reject this Agreement. If NERC rejects the Agreement, NERC will provide specific written reasons for such rejection and ReliabilityFirst will attempt to negotiate with UGI a revised settlement agreement that addresses NERC's concerns. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the Agreement, NERC will (a) report the approved settlement to the Commission review and approval by order or operation of law and (b) publicly post the alleged violation and the terms provided for in this Agreement.
26. This Agreement shall become effective upon the Commission's approval of the Agreement by order or affirmation by operation of law or as modified in a manner acceptable to the parties.
27. UGI agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and binds UGI to perform the actions enumerated herein. UGI expressly waives its right to any

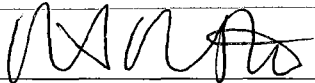
hearing or appeal concerning any matter set forth herein, unless and only to the extent that UGI contends that any NERC or Commission action constitutes a material modification to this Agreement.

28. ReliabilityFirst reserves all rights to initiate enforcement actions against UGI in accordance with the NERC Rules of Procedure in the event that UGI fails to comply with any of the terms or conditions of this Agreement. In the event UGI fails to comply with any of the terms or conditions of this Agreement, ReliabilityFirst may initiate an action or actions against UGI to the maximum extent allowed by the NERC Rules of Procedure, including, but not limited to, the imposition of the maximum statutorily allowed monetary penalty. UGI will retain all rights to defend against such action or actions in accordance with the NERC Rules of Procedure.
29. UGI consents to the future use of conclusions, determinations, and findings set forth in this Agreement for the purpose of assessing the factors within the NERC Sanction Guidelines and applicable Commission orders and policy statements, including, but not limited to, the factor evaluating UGI's history of violations. Such use may be in any enforcement action or compliance proceeding undertaken by NERC or any Regional Entity or both, provided however that UGI does not consent to the use of the conclusions, determinations, and findings set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC or any Regional Entity, or both, nor does UGI consent to the use of this Agreement by any other party in any other action or proceeding.
30. UGI affirms that all of the matters set forth in this Agreement are true and correct to the best of its knowledge, information, and belief, and that it understands that ReliabilityFirst enters into this Agreement in express reliance on the representations contained herein, as well as any other representations or information provided by UGI to ReliabilityFirst during any UGI interaction with ReliabilityFirst relating to the subject matter of this Agreement.
31. Each of the undersigned warrants that he or she is an authorized representative of the entity designated below, is authorized to bind such entity, and accepts the Agreement on the entity's behalf.
32. The signatories to this Agreement agree that they enter into this 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 UGI has been made to induce the signatories or any other party to enter into this Agreement.
33. The Agreement may be signed in counterparts.
34. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

**Agreed to and accepted:**

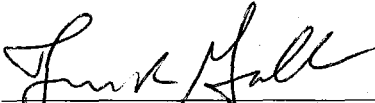
  
Raymond J. Palmieri  
Vice President and Director of Compliance  
ReliabilityFirst Corporation

6/10/10  
Date

  
Robert R. Stoyko  
Vice President – Northern Region  
UGI Utilities, Inc.

6/7/10  
Date

**Approved:**

  
Timothy R. Gallagher  
President & Chief Executive Officer  
ReliabilityFirst Corporation

6/11/10  
Date

# **Attachment A**

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

Submitted September 30, 2009



## COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

### VIOLATION SELF-REPORTING FORM

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

1. Date: 09/30/2009
2. Registered Entity: UGI Utilities, Inc.
3. NERC Registry ID: NCR00935 Joint Registration ID (JRO) (if applicable:) N/A
4. Multiple Regional Registered Entity (MRRE) Regional Affiliates (if applicable:) N/A
5. Reliability Standard PRC-005-1 Requirement <sup>a</sup>: R2.1 and R2.2
6. Reporting for registered function(s): TO & DP
7. Date Violation was Discovered: 09/28/2009  
Beginning Date of Violation: 06/18/2007  
End or Expected End Date of Violation: 11/12/2009
8. Has this violation been previously reported: Yes ☐ or No ☒  
If yes, Provide NERC Violation ID number:
9. Has this violation been reported to another region(s): Yes ☐ or No ☒  
If yes, Provide Region(s):
10. Is the violation still occurring: Yes ☒ or No ☐
11. Detail description and cause of the violation:  
  
Historically UGI Utilities, Inc. maintained its relay test records on a paper document system. The document to perform the test or the document recording the test results can become lost. UGI Utilities, Inc has
12. Violation Risk Factor: Lower ( ) – Medium ( ) – High (X) – Not Specified ( ) Select One
13. Violation Severity Level: Lower (X) – Moderate ( ) – High ( ) – Severe ( ) Select One  
Provide justification for this determination: Less than 25% of the devices at this location are affected. See attached.
14. Provide a determination of the Potential Impact to the Bulk Electric System:



See Attached

15. Mitigation Plan attached: Yes ☒ or No ☐

16. Additional Comments:

None

17. 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.

