



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

November 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 PSEG Fossil LLC,  
FERC Docket No. NP11-\_\_-000**

Dear Ms. Bose:

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

This NOP is being filed with the Commission because ReliabilityFirst Corporation (ReliabilityFirst) and PSEG Fossil 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 Requirement (R) 2.1. According to the Settlement Agreement, PSEG Fossil neither admits nor denies the violation, but has agreed to the assessed penalty of fifteen thousand dollars (\$15,000), 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

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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).

Number RFC200900195 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 14, 2010, by and between ReliabilityFirst and PSEG Fossil. 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.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
NOC-593	RFC200900195	PRC-005-1	2.1	High <sup>3</sup>	6/18/07-10/10/09	15,000

The text of the Reliability Standard at issue and further information on the subject violation is set forth in the Disposition Document.

#### PRC-005-1 R2.1 - OVERVIEW<sup>4</sup>

On September 30, 2009, PSEG Fossil self-certified non-compliance with PRC-005-1 R2.1. ReliabilityFirst determined that PSEG Fossil, as a Generator Owner,<sup>5</sup> failed to provide records of having conducted maintenance and testing in accordance with the intervals of its Protection System<sup>6</sup> maintenance and testing program for 23 protective relays out of a total of approximately 1,890 bulk power system (BPS) Protection System devices as required by PSEG Fossil's protective relay maintenance and testing program.

<sup>3</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 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. In the context of this case, ReliabilityFirst determined that the violation related to 2.1, and therefore a "High" VRF is appropriate in this case.

<sup>4</sup> Further information on this violation is contained in the Disposition Document included as Attachment f.

<sup>5</sup> ReliabilityFirst Bulk Power System (BPS) Definition, May 9, 2007, defines the BPS within the ReliabilityFirst footprint as all "individual generation resources larger than 20 MVA or a generation plant with aggregate capacity greater than 75 MVA that is connected via a step-up transformer(s) to facilities operated at voltages of 100 kV or higher." All 23 Protection System devices were relays designed to protect six generation units that met the ReliabilityFirst BPS Definition.

<sup>6</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."

## Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>7</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, October 26, 2009 and August 27, 2010 Guidance Orders,<sup>8</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on October 12, 2010. The NERC BOTCC approved the Settlement Agreement, including ReliabilityFirst's assessment of a fifteen thousand dollar (\$15,000) financial penalty against PSEG Fossil 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 PSEG Fossil's first occurrence of violation of the subject NERC Reliability Standards;
2. PSEG Fossil self-certified the violation;
3. ReliabilityFirst reported that PSEG Fossil was cooperative throughout the compliance enforcement process;
4. PSEG Fossil had a compliance program at the time of the violation which ReliabilityFirst considered a mitigating factor, 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 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 fifteen thousand dollar (\$15,000) 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>7</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>8</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); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

**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) PSEG Fossil's Self-Certification for PRC-005-1 R2.1 dated September 30, 2009, included as Attachment a;
- b) Settlement Agreement by and between ReliabilityFirst and PSEG Fossil executed June 14, 2010, included as Attachment b;
  - i. PSEG Fossil's Mitigation Plan MIT-07-2312 submitted January 8, 2010, included as Attachment A to the Settlement Agreement;
  - ii. PSEG Fossil's Certification of Mitigation Plan MIT-07-2312 Completion dated March 16, 2010, included as Attachment B to the Settlement Agreement; and
  - iii. ReliabilityFirst's Verification of Mitigation Plan MIT-07-2312 Completion dated May 14, 2010, included as Attachment C to the Settlement Agreement; and
- c) Disposition Document dated October 12, 2010, included as Attachment c.

**A Form of Notice Suitable for Publication<sup>9</sup>**

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

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<sup>9</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 david.cook@nerc.net</p> <p>Jeffrey Mueller* Manager – ERO/RE Policy &amp; Standard Interface Public Service Electric and Gas Company 80 Park Plaza, T-13 Newark, New Jersey 07102-4149 (973) 430-8447 jeffrey.mueller@pseg.com</p> <p>Gary Grysko* Director Operations Support Jodi L. Moskowitz* General Regulatory Counsel, Operations and Compliance PSEG Fossil, LLC 80 Park Plaza, T25 Newark, New Jersey 07102-4106 (973) 430-7670 gary.grysko@pseg.com jodi.moskowitz@pseg.com</p> <p>David J. Coyle* Compliance Specialist ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 (330) 456-5408 – facsimile dave.coyle@rfirst.org</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> <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>
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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  
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(609) 452-8060  
(609) 452-9550 – facsimile  
david.cook@nerc.net

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

cc: PSEG Fossil LLC  
ReliabilityFirst Corporation

Attachments

## **Attachment a**

### **PSEG Fossil's Self-Certification for PRC-005-1 R2.1 dated September 30, 2009**

Logged in as:  
Kenneth Brown

Log Out

PRC-005-1 Self Certification (All Functions) - 2009

Save Item | Delete Item | Cancel Changes | Save PDF | Return To Search Results

- System Administration
- Committees
- Compliance

New Mitigation Plan | Attachments (0)

This form was marked as ready to be added to a certification statement on 9/30/2009.

\* Required Fields

Status: Saved

### Technical Contact

\* Kenneth Brown (Kenneth.Brown@PSEG.com) Find | Clear | New Contact

Notice: Prior to submitting this self-certification form, you are directed to review the complete text of the applicable reliability standard (including interpretations) that is found at [www.nerc.com](http://www.nerc.com). Each registered entity should evaluate its compliance with the official standard in preparing this filing.

Evidence must be retained to support the responses to this Self-Certification, including any follow-up investigation, until the completion of the next scheduled audit, unless the NERC or Regional Entity advises otherwise.

ReliabilityFirst will disclose this information to NERC and other third parties, only as required, and in accordance with established procedures pursuant to section 1500 of the NERC rules of procedure.

This self-certification covers the Reporting Period for 2009. The response to the certification should accurately reflect the entity's compliance status for the entire Reporting Period.

