NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 28, 2011

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

Re: NERC Abbreviated Notice of Penalty regarding The Detroit Edison Company, FERC Docket No. NP11-__-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding The Detroit Edison Company (Detroit Edison), with information and details regarding the nature and resolution of the violation[1] discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Document (Attachment e), 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)).[2]

This NOP is being filed with the Commission because Reliability*First* Corporation (Reliability*First*) and Detroit Edison have entered into a Settlement Agreement to resolve all outstanding issues arising from Reliability*First*'s determination and findings of the violation of PRC-005-1 Requirement (R) 2/2.1. According to the Settlement Agreement, Detroit Edison agrees and stipulates to the facts of the violation and has agreed to the assessed penalty of five thousand dollars ($5,000), 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

[1] 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.
[2] *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 (2011). *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).

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Number RFC201000663 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 January 5, 2011, by and between Reliability*First* and Detroit Edison and the Supplemental Record of Information issued by Reliability*First* on January 31, 2011. 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-758	RFC201000663	PRC-005-1	2/2.1	High[3]	1/1/08-12/30/09	5,000

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 R2/2.1 - OVERVIEW

Detroit Edison submitted a Self-Report to Reliability*First* on October 22, 2010. Reliability*First* determined that Detroit Edison, as a Generator Owner that owns a generation Protection System[4] and Distribution Provider that owns a transmission Protection System, failed to document the maintenance and testing within defined intervals of 37 of 711 (5.2%) Protection System devices in 2007, and 34[5] of 2,194 (1.5%) Protection System devices in 2008, in violation of PRC-005-1 R2.1. [6]

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed[7]

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

[3] PRC-005-1 R2 is assigned a Lower Violation Risk Factor (VRF) and PRC-005-1 R2.1 and R2.2 are each assigned a High VRF.
[4] *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."
[5] The Self-Report, Verification and Settlement Agreement at PP 5 and 6 identify 32 devices that lacked maintenance and testing documentation for 2008. On January 28, 2011, Detroit Edison submitted to Reliability*First* an amendment to its Self-Report that identified two additional devices for 2008.
[6] The number of Protection System devices increased from 2007 to 2008 as a result of a clarification to the definition of "Bulk Electric System" regarding Protection Systems.
[7] *See* 18 C.F.R. § 39.7(d)(4).

Orders,[8] the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on July 11, 2011. The NERC BOTCC approved the Settlement Agreement, including Reliability*First*'s assessment of a five thousand dollar ($5,000) financial penalty against Detroit Edison 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 Detroit Edison's first occurrence of violation of the subject NERC Reliability Standard;[9]
2. Detroit Edison self-reported the violation;
3. Reliability*First* reported that Detroit Edison was cooperative throughout the compliance enforcement process;
4. Detroit Edison had a compliance program at the time of the violation which Reliability*First* 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. Reliability*First* determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Document; and
7. Reliability*First* 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 approved 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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[8] *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).

[9] Detroit Edison's previous violation and previous violations by its affiliates, which were not viewed as the same or similar to the instant violation, are identified and addressed in the Disposition Document.

Attachments to be included as Part of this Notice of Penalty

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

a) Settlement Agreement by and between Reliability*First* and Detroit Edison executed January 5, 2011, included as Attachment a;

   i. Detroit Edison's Self-Report for PRC-005-1 R2/2.1 dated October 22, 2010, included as Attachment A to the Settlement Agreement;

   ii. Detroit Edison's Mitigation Plan MIT-08-3193 for PRC-005-1 R2/2.1 submitted December 7, 2010, included as Attachment B to the Settlement Agreement;

b) Supplemental Filing to the Settlement Agreement Between Reliability*First* and Detroit Edison dated January 31, 2011, included as Attachment b;

c) Detroit Edison's Certification of Mitigation Plan Completion for PRC-005-1 R2/2.1 dated December 20, 2010, included as Attachment c;

d) Reliability*First*'s Verification of Mitigation Plan Completion for PRC-005-1 R2/2.1 dated May 5, 2011, included as Attachment d; and

e) Disposition Document, included as Attachment e.

A Form of Notice Suitable for Publication[10]

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

[10] *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:

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

Kent Kujala*
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*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.