Officer's Name: Richard E. Gill

Title: Assistant Secretary for Transmission

E-mail address: rgill@ugi.com

Phone: (570) 830 - 1233

Primary Compliance Contact: Richard E. Gill

E-mail address: rgill@ugi.co

Phone: (570) 830 - 1233

**E-mail Submittals to [self-reports@rfirst.org](mailto:self-reports@rfirst.org) Subject Line: Violation Self-Report**  
**For any questions regarding compliance submittals, please e-mail [compliance@rfirst.org](mailto:compliance@rfirst.org).**

<sup>a</sup>. Report on a requirement basis. If the violation is to a sub requirement, or multiple sub requirements, include all sub requirements relevant to this violation.

# **Attachment B**

Mitigation Plan (MIT-07-2313)

Submitted January 6, 2010

MIT-07-2313



RFC200900196

## Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 1/6/2010

### 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: UGI Utilities, Inc.  
Company Address: One UGI Center  
Wilkes-Barre, PA 18711  
NERC Compliance Registry ID: NCR00935

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

Name: Richard E. Gill  
Title: Assistant Secretary for Transmission  
Email: rgill@ugi.com  
Phone: (570) 830-1233



**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(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC200900196	PRC-005-1	R2	High	09/30/2009	Self-report

(\*) 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.

UGI Utilities, Inc. Electric Division is a small entity serving approximately 62,000 customers with a peak demand of 210 MW. Its Bulk Electric System (BES) consists of approximately 16.57 Miles of double circuit 230 kV transmission line and one 230 kV to 66 kV substation. UGI has historically used a paper file system to maintain records of its relay testing. UGI performed an audit of its relay test records in preparation for certifying its compliance with PRC-005-1 by September 30, 2009. During the course of that audit UGI discovered that documentation evidencing the testing of seven devices on its BES could not be located. Inadequacy of UGI relay test record keeping system was determined to be the root cause of the violation.

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





- 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.

None

## **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.

UGI has taken the following actions to correct the violation and prevent its reoccurrence:

- The seven relays for which test records could not be located were tested with documentation produced evidencing those tests.
- UGI's relay testing and maintenance group has developed and transitioned all of its BES relay test records to an electronic database for scheduling testing and managing test results.
- UGI compliance personnel have implemented a program for monitoring performance of the BES relay testing independent of UGI's relay testing and maintenance group.

### **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 Mitigation Plan was completed as of December 21, 2009. UGI has been in full compliance with PRC-005-1 as of that date.



- 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	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
Complete Relay Testing	12/21/2009
Transition BES Relays to Electronic Database	10/30/2009
Implement program to independent monitor performance of relay tests	10/30/2009

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



## **Section E: 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.

Test documentation is now in place showing that all seven devices at issue have been successfully tested within their scheduled test cycle. The last of these devices was tested on 12/21/2009. The "as-found" test results of all seven devices were within their specified parameters.

Based on the above information, UGI believes the absence of current test documentation for these seven devices had minimal impact on the reliability of the BPS. No additional precautions are necessary at this time.

### **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 implementation of the electronic database to manage relay test records will assure the relay test records are securely managed in the future. The independent monitoring of BES relay testing will assure BES relay tests are performed according to plan and also provides a second database for retention of UGI's BES relay test records.



**Section F: Authorization**

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

- a) Submits 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 Assistant Secretary for Transmission.
  2. I am qualified to sign this Mitigation Plan on behalf of UGI Utilities, Inc.
  3. I have read and am familiar with the contents of this Mitigation Plan.
  4. UGI Utilities, Inc. agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

**Authorized Individual Signature**

Richard E. Gill

Name (Print):

Richard E. Gill

Title:

Assistant Secretary for Transmission

Date:

1/6/2010

**Section G: 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.



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	<i>Raymond J. Palmieri</i>	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 C**

## **Certification of Mitigation Plan Completion**

**Submitted February 1, 2009**





### Certification of Mitigation Plan Completion

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

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Registered Entity Name: UGI Utilities, Inc

NERC Registry ID: NCR00935

Date of Submittal of Certification: 02/1/2010

NERC Violation ID No(s): RFC200900196

Reliability Standard and the Requirement(s) of which a violation was mitigated: PRC-005-1 R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: 12/21/2009

Date Mitigation Plan was actually completed: 12/21/2009

Additional Comments (or List of Documents Attached):