### Applicable Function(s): GO

As an authorized representative of PSEG Fossil LLC, I certify the following:

- 1. PSEG Fossil LLC was in Compliance with the NERC Reliability Standard PRC-005-1 for the entire Reporting Period.
- 2. PSEG Fossil LLC is Not in Compliance for a portion of or the entire Reporting Period with the following requirement(s) of NERC Reliability Standard PRC-005-1 (indicated by checkmark) but was in compliance with all other requirements of the standard for the entire Reporting Period.
  - b PSEG Fossil LLC is indicating a possible violation that has not been previously identified to ReliabilityFirst.
  - e PSEG Fossil LLC is indicating a possible violation that was previously identified to ReliabilityFirst. Provide issues tracking number, if known.

Check all requirements for which PSEG Fossil LLC was Not in Compliance for a portion of or the entire Reporting Period:

- e R1. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:
  - e R1.1. Maintenance and testing intervals and their basis.
  - e R1.2. Summary of maintenance and testing procedures.
- e 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:
  - b R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.

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

Provide a detailed explanation why this was not accomplished

In the course of reviewing its records in connection with this self certification, PSEG Fossil LLC was unable to find records of maintenance and testing according to the intervals of its protection System Maintenance and Testing program for 23 protective relays out of a total of approximately 1,890 BES protection system devices. While it is possible that the relays were tested during the required interval, PSEG Fossil LLC cannot in good faith confirm this was done as test records could not be located. Accordingly, PSEG Fossil LLC, upon discovery of this issue promptly scheduled the maintenance and testing of all of the subject relays, which was completed by September 18, 2009. See additional comments below.

Violation Severity Level

VSL - Lower

Enter date of alleged violation

9/10/2009

Enter time of alleged violation

00:00:00 hh:mm:ss

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

jñ 3. The NERC Reliability Standard PRC-005-1 does not apply to PSEG Fossil LLC because

Additional Comments:

PSEG Fossil LLC, upon discovery of this issue promptly scheduled the maintenance and testing of all of the subject relays, which was completed by September 18, 2009. All the relays were found to be within specifications and none had been involved in any misoperations. Therefore mitigation of the 23 specific identified relays has been completed. Each of the subject relays had a means of backup protection. Protection systems were in place that would have prevented a disturbance originating within the subject generating stations from propagating into the bulk electric system. Thus there was no possibility of actual harm to the bulk electric system and reliability was never adversely impacted or at increased risk.

A mitigation plan is under development to ensure that there are no additional BES protection system devices outside the Maintenance and Testing Program intervals and that maintenance and testing of all protection system devices will be done at proper intervals in the future. It is anticipated that this mitigation plan will include:

- (1) A walkdown of all generating stations and/or review of station one-line diagrams to ensure that all BES protection system devices have been identified and are included in the work management system.
- (2) If any devices are identified in the walkdown as beyond allowable intervals, prompt maintenance and testing of those devices will be performed.
- (3) While NERC reliability compliance awareness training has previously been provided to station management personnel, targeted refresher training will be provided.

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b Ready to Create Certification Statement

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## **Attachment b**

**Settlement Agreement by and between  
ReliabilityFirst and PSEG Fossil executed June 14,  
2010**



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<i>In re:</i> PSEG FOSSIL LLC	)	<b>Docket No. RFC200900195</b>
	)	
NERC Registry ID No. NCR00893	)	NERC Reliability Standard:
	)	PRC-005-1, Requirement 2.1

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**SETTLEMENT AGREEMENT  
BETWEEN  
RELIABILITYFIRST CORPORATION  
AND  
PSEG FOSSIL LLC**

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**I. INTRODUCTION**

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

**II. STIPULATION OF FACTS – PSEG FOSSIL AND RELIABILITYFIRST**

2. PSEG Fossil and ReliabilityFirst agree and stipulate to Sections I, II, IV, and V of this Agreement in their entirety, and affirm the accuracy of their respective representations contained within Section III of this Agreement. The facts stipulated herein are stipulated solely for the purpose of resolving between PSEG Fossil and ReliabilityFirst the subject matter of this Agreement and do not constitute admissions or stipulations for any other purpose.

**A. Background.**

3. PSEG Fossil is a direct subsidiary of PSEG Power, LLC and an Exempt Electric Wholesale Generator<sup>1</sup> (“EWG”) that owns and operates 10 fossil fueled

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<sup>1</sup> The EWG is a generator that sells its output in the wholesale electric market which generates electricity from traditional sources, which does not include solar, hydro, wind or landfill.

generating stations located in New Jersey with 7,185 MW of capability. PSEG Fossil is also a co-owner and oversees PSEG Power's ownership interest in the Keystone and Conemaugh coal-fired generating plants in Pennsylvania which are operated by RRI Energy Northeast Management Company (the registered Generator Owner and Operator for both Keystone and Conemaugh). PSEG Fossil also has direct subsidiaries that operate additional fossil fueled generating stations in Connecticut, New York, and Texas. In total PSEG Fossil is comprised of 18 operating generating stations across New Jersey, Pennsylvania, Connecticut, New York, and Texas, which are capable of providing 14,731 MW of power. PSEG Fossil's portfolio of generators responds to all levels of energy demand from base load to peak energy use.

4. During the time period that the alleged violation occurred, PSEG Fossil was registered on the NERC Compliance Registry as Generator Owner and Generator Operator in the Reliability*First* region with the NERC Registry Identification Number NCR00893, and therefore, is subject to compliance with NERC Reliability Standard PRC-005-1, R2.1.

**B. Alleged Violation of PRC-005-1, R2.1 – RFC200900195.**

5. In pertinent part, NERC Reliability Standard PRC-005-1, R2 provides:

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 September 30, 2009, PSEG Fossil provided Reliability*First* Compliance Staff with its PRC-005-1 Self Certification (All Functions) – 2009, stating that PSEG Fossil failed to comply with NERC Reliability Standard PRC-005-1, R 2.1. Specifically, PSEG Fossil was unable to locate records demonstrating that it performed maintenance and testing in accordance with the intervals set forth in its System Maintenance and Testing Program for 23 of its approximately 1,890 BES protection system devices.<sup>2</sup>

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<sup>2</sup> Pursuant to PSEG Fossil's System Maintenance and Testing Program, five years is the maximum testing and maintenance interval for the 23 missed protection system devices.

7. Upon discovery of the Possible Violation, PSEG Fossil promptly scheduled the maintenance and testing of the 23 protection system devices. The 23 protection system devices consisted of relays designed to protect six generating units; 16 relays of which were 13kV ground fault and bus voltage detection relays, four of which were directional over current relays, and three of which were individual phase differential relays.<sup>3</sup> PSEG Fossil completed its maintenance and testing on September 18, 2009 and established that the protection system devices were within, or during maintenance and testing were calibrated within, their respective specifications and were never involved in any misoperations.
8. PSEG Fossil also implemented efforts to prevent reoccurrence of this alleged violation. For example, PSEG Fossil scheduled “walkdown inspections” of all generating stations or reviews of station one-line diagrams or both, to ensure that all protection system devices were appropriately identified and included within its Protection System Maintenance and Testing Program. The “walkdown inspections” and drawing review were completed on September 30, 2009, and established that no additional devices were outside of the maintenance and testing intervals.
9. PSEG Fossil also developed targeted refresher training for four Senior Operating Supervisors, two Maintenance Planners, two Generation Supervisors, one Maintenance Manager, one Plant Engineer, and one Plant Manager with respect to PRC-005-1 to reinforce the NERC reliability compliance awareness training that it previously provided to its station management personnel. PSEG Fossil completed this additional refresher training on January 7, 2010.
10. Additionally, PSEG Fossil developed, and completed on October 10, 2009, an SAP work management central database of all BES protection system devices for all of its generating stations located within the Reliability*First* region. Both PSEG Fossil’s Operations Support Group (System Engineering) and Maplewood Testing Laboratory, currently maintain this database.
11. All PSEG Fossil generating stations have preventive maintenance programs in PSEG Fossil’s SAP work management that will clearly identify in advance every device that is due for maintenance and testing to ensure that all planning and execution milestones are met. The Generating Stations have confirmed by site the inclusion of all BES protection system devices in their maintenance and testing work management programs.

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<sup>3</sup> Reliability*First* Bulk Electric System (“BES”) Definition, May 9, 2007, defines the BES within the Reliability*First* footprint as all “individual generation resources larger than 20 MVA or a generation plant with aggregate capacity greater than 75 MVA that is connected via a step-up transformer(s) to facilities operated at voltages of 100 kV or higher.” All 23 protection system devices were relays designed to protect six generation units that met the Reliability*First* Bulk Electric System (“BES”) Definition, May 9, 2007.

12. On January 8, 2010, PSEG Fossil submitted a Mitigation Plan (defined below) to ReliabilityFirst, which was completed and fully implemented on October 10, 2009.
13. This alleged violation did not place the BES at substantial risk. Each of the missed 23 protection system devices were within, or during maintenance and testing were calibrated within, their respective specifications, were, found to be fully functional and there were no occurrences of misoperations. In addition, each of the missed 23 protection system devices had backup protection, which would have prevented a disturbance within the subject generating stations from propagating into the BES.<sup>4</sup>
14. ReliabilityFirst alleges that PSEG Fossil failed to provide sufficient evidence that 23 of its approximately 1,890 protection system devices were maintained and tested within defined intervals in accordance with NERC Reliability Standard PRC-005-1, R 2.1.

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

#### **A. Statement of ReliabilityFirst and Summary of Findings.**

15. This Agreement is the resolution of all issues in connection with Docket No. RFC200900195 and binds PSEG Fossil to perform the actions enumerated herein.
16. PRC-005-1, R 2.1 has a Violation Risk Factor ("VRF") of High as evidenced by the VRF Matrix, updated as of January 22, 2010.<sup>5</sup> The duration of this violation, for purposes of penalty determination is from June 18, 2007, the date the NERC Reliability Standards became enforceable, through October 10, 2009, the date PSEG Fossil completed its Mitigation Plan (defined below). Pursuant to Section

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<sup>4</sup> The backup protection for the 16 bus ground fault relays include transformer differential relays that would have detected a phase to phase fault and generator ground relays that would have detected a phase to ground fault when the unit is on line. The backup protection for the four directional over current relays include bus ground fault relays that would have detected phase to ground faults if the units were off line, and the generator protection over current and ground fault relays that would have detected a phase to ground or a phase to phase fault if the units were on line. The backup protection for the three individual phase differential relays include the 13kV transformer breaker (source) over current relay that would have detected a phase to phase fault in the switchgear, and a bus ground fault relay that would have detected a phase to ground fault if the unit was off line. If the unit was on line, phase to phase and phase to ground faults would have been detected by generator over current and ground fault protection, which would have tripped the generator breaker and taken the unit off line.

<sup>5</sup> ReliabilityFirst reviewed the FERC Approved Standards Change History and confirmed that the proper version of PRC-005-1 was correctly applied to this alleged violation.

316A(b) of the Federal Power Act (16 U.S.C. § 825o-1),<sup>6</sup> it is appropriate to apply this penalty on a daily basis for the duration of the violation.

17. Reliability*First* commends certain aspects of PSEG Fossil's Compliance Program. PSEG Fossil's internal compliance program is incorporated as part of its parent Public Service Enterprise Group Incorporated's ("PSEG") corporate compliance program. PSEG Fossil is a subsidiary of PSEG Power, which is in turn a subsidiary of PSEG. The PSEG Compliance Council, consisting of the presidents for each line of business, regularly meets to ensure and oversee compliance throughout the organization. The PSEG Compliance Council is dedicated to ensuring that all employees comply with all applicable laws and regulations, including, but not limited to, the NERC Reliability Standards. The Chief Compliance Officer, who is the Executive Vice President and General Counsel of PSEG, sits on the Council and is empowered to bring compliance matters directly to the PSEG CEO and PSEG Board of Directors Audit Committee.
18. PSEG Fossil has effective and systematic preventive measures in place. The PSEG Internal Auditing Department has incorporated Reliability Standard compliance and the internal compliance program into its regular audit cycle. Internal training includes NERC Reliability Standards Compliance Training, and periodic meetings in which the Manager ERO/RE conducts presentations on reliability standards and compliance. PSEG Management and Subject Matter Experts receive comprehensive compliance information regarding NERC Standards and requisite reference documents.
19. Reliability*First* 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 PSEG Fossil.**

20. PSEG Fossil neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Agreement constitute violations of NERC Reliability Standard PRC-005-1, R2.1.
21. PSEG Fossil has agreed to enter into this Settlement Agreement with Reliability*First* 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. PSEG Fossil agrees that this agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.

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<sup>6</sup> See, also, NERC Sanction Guidelines, at § 3.20 (attached as Appendix 4(B) to the NERC Rules of Procedure).