UGI Utilities, Inc. submits the accompanying document, "PRC-005-1 –Relay Mitigation Binder.pdf" as evidence of completion of its Mitigation Plan for this violation. Evidence of completion of the three Key Milestones in the Mitigation Plan is as follows:

Complete Relay Testing – The seven bookmarks under the "Relay Test Sheets" section link to copies of the most recent relay test sheets for the seven relays at issue in this violation. Examination of these test sheets reveals all seven relays were retested by 12/21/2009 as called for in the Mitigation Plan. Also, UGI's Compliance Plan for PRC-005-1 states these relay types will be tested on a four year cycle. The test dates on these relay test sheets indicate all seven devices were tested within the last four years.

Transition BES Relays to Electronic Database – The bookmark entitled, "Substation Equipment Database" links to a copy of the list BES relays in the Substation Equipment Database. This document is submitted as evidence of completion of this Key Milestone.

Implement program to independently monitor performance of relay tests – The bookmark entitled, "Compliance Monitoring Relay Database" links to a copy of the list of BES relays in the Compliance



Monitoring Relay Database. This document is submitted as evidence of completion of this Key Milestone.

---

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

Name: Richard E. Gill

Title: Assistant Secretary for Transmission

Email: rgill@ugi.com

Phone: (570) 830 - 1233

Authorized Signature Richard E. Gill

Date 02/1/2010

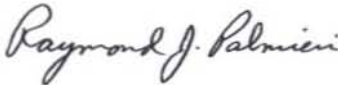
Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address [mitigationplan@rfirst.org](mailto:mitigationplan@rfirst.org).

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.

**DOCUMENT CONTROL**

**Title:** Certification of Mitigation Plan Completion  
**Issue:** Version 1  
**Date:** 5 January 2008  
**Distribution:** Public  
**Filename:** Certification of a Completed Mitigation Plan\_Ver1.doc  
**Control:** Reissue as complete document only

**DOCUMENT APPROVAL**

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Manager of Compliance Enforcement	Raymond J. Palmieri Vice President and Director Compliance		1/5/2009

**DOCUMENT CHANGE/REVISION HISTORY**

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue	1/5/2009

# **Attachment D**

## Summary and Review of Mitigation Plan Completion

Dated April 1, 2010



April 1, 2010

**Summary and Review of Evidence of Mitigation Plan Completion**

<b>NERC Violation ID #:</b>	<b>RFC200900196</b>
<b>NERC Plan ID:</b>	<b>MIT-07-2313</b>
<b>Registered Entity;</b>	<b>UGI Utilities, Inc</b>
<b>NERC Registry ID:</b>	<b>NCR00935</b>
<b>Standard:</b>	<b>PRC-005-1</b>
<b>Requirement:</b>	<b>2</b>
<b>Status:</b>	<b>Compliant</b>

UGI Utilities, Inc (“UGI Utilities”) submitted a Self Report of noncompliance with NERC Reliability Standard PRC-005-1, Requirement 2, on September 30, 2009. UGI Utilities submitted a Proposed Mitigation Plan to Reliability *First* on January 6, 2010, whereby stating UGI Utilities had completed all mitigating actions on December 21, 2009. This Mitigation Plan, designated MIT-07-2313, was accepted by Reliability *First* on February 5, 2010 and approved by NERC on February 9, 2010.

**Review Process:**

On February 1, 2010, UGI Utilities certified that Mitigation Plan for PRC-005-1, R 2 was completed as of December 21, 2009. Reliability*First* requested and received evidence of completion for actions taken by UGI Utilities as specified in the Mitigation Plan. Reliability*First* performed an in depth review of the information provided to verify that all actions specified in the Mitigation Plan (MP) were successfully completed.

**PRC-005-1, Requirement 2** 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.

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

Summary and Review of Mitigation Plan Completion  
UGI Utilities  
April 1, 2010  
Page 2 of 4

**Evidence Submitted:**

**Requirement 2:**

**MP D.1 Task 1:**

“The seven relays for which test records could not be located were tested with documentation produced evidencing those tests.”

UGI Utilities, Inc. (UGI) Transmission and Generation Protection System Maintenance and Testing (R1) dated August 29, 2008. Document indicates the maintenance and testing intervals for the seven devices referenced in Mitigation Plan MIT-07-2313.

Relay Test Records, Transmit and Receive Levels report and/or device test records for seven devices with various dates from October 16, 2009 to December 21, 2009. Documentation includes the dates on which the devices were last tested/maintained (R2.2).