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

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

22. On January 8, 2010, PSEG Fossil submitted to ReliabilityFirst a mitigation plan to address the alleged violation of PRC-005-1, R2.1 (“Mitigation Plan”). *See*, Mitigation Plan Tracking # MIT-07-2312 (attached as **Attachment A**). On February 5, 2010, ReliabilityFirst accepted the Mitigation Plan. On February 5, 2010, ReliabilityFirst submitted the Mitigation Plan to NERC. NERC approved the Mitigation Plan on February 9, 2010, and submitted the Mitigation Plan to FERC as confidential, nonpublic information on February 9, 2010. PSEG Fossil’s Certification of Mitigation Plan Completion was received by ReliabilityFirst on March 16, 2010. *See*, Certification of Mitigation Plan Completion (attached as **Attachment B**). On May 14, 2010, ReliabilityFirst verified that the Mitigation Plan was complete in accordance with its terms. *See*, Summary and Review of Evidence of Mitigation Plan Completion, MIT-07-2312 (attached as **Attachment C**).
23. PSEG Fossil, upon discovery of the Possible Violation on September 9, 2009, promptly scheduled the maintenance and testing of all of 23 missed protection devices. This testing and maintenance of the 23 relays was completed on September 18, 2009, and demonstrated that the protection devices were within their specifications or were calibrated during the maintenance and testing, and there were no misoperations.
24. Targeted refresher training with respect to PRC-005-1, developed by PSEG Fossil in response to the alleged violation, was completed on January 7, 2010. The refresher training was conducted in addition to the previously provided NERC reliability compliance awareness training provided to station management personnel.
25. PSEG Fossil developed an SAP work management central database of all BES protection system devices at all PSEG Fossil generating stations located within the ReliabilityFirst region by October 10, 2009. This database is being maintained by PSEG Fossil Operations Support Group (System Engineering) and the PSEG Fossil Maplewood Testing Laboratory. All generating stations have preventive maintenance programs in SAP work management that will clearly identify in advance when a device is due for maintenance and testing to ensure that all planning and execution milestones are met. The Generating Stations have confirmed by site the inclusion of all BES protection system devices in their maintenance and testing work management programs.
26. PSEG Fossil took action to reduce the risk to the reliability of the BES for the alleged violation referenced above. It is recognized that PSEG Fossil maintains a compliance culture that demonstrates a proactive compliance posture with respect

to all applicable *ReliabilityFirst* and NERC requirements. PSEG Fossil personnel have been cooperative throughout the compliance enforcement process.

**B. Monetary Penalty.**

27. Based upon the foregoing, PSEG Fossil shall pay a monetary penalty of \$15,000 to *ReliabilityFirst*.
28. *ReliabilityFirst* shall present a \$15,000 invoice to PSEG Fossil within 20 days after the Agreement is either approved by the Commission or operation of law. PSEG Fossil shall have 30 days to remit payment. *ReliabilityFirst* will notify NERC if it does not timely receive the payment from PSEG Fossil.
29. If PSEG Fossil fails to timely remit the \$15,000 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 PSEG Fossil for the \$15,000 penalty payment or (b) the 51<sup>st</sup> day after the Agreement is approved by the Commission or operation of law.
30. *ReliabilityFirst* may deem PSEG Fossil's failure to timely remit the \$15,000 penalty payment as either the same alleged violations identified in this Agreement or additional violation(s) or both, and, if so deemed, PSEG Fossil will be subject to new or additional enforcement, penalty, or sanction actions in accordance with the NERC Rules of Procedure. PSEG Fossil shall retain all rights to defend against such additional actions in accordance with the NERC Rules of Procedure

**V. ADDITIONAL TERMS**

31. The terms and conditions of the Agreement are consistent with the regulations and orders of the Commission and the NERC Rules of Procedure.
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 PSEG Fossil 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 PSEG Fossil 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 this Agreement.

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. PSEG Fossil agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and PSEG Fossil waives its right to further hearings and appeal, unless and only to the extent that PSEG Fossil 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 PSEG Fossil in accordance with the NERC Rules of Procedure in the event that PSEG Fossil fails to comply with the mitigation plan and compliance program agreed to in this Agreement. In the event PSEG Fossil 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 PSEG Fossil to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. PSEG Fossil shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
36. PSEG Fossil 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 in any enforcement action or compliance proceeding under taken by NERC and/or any Regional Entity; provided however, that PSEG Fossil 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 PSEG Fossil consent to the use of this Agreement by any other party in any other action or proceeding.
37. PSEG Fossil consents to ReliabilityFirst's future use of the 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 PSEG Fossil'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 PSEG Fossil 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 PSEG Fossil consent to the use of this Agreement by any other party in any other action or proceeding.

38. PSEG Fossil 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 this Agreement is entered into by Reliability*First* in express reliance on the representations contained herein, as well as any other representations or information provided by PSEG Fossil to Reliability*First* during any PSEG Fossil interaction with Reliability*First* relating to the subject matter of this Agreement.
39. 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.
40. 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 Reliability*First* or PSEG Fossil PSEG Fossil has been made to induce the signatories or any other party to enter into this Agreement.
41. The Agreement may be signed in counterparts.
42. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

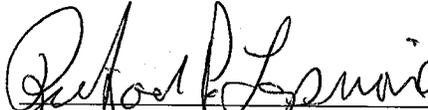
**[SIGNATURE PAGE TO FOLLOW]**

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**Agreed to and accepted:**

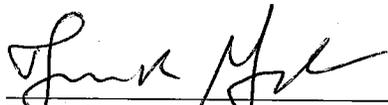
  
\_\_\_\_\_  
Raymond J. Palmieri  
Vice President and Director of Compliance  
RELIABILITYFIRST CORPORATION

5/25/10  
Date

  
\_\_\_\_\_  
Richard P. Lopriore  
President  
PSEG Fossil LLC

6/9/10  
Date

**Approved by:**

  
\_\_\_\_\_  
Timothy R. Gallagher  
President and Chief Executive Officer  
RELIABILITYFIRST CORPORATION

6/14/10  
Date

# **Attachment A**

Mitigation Plan (MIT-07-2312)

Submitted January 8, 2010



## Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: January 8, 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:	PSEG Fossil LLC
Company Address:	80 Park Plaza, Newark NJ. 07102
NERC Compliance Registry ID:	NCR00893

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

Name:	David J. Murray
Title:	CFAM –Manager-Technical
Email:	<a href="mailto:David.Murray@PSEG.COM">David.Murray@PSEG.COM</a>
Phone:	973-430-7520



**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)
RFC200900195	PRC-005-1	R2.1	High	September 10, 2009	Self – certification 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.

In the course of reviewing its records in connection with self-certification, PSEG Fossil LLC was unable to find records of having conducted maintenance and testing in accordance with the intervals of its protection System Maintenance and Testing program for 23 protective relays out of a total of approximately 1890 BES protection system devices. While it is possible that the relays were tested during the required intervals, PSEG Fossil LLC cannot in good faith confirm this was done as test records could not be located. Accordingly, PSEG Fossil LLC upon discovery of this issue, promptly scheduled maintenance and testing of all subject relays, which was completed for all of these relays by September 18, 2009.

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

PSEG Fossil LLC believes that a formal root cause analysis evaluation is unnecessary. It has been determined that a “change management” gap occurred when maintenance and testing roles and responsibilities within PSEG were shifted between organizations,



resulting in the inability to locate records to verify the subject relays' maintenance and testing. Current focus on proper implementation of change management and a heightened awareness of NERC standard criticality, reflected in PSEG Fossil SLT organizational design, will prevent any future shifts in roles and responsibilities from impacting the maintenance, testing or compliance documentation of any BES protective device.

- 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.

PSEG Fossil LLC, upon discovery of the issue discussed above, promptly scheduled the maintenance and testing of all subject relays, which was completed by September 18, 2009. All the relays were found to be within specifications and none had been involved in any misoperations. Each of the subject relays had a means of backup protection. Protection systems were in place that would have prevented a disturbance originating within the subject generating stations from propagating into the bulk electric system.

## **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.

A mitigation plan has been developed to ensure that there are no other BES protection system devices that have not been tested in accordance with the established Maintenance and Testing Program intervals and that maintenance and testing of all protection system devices will be done at proper intervals in the future. This mitigation plan includes:

Phase 1 of the Mitigation Plan – Address and Test 23 Protection System Devices For identified devices, maintenance and testing to be performed as soon as practicable to verify whether all are within specifications in accordance with the PSEG Fossil Protection System and Maintenance and Testing Program and records checked to verify no misoperation has occurred associated with any of the subject devices.

Phase 2 A of the Mitigation Plan – Walkdown of all generating stations and/or review of station one-line diagrams to ensure that all BES protection system devices have been identified and are included in the work management system. If any additional devices are identified in the walkdown beyond allowable intervals, prompt maintenance and testing



of those devices will be performed. Phase 2B - While NERC reliability compliance awareness training was previously provided to station management personnel, targeted refresher training with respect to PRC-005-1 will also be provided.

Phase 3 – Develop a central database of all BES protection system devices at all PSEG Fossil LLC generating stations located within RFC. This database will be maintained by PSEG Fossil LLC Operations Support group (System Engineering) and the PSEG Fossil LLC Maplewood Testing Laboratory. All generating stations will have preventative maintenance programs in SAP work management (IAW ER-FOS-40 Maintenance and Testing Criteria for Bulk Electric Power System protection and Disturbance Monitoring Equipment program) that will clearly identify in advance when a device is due for maintenance and testing so that all planning and execution milestones can be met.

### **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.

As described above, Phase 1 of this Mitigation Plan was fully completed on September 18, 2009, all devices tested were found to be within specifications and it has been confirmed that no misoperations occurred associated with those devices.

The Phase 2A - Walkdown and drawing review was completed by September 30, 2009, no additional devices were identified beyond allowable maintenance and testing intervals. It was confirmed that test records demonstrating compliance with IAW ER-FOS-40 Maintenance and Testing Criteria for Bulk Electric Power System protection and Disturbance Monitoring Equipment program exist for every BES device. The Phase 2B targeted refresher training referenced above was completed by January 7, 2010.

The Phase 3 device database development review was completed by October 10, 2009 along with assignment of roles and responsibilities in PSEG Fossil LLC Operations Support, Maplewood Testing Laboratory and Generating Stations. The Generating Stations have confirmed by site the inclusion of BES system protective device maintenance and testing in their work management programs. Thus, the Mitigation Plan has been fully implemented.

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)
<p>Phase 1 -Perform maintenance and testing as soon as practicable per PSEG Fossil LLC's Protection System Maintenance and Testing Program on the 23 identified relays documented in the PRC-005 -1 Self-certification to Reliability First on 9/30/2009.</p>	<p>Completed September 18, 2009</p>
<p>Phase 2A- Completion of walkdown of all generating stations and/ or review of one-line diagrams.</p>	<p>Completed September 30, 2009</p>
<p>Phase 2B -Targeted refresher training to generating stations on PRC-005-1 compliance.</p>	<p>Completed January 7, 2010</p>
<p>Phase 3 – Development of database containing all BES protection system devices, assignment of roles and responsibilities and generating station confirmation of protection system devices built in work management program. (SAP)</p>	<p>Completed October 10, 2009</p>

(\*) 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.

The fact pattern demonstrates that all twenty-three (23) devices identified have tested within specifications and no misoperations have occurred. Further, PSEG Fossil design of its generating stations' interconnection with the bulk electric protection system builds in a significant degree of backup protection so that in the event of a fault, there are backup systems in place to initiate a trip and protect the Bulk Power System. All actions detailed in the Mitigation Plan are complete.

### **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.

By ensuring that all BES protection system components are included in the PSEG Fossil LLC's SAP work management system (generating station), work orders to test and maintain (tasked to Maplewood Testing Laboratory) will be timely issued and completion of the work will be tracked ( Maplewood Testing Laboratory ) with oversight ( System Engineering ) , all in accordance with the requirements of PSEG Fossil LLC's ER-FOS40 Maintenance and Testing Criteria for Bulk Electric Power System protection and Disturbance Monitoring Equipment program.

**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 President of PSEG Fossil LLC.
  2. I am qualified to sign this Mitigation Plan on behalf of PSEG Fossil LLC.
  3. I understand PSEG Fossil LLC's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
  3. I have read and am familiar with the contents of this Mitigation Plan.
  4. PSEG Fossil LLC agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

**Authorized Individual Signature**

A handwritten signature in black ink, appearing to read "Richard P. Lopriore", written over a horizontal line.