The combination of the above also:

- a. Provides evidence that UGI Utilities provided documentation of its Protection System maintenance and testing program and the implementation of that program to ReliabilityFirst on request (R2),
- b. Provides evidence that the last test dates are within the defined testing interval (R2.1.), i.e., no subsequent tests have been required,
- c. Provides evidence that the work was completed by the Milestone date of December 21, 2009.
- d. Addresses the stated violation, and
- e. Brings UGI Utilities into Compliance with PRC-005-1 R2

ReliabilityFirst verified that there was one reported misoperation of one of the referenced devices for the period June 18, 2007 – December 31, 2009.<sup>1</sup>

**Mitigation Plan Completion**

The approved Mitigation Plan included two other tasks that helped bring UGI Utilities into compliance with PRC-005-1 and/or will protect the BES in the future.

**MP D.1 Task 2:**

UGI's relay testing and maintenance group has developed and transitioned all of its BES relay test records to an electronic database for scheduling testing and managing test results.

---

<sup>1</sup> There was a non-fault misoperation of a relay that tripped a 230 kV line. The line reclosed automatically. The cause of the misoperation was determined to be whisker-like formations that developed on the printed circuit board edge connectors of the relay. The formations were cleaned away. Relay settings were not an issue. The relay was tested and passed all tests.

Summary and Review of Mitigation Plan Completion  
UGI Utilities  
April 1, 2010  
Page 3 of 4

**MP D.1 Task 3:**

UGI compliance personnel have implemented a program for monitoring performance of the BES relay testing independent of UGI's relay testing and maintenance group.

**Evidence Submitted:**

UGI submitted the following documents as evidence of the completion of Tasks D.1 2 and 3 of the Mitigation Plan:

Copy of "Mountain Relays – 230 KV System" database dated October 29, 2009.  
Database documents UGI's BES relay test records including last test date and next test date for use by the testing and maintenance group.

Internal UGI "September 2009 Monthly Report" dated September 16, 2009.  
Report indicates modification of a Document Management System "to track applicable standards and associated compliance documentation".

"Mountain Relays Master Schedule.xls" – no date.  
Screenshot of file properties information for "Mountain Relays Master Schedule.xls" dated March 30, 2010. Information in this spreadsheet and screenshot indicates that this is the Compliance Monitoring Relay Database file that existed and was backed up on October 20, 2009.

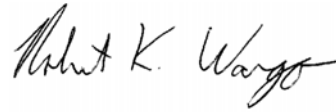
The above documents specifically address the issues in MP Tasks D.1 2 and 3 and complete those MP Tasks by the Milestone date of October 30, 2009.

**Review Results:**

ReliabilityFirst Corporation reviewed the evidence the UGI Utilities, Inc. submitted in support of its Certification of Completion. On April 1, 2010, ReliabilityFirst verified that the Mitigation Plan was completed in accordance with its terms and has therefore deemed UGI Utilities, Inc. compliant to the aforementioned NERC Reliability Standard.

Summary and Review of Mitigation Plan Completion  
UGI Utilities  
April 1, 2010  
Page 4 of 4

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Robert K. Wargo". The signature is fluid and cursive, with the first name "Robert" and last name "Wargo" clearly distinguishable.

Robert  
Manager  
Reliability

K. Wargo  
of Compliance Enforcement  
*First Corporation*

## **Attachment b**

# **Disposition Document**

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

## **Dated August 3, 2010**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
<b>RFC200900196</b>	<b>RFC200900196</b>	<b>NOC-586</b>
REGISTERED ENTITY		NERC REGISTRY ID
<b>UGI Utilities, Inc. (UGI)</b>		<b>NCR00935</b>
REGIONAL ENTITY		
<b>ReliabilityFirst Corporation (ReliabilityFirst)</b>		

### **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			
	5/30/07				2/25/08		5/30/07				5/30/07			

\* VIOLATION APPLIES TO SHADED FUNCTIONS

#### DESCRIPTION OF THE REGISTERED ENTITY

**UGI is a wholly-owned subsidiary of UGI Corporation, and its Electric Division is headquartered in Wilkes-Barre, Pennsylvania. UGI provides electric service to 62,000 customers in eastern, northeastern, and central Pennsylvania. UGI's Electric Division has a peak demand of 210 MW. Its Bulk Electric System (BES) components consist of approximately 16.57 miles of 230 kV transmission lines and one substation.**

### **II. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>PRC-005-1</b>	<b>R2</b>	<b>2.1; 2.2</b>	<b>High<sup>2</sup></b>	<b>Lower</b>

<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.