Name: Richard P. Lopriore

Title: President – PSEG Fossil LLC

Date: January 8, 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 compliance@rfirst.org to mitigationplan@rfirst.org	7/11/08

# **Attachment B**

## **Certification of Mitigation Plan Completion**

**Submitted March 16, 2010**



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: PSEG Fossil LLC

NERC Registry ID: NCR00893

Date of Submittal of Certification: March 16, 2010

NERC Violation ID No(s): RFC-200900195

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

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: January 7<sup>th</sup>, 2010

Date Mitigation Plan was actually completed: January 7<sup>th</sup>, 2010

Additional Comments (or List of Documents Attached): A documentation package entitled "Evidence of Mitigation Plan Completion" was previously provided via email from David Murray to David Coyle at dave.coyle@rfirst.org on March 1, 2010.

---

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 Lopriore

Title: President - PSEG Fossil LLC

Email: Richard.Lopriore@pseg.com

Phone: 973-430-7533

Authorized Signature

A handwritten signature in black ink, appearing to read "Richard Lopriore". The signature is written over a horizontal line that serves as a signature line. The ink is slightly faded and the handwriting is cursive.

Date 3/16/10



Please direct completed forms or any questions regarding completion of this form to the Reliability*First* 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 Reliability*First* Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the Reliability*First* 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	<i>Raymond J. Palmieri</i>	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 C**

## Summary and Review of Mitigation Plan Completion

Dated May 14, 2010

May 14, 2010

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

<b>NERC Violation ID #:</b>	<b>RFC200900195</b>
<b>NERC Plan ID:</b>	<b>MIT-07-2312</b>
<b>Registered Entity;</b>	<b>PSEG Fossil LLC</b>
<b>NERC Registry ID:</b>	<b>NCR00893</b>
<b>Standard:</b>	<b>PRC-005-1</b>
<b>Requirement:</b>	<b>2.1</b>
<b>Status:</b>	<b>Compliant</b>

PSEG Fossil LLC (“PSEG Fossil”) submitted a Self Certification of noncompliance with NERC Reliability Standard PRC-005-1, Requirement 2.1, on September 30, 2009. PSEG Fossil submitted a Proposed Mitigation Plan to ReliabilityFirst on January 8, 2010, whereby stating PSEG Fossil had completed all immediate mitigating actions to prevent any imminent risk to reliability by September 30, 2009. This Mitigation Plan, designated MIT-07-2312, was accepted by ReliabilityFirst on February 5, 2010 and approved by NERC on February 9, 2010.

**Review Process:**

On March 16, 2010, PSEG Fossil certified that Mitigation Plan for PRC-005-1, Requirement 2.1 was completed as of January 7, 2010. ReliabilityFirst requested and received evidence of completion for actions taken by PSEG Fossil as specified in the Mitigation Plan. ReliabilityFirst 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 2.1** 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.”

**Evidence Submitted:**

**Requirement 2.1:**

Except where a different submittal date is indicated, PSEG Fossil submitted the following documents on March 1, 2010:

Summary and Review of Mitigation Plan Completion

PSEG Fossil LLC

May 14, 2010

Page 2 of 5

PSEG Fossil LLC RFC200900195 PSEG non compliant relays dated October 13, 2009. This provides the maintenance and testing intervals and most recent test dates for the 23 Protection System devices identified in the MP. It assists in tracking and counting the devices for which maintenance and testing evidence was provided to complete MP D.1 Phase 1.

**MP D.1 Phase 1**

"Address and Test 23 Protection System Devices For identified devices, maintenance and testing to be performed as soon as practicable to verify whether all are within specifications in accordance with the PSEG Fossil Protection System and Maintenance and Testing Program and records checked to verify no misoperation has occurred associated with any of the subject devices."

**MP D.1 Phase 2A**

"Walkdown of all generating stations and/or review of station one-line diagrams to ensure that all BES protection system devices have been identified and are included in the work management system. If any additional devices are identified in the walkdown beyond allowable intervals, prompt maintenance and testing of those devices will be performed."

PSEG Fossil submitted the following documents as evidence of the completion of D.1 Phase 1 and Phase 2A:

Relay Test Sheets for 23 devices with various dates from October 27, 2008 to September 18, 2009.

These provide documentation that includes the dates on which the devices were last tested/maintained.

Copies of subject matter expert's daily planner with various dates from May 18, 2009 to September 25, 2009.

(These were submitted May 6, 2010.)

They provide documentation that includes the dates on which walkdowns of generating stations, the review of station one-line diagrams and other related activities were performed.

Notarized affidavit by PSEG Fossil subject matter expert dated May 6, 2010.

(This was submitted May 6, 2010.)

It attests that from personal knowledge that:

- a. "Walkdown inspections" and/or review of station one-line diagrams for all of the PSEG Fossil generating stations were conducted to ensure that all BES protection system devices were appropriately identified and included within the Protection System Maintenance and Testing Program,
- b. These tasks were completed by September 30, 2009, and
- c. No additional devices were outside of the maintenance and testing intervals.

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PSEG Fossil LLC

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The combination of the above also:

- a. Provides evidence that the last test dates are within the defined testing interval (R2.1.), i.e., no subsequent tests have been required,
- b. Provides evidence that the work was completed by the Milestone dates of September 18, 2009 and September 30, 2009, respectively,
- c. Addresses the stated violation, and
- d. Brings PSEG Fossil LLC into Compliance with PRC-005-1 R2.1.

In addition, Reliability *First* verified that there was no reported misoperation of any of the referenced devices for the period June 18, 2007 – December 31, 2009.

**Mitigation Plan Completion**

The approved Mitigation Plan included two other phases that will protect the BES in the future by helping PSEG Fossil remain in compliance with PRC-005-1.

**MP D.1 Phase 2B**

“While NERC reliability compliance awareness training was previously provided to station management personnel, targeted refresher training with respect to PRC-005-1 will also be provided. “

**MP D.1 Phase 3**

“Develop a central database of all BES protection system devices at all PSEG Fossil LLC generating stations located within RFC. This database will be maintained by PSEG Fossil LLC Operations Support group (System Engineering) and the PSEG Fossil LLC Maplewood Testing Laboratory. All generating stations will have preventive maintenance programs in SAP work management (IAW ER-FOS-40 Maintenance and Testing Criteria for Bulk Electric Power System protection and Disturbance Monitoring Equipment program) that will clearly identify in advance when a device is due for maintenance and testing so that all planning and execution milestones can be met.”