<sup>2</sup> PRC-005-1 R2 has a "Lower" VRF; 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 which was PRC-005-1 R2.1. On May 4, 2007, NERC

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

**The purpose statement of PRC-005-1 provides: “To ensure all transmission and generation Protection Systems<sup>3</sup> affecting the reliability of the Bulk Electric System (BES) are maintained and tested.” (footnote added)**

**PRC-005-1 R2 provides:**

**R2. 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 September 30, 2009, UGI self-reported a violation of PRC-005-1 R2 for its failure to maintain test records for 7 of its 63 Protection System devices. In several instances, UGI claims that testing was conducted, but test records were lost.**

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**ReliabilityFirst concluded that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because all seven relays were within their manufacturer specified parameters and they functioned properly at all relevant times.**

IS THERE A SETTLEMENT AGREEMENT      YES ☒      NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input checked="" type="checkbox"/>
ADMITS TO IT	YES	<input type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

---

assigned PRC-005-1 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. ReliabilityFirst determined that the “High” VRF was more applicable.

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

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) **6/18/2007 (when the Standard became mandatory and enforceable) through 12/21/2009 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **9/30/2009**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

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

### IV. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-2313**

DATE SUBMITTED TO REGIONAL ENTITY **1/6/2010**

DATE ACCEPTED BY REGIONAL ENTITY **2/5/2010**

DATE APPROVED BY NERC **2/9/2010**

DATE PROVIDED TO FERC **2/9/2010**

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

N/A

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **12/21/2009**



EXTENSIONS GRANTED                      **N/A**  
ACTUAL COMPLETION DATE            **12/21/2009**

DATE OF CERTIFICATION LETTER **2/1/2010**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **12/21/2009**

DATE OF VERIFICATION LETTER **4/1/2010**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **12/21/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

- 1. UGI tested all seven relays for which test records were not available and documented this testing.**
- 2. UGI transitioned all its BPS relay test records to an electronic database to manage more effectively testing and maintenance schedules and monitoring results of testing.**
- 3. UGI's internal processes were modified to ensure that personnel responsible for NERC compliance will monitor BPS relay testing.**

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

- 1. documentation showing that all relays were tested as of December 21, 2009;**
- 2. its electronic database for managing all relay testing and maintenance; and**
- 3. its electronic database used by compliance personnel to monitor BPS relay testing and maintenance.**

#### **V.     PENALTY INFORMATION**

TOTAL ASSESSED PENALTY OR SANCTION OF **\$5,000** FOR **ONE** VIOLATION  
OF A RELIABILITY STANDARD.

##### **(1) REGISTERED ENTITY'S COMPLIANCE HISTORY**

PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY  
STANDARD(S) OR REQUIREMENT(S) THEREUNDER  
YES   ☐      NO   ☒

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

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

YES ☐ NO ☒

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND  
STATUS

ADDITIONAL COMMENTS

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

FULL COOPERATION YES ☒ NO ☐  
IF NO, EXPLAIN

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM<sup>4</sup>  
YES ☒ NO ☐  
EXPLAIN

**As a wholly owned subsidiary of UGI Corporation, UGI is under the UGI Corporation FERC Compliance Policy, which addresses electric reliability. For the reasons described in the Settlement Agreement, ReliabilityFirst determined that this compliance policy was a mitigating factor. For instance, pursuant to this policy, the UGI Chief Compliance Officer reports directly to the UGI Chief Executive Officer and has direct access to the UGI Board of Directors. UGI also maintains a formal policy requiring annual review of its compliance programs.**

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT  
WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE  
PROGRAM, INCLUDING WHETHER SENIOR MANAGEMENT  
TAKES ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM,

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<sup>4</sup> UGI's compliance program went into effect prior to the self-report, but after the beginning date of the violation. The effective date of the policy was September 25, 2009 and the violation was reported five days later on September 30, 2009.

SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE.

**See above**

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

YES ☐ NO ☒  
IF YES, EXPLAIN

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

YES ☐ NO ☒  
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒  
IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒  
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒  
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT  
**UGI's Self-Report dated September 30, 2009**

MITIGATION PLAN  
**UGI's Mitigation Plan submitted January 6, 2010**

CERTIFICATION BY REGISTERED ENTITY

**UGI's Certification of Mitigation Plan Completion dated February 1, 2009**

VERIFICATION BY REGIONAL ENTITY

**ReliabilityFirst's Verification of Mitigation Plan Completion dated April 1, 2010**

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR  
SANCTION ISSUED

DATE: OR N/A ☒

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **5/18/10** 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

UGI Utilities, Inc.

Docket No. NP10-\_\_\_\_-000

NOTICE OF FILING  
September 30, 2010

Take notice that on September 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding UGI Utilities, Inc. in the ReliabilityFirst 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