PSEG Fossil submitted the following documents as evidence of the completion of D.1 Phase 2B and Phase 3:

Training material:

Reference 1 – Ad Hoc Instruction Guide,

Reference 2 – FERC document “Florida Blackout Docket No. IN08-5-000” “ORDER APPROVING STIPULATION AND CONSENT AGREEMENT” issued October 8, 2009,

Reference 3 – PSEG Fossil LLC “Mitigation Plan” “DRAFT.....TRAINING PURPOSES” “NERC Violation ID # RFC2009195” dated January 8, 2010,

Reference 4 – NERC “Compliance Analysis Report, Reliability Standard PRC-005-1— System Protection Maintenance and Testing” dated August 31, 2009,

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Reference 5 – PSEG Fossil LLC “Maintenance and Testing Criteria for Bulk Electric Power System Protection and Disturbance Monitoring Equipment Program” (ER-FOS-40, Rev:2) dated October 30, 2009, and

Reference 6 – NERC “Standard PRC-005-1 Transmission and Generation Protection System Maintenance and Testing” adopted February 7, 2006.

These provide the content of the targeted refresher training.

Reference 7 – Attendance log - “NERC-Peaking Targeted Training PRC-005-1” dated January 7, 2010.

This indicates the eleven employees that attended the training from the stations at which the noncompliance was reported.

Sample listing showing work management maintenance activities for preventative maintenance programs at various stations – not dated.

This shows a view of the data that includes SAP maintenance item identifiers, NERC relay text identifiers, maintenance and testing interval cycles and cycle start dates. The preventative maintenance programs are in SAP work management.

Screen shots of actual SAP database entries for protection system devices at each of the nine PSEG Fossil stations with various dates from June 10, 2002 to October 5, 2009.

(These were submitted March 1, 2010 and May 17, 2010.)

These provide documentation that a central database was developed of BES protection system devices at all nine PSEG Fossil LLC generating stations located within the ReliabilityFirst footprint. (This existed as long ago as 2002 for some stations. Others were added as part of this mitigation plan.)

The above documents specifically address the issues in MP D.1 Phase 2B and Phase 3 and provide evidence that the work was completed by the Milestone dates of January 7, 2010 and October 10, 2009, respectively.

**Review Results:**

ReliabilityFirst Corporation reviewed the evidence the PSEG Fossil submitted in support of its Certification of Completion. On May 14, 2010, ReliabilityFirst verified that the Mitigation Plan was completed in accordance with its terms and has therefore deemed PSEG Fossil compliant to the aforementioned NERC Reliability Standard.

Summary and Review of Mitigation Plan Completion  
PSEG Fossil LLC  
May 14, 2010  
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Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Robert K. Wargo". The signature is written in a cursive style with a large, sweeping initial 'R'.

Robert K. Wargo  
Manager of Compliance Enforcement  
ReliabilityFirst Corporation

## **Attachment c**

**Disposition Document dated October 12, 2010**

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

**Dated October 12, 2010**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
<b>RFC200900195</b>	<b>RFC200900195</b>	<b>NOC-593</b>

REGISTERED ENTITY <b>PSEG Fossil LLC (PSEG Fossil)</b>	NERC REGISTRY ID <b>NCR00893</b>
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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											
		5/30/07	5/30/07											

\* VIOLATION APPLIES TO SHADED FUNCTIONS

#### DESCRIPTION OF THE REGISTERED ENTITY

**Public Service Enterprise Group (PSEG) is a publicly traded (NYSE:PEG) diversified energy company headquartered in New Jersey, and one of the ten largest electric companies in the U.S. with total assets of \$29 billion, total annual revenues of \$13.3 billion and approximately 10,500 employees. Its principal subsidiaries are PSE&G, PSEG Power and PSEG Energy Holdings.**

**PSEG Fossil is a direct subsidiary of PSEG Power, LLC and an Exempt Electric Wholesale Generator<sup>1</sup> (EWG) that owns and operates 10 fossil fueled generating stations located in New Jersey with 7,185 MW of capability. PSEG Fossil also has direct subsidiaries that operate additional fossil fueled generating stations in Connecticut, New York, and Texas. In total, PSEG Fossil is comprised of 18 operating generating stations across New Jersey, Pennsylvania, Connecticut, New York, and Texas, which are capable of providing 14,731 MW of power. PSEG Fossil's portfolio of generators responds to all levels of energy demand from base load to peak energy use.**

<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.

## **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 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 provides in pertinent part:**

**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<sup>[4]</sup> 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.**

### VIOLATION DESCRIPTION

**On September 30, 2009, PSEG Fossil provided ReliabilityFirst with its PRC-005-1 Self Certification (All Functions) – 2009, stating that PSEG Fossil failed to comply with NERC Reliability Standard PRC-005-1 R2.1.**

**PSEG Fossil failed to provide records of having conducted maintenance and testing in accordance with the intervals of its Protection System Maintenance and Testing**

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<sup>2</sup> PRC-005-1 R2 has a “Lower” Violation Risk Factor (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 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. In the context of this case, ReliabilityFirst determined that the violation related to 2.1, and therefore a “High” VRF is appropriate in this case.

<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.”

<sup>4</sup> Consistent with applicable FERC precedent, the term ‘Regional Reliability Organization’ in this context refers to ReliabilityFirst.



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
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) **6/18/07 (when the Standard became mandatory and enforceable) through 1/7/2010 (when PSEG Fossil completed its Mitigation Plan)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **9/30/09**

IS THE VIOLATION STILL OCCURRING YES  NO   
IF YES, EXPLAIN

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

**IV. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-2312**  
 DATE SUBMITTED TO REGIONAL ENTITY **1/08/10**  
 DATE ACCEPTED BY REGIONAL ENTITY **2/05/10**  
 DATE APPROVED BY NERC **2/09/10**  
 DATE PROVIDED TO FERC **2/09/10**

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

**NONE**

MITIGATION PLAN COMPLETED YES  NO

EXPECTED COMPLETION DATE	<b>Submitted as Complete</b>
EXTENSIONS GRANTED	N/A
ACTUAL COMPLETION DATE	<b>1/07/10</b>

DATE OF CERTIFICATION LETTER	<b>3/16/10</b>
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	<b>1/07/10</b>

DATE OF VERIFICATION LETTER	<b>5/14/10</b>
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	<b>1/07/10</b>

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

**Phase 1 – PSEG Fossil addressed and tested the 23 Protection System devices; and records were checked and verified no misoperation occurred associated with any of the subject devices.**

**Phase 2 A - PSEG Fossil performed a walkdown of all generating stations and reviewed station one-line diagrams to ensure that all BPS Protection System devices have been identified and are included in the work management system.**

**Phase 2B - PSEG Fossil targeted refresher training with respect to PRC-005-1 provided to station management personnel.**

**Phase 3 – PSEG Fossil developed a central database of all BPS Protection System devices at all PSEG Fossil LLC generating stations located within ReliabilityFirst. This database will be maintained by PSEG Fossil LLC Operations Support group (System Engineering) and the PSEG Fossil LLC Maplewood Testing Laboratory. All generating stations will have preventative maintenance programs in SAP work management (IAW ER-FOS-40 Maintenance and Testing Criteria for Bulk Electric Power System protection and Disturbance Monitoring Equipment program) that will clearly identify in advance when a device is due for maintenance and testing so that all planning and execution milestones can be met.**

**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)**

- ***PSEG Fossil LLC RFC200900195\_PSEG non compliant relays* dated October 13, 2009. This provides the maintenance and testing intervals and most recent test dates for the 23 Protection System devices identified in the Mitigation Plan.**

- **Relay test sheets which include the dates on which the devices were last tested/maintained.**
- **Copies of the subject matter expert’s daily planner to show the dates on which walkdowns of the generating stations, the review of station one-line diagrams and other related activities were performed.**
- **Training materials to show that the eleven employees, from the station at which noncompliance was reported, attended the training.**
- **Sample listing showing work management maintenance activities for preventative maintenance programs at various stations.**
- **Screenshots of actual SAP database entries for protection system devices at each of the nine PSEG Fossil stations. This documentation shows that a central database was developed of BES protection system devices at all nine PSEG Fossil generating stations.**

**V. PENALTY INFORMATION**

**TOTAL ASSESSED PENALTY OR SANCTION OF FIFTEEN DOLLAR (\$15,000) PENALTY FOR ONE VIOLATION OF ONE RELIABILITY STANDARD.**

**(1) REGISTERED ENTITY’S COMPLIANCE HISTORY**

**PRIOR FILED 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**

A Settlement Agreement covering violations of PRC-005-1 R2.1 for PSEG Power Connecticut LLC, a subsidiary of PSEG Fossil, (NOC-557) was approved by the BOTCC on June 10, 2010 and filed with FERC under NP11-15-000 on November 5, 2010.

A Settlement Agreement covering violations of PRC-005-1 R2.1 for Public Service Electric & Gas Company, a subsidiary of PSEG, (NOC-385) was approved by the BOTCC on December 9, 2009 and filed with FERC under NP10-38-000 on February 1, 2010. On March 3, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

ReliabilityFirst did not consider these prior violations to be an aggravating factor in determining an assessed penalty for the instant violation, as discussed in the Internal Compliance Program section below.

PRIOR FILED 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 IF NO, EXPLAIN YES  NO

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM YES  NO  UNDETERMINED   
EXPLAIN

**At the time of the violation, PSEG Fossil had a documented internal compliance program, which ReliabilityFirst considered a mitigating factor in determining the penalty. PSEG Fossil has systematic preventive measures in place. The PSEG Internal Auditing Department has incorporated a Reliability audit cycle. Internal training includes NERC Reliability Standards Compliance Training, and periodic meetings in which the Manager ERO/RE conducts presentations on reliability standards and compliance. PSEG Management and subject matter experts receive comprehensive compliance information regarding NERC Standards and requisite reference documents.**

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

**PSEG Fossil's internal compliance program is incorporated as part of its parent PSEG's corporate compliance program.<sup>7</sup> PSEG Fossil is a subsidiary of PSEG Power, which is in turn a subsidiary of PSEG. The PSEG Compliance Council, consisting of the presidents for each line of business, regularly meets to ensure and oversee compliance throughout the organization. The PSEG Compliance Council is dedicated to ensuring that all employees comply with all applicable laws and regulations, including, but not limited to, the NERC Reliability Standards. The Chief Compliance Officer, who is the Executive Vice President and General Counsel of PSEG, sits on the Council and is empowered to bring compliance matters directly to the PSEG CEO and PSEG Board of Directors Audit Committee.**

(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

**PSEG Fossil LLC, upon discovery of the issue discussed above, promptly scheduled the maintenance and testing of all subject relays, which was completed by September 18, 2009. All the relays were**

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<sup>7</sup> In considering whether a corporate issue existed, ReliabilityFirst reviewed PSEG's corporate structure and the previous violations of PRC-005-1 R2/R2.1 incurred by PSE&G, a subsidiary of PSEG, and PSEG Power Connecticut, a subsidiary of PSEG Fossil. ReliabilityFirst determined that the common compliance program was a mitigating factor. After discovering the initial violation, PSEG studied its system and determined that two of its subsidiaries also had issues relating to PRC-005-1. These violations were self-disclosed through the self-certification process. ReliabilityFirst considered that these two subsequent violations were actually discovered by virtue of the application of the common compliance program, which warranted mitigating credit.

**found to be within specifications, and none had been involved in any misoperations. Each of the subject relays had a means of backup protection. Protection Systems were in place that would have prevented a disturbance originating within the subject generating stations from propagating into the BPS.**

(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

**PSEG Fossil's Self-Certification dated September 30, 2009**

MITIGATION PLAN

**Mitigation Plan MIT-07-2312 submitted January 8, 2010**

CERTIFICATION BY REGISTERED ENTITY

**PSEG Fossil's Certification of Completion of Mitigation Plan MIT-07-2312 dated March 16, 2010**

VERIFICATION BY REGIONAL ENTITY

**ReliabilityFirst's Verification of Completion of Mitigation Plan MIT-07-2312 dated May 14, 2010**

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED

DATE: OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **11/13/09** 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 d**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

PSEG Fossil LLC

Docket No. NP11-\_\_\_\_-000

NOTICE OF FILING  
November 30, 2010

Take notice that on November 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding PSEG Fossil LLC 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