Conclusion

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

Respectfully submitted,

/s/ *Rebecca J. Michael*

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Sr. Vice President and General Counsel
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rebecca.michael@nerc.net

cc: The Detroit Edison Company
Reliability*First* Corporation

Attachments

NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Attachment a

Settlement Agreement by and between Reliability*First* and Detroit Edison executed January 5, 2011

In re: **THE DETROIT EDISON COMPANY**	)	**Docket Nos. RFC201000663**
	)	
	)	
NERC Registry ID No. NCR00753	)	NERC Reliability Standard:
	)	PRC-005-1, Requirement 2.1

SETTLEMENT AGREEMENT
BETWEEN
RELIABILITY*FIRST* CORPORATION
AND
THE DETROIT EDISON COMPANY

I. INTRODUCTION

1. Reliability*First* Corporation ("Reliability*First*") and The Detroit Edison Company ("Detroit Edison") enter into this Settlement Agreement ("Agreement") to resolve all outstanding issues arising from Reliability*First*'s findings, pursuant to the North American Electric Reliability Corporation ("NERC") Rules of Procedure, of the alleged violation by Detroit Edison of the NERC Reliability Standard PRC-005-1, Requirement 2.1.

2. Detroit Edison is listed on the NERC Compliance Registry as a Balancing Authority ("BA"), Distribution Provider ("DP"), Generator Operator ("GOP"), Generator Owner ("GO"), Load Serving Entity ("LSE"), Purchasing-Selling Entity ("PSE"), and Resource Planner ("RP"). NERC Reliability Standard PRC-005-1 is applicable to Detroit Edison by virtue of its registration as a Generator Owner and a Distribution Provider that owns a transmission Protection System.

3. Detroit Edison and Reliability*First* agree and stipulate to this Agreement in its entirety. The facts stipulated herein are stipulated solely for the purpose of resolving between Detroit Edison and Reliability*First* the subject matter of this Agreement and do not constitute admissions or stipulations for any purpose, other than Detroit Edison's admission that the facts stipulated herein constitute violations of Reliability Standard PRC-005-1, R2.1.

II. ALLEGED VIOLATION

A. Alleged Violation of PRC-005-1, R2.1—RFC201000663.

4. 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.

5. On October 22, 2010 Detroit Edison submitted a Violation Self-Reporting Form, identifying a possible violation of PRC-005-1, R2.1. *See* Violation Self-Reporting Form (attached as **Attachment A**). Detroit Edison identified instances where it failed to document the maintenance and testing on certain batteries within their defined intervals, in violation of PRC-005-1, R2.1. This alleged violation implicated 37 of Detroit Edison's 711 (5.2%) Protection System Devices in 2007, and 32 of Detroit Edison's 2,194 (1.4%) Protection System Devices in 2008.[1]

6. Reliability*First* alleges that Detroit Edison violated PRC-005-1, R2.1 by failing to provide evidence that it maintained and tested 37 batteries in 2007 and 32 batteries in 2008.

Violation Duration and Risk Considerations

7. Applying the Violation Risk Factor ("VRF") Matrix promulgated by NERC, Reliability*First* assigned the alleged violation of PRC-005-1, R2.1 a VRF of "High." Applying the Violation Severity Level ("VSL") Matrix promulgated by NERC, Reliability*First* assigned this alleged violation a VSL of "Lower." The duration of this alleged violation is from January 1, 2008, the first date on which Detroit Edison failed to test a device within its defined interval, to December 30, 2009, the date on which Detroit Edison completed testing on all of its devices within their defined intervals.

[1] In 2007, Detroit Edison had 711 Protection System devices, comprised of 82 generator battery systems; 572 generator protective relays; and 57 peaker protective relays. In 2008, Detroit Edison had 2,194 Protection System devices comprised of 82 generator batteries; 109 distribution batteries; 572 generator protective relays; 171 peaker protective relays; and 1,260 substation protective relays. The increase in total Protection System devices from 2007 to 2008 was the result of a clarification to the definition of "Bulk Electric System" regarding Protection Systems, endorsed by the Reliability*First* Reliability Committee on December 4, 2007. As a result, Detroit Edison willingly increased the number of Protection System devices for the year 2008.

8. This alleged violation did not pose a serious or substantial risk to the reliability of the bulk electric system. Detroit Edison tested the batteries at issue before and after the missed intervals and found the batteries to be functioning correctly during these tests. There were no related Bulk Electric System protection system misoperations during the timeframe of missed testing. Finally, all installations have monitoring systems with alarm capabilities to alert Detroit Edison operating center personnel of any issues, including instances of low voltage. No alarms issued at any location in question during the missed interval.

III. COMPLIANCE CULTURE

9. Reliability*First* considered the following aspects of Detroit Edison's compliance program as mitigating factors.

10. The alleged violation of PRC-005-1, R2.1 was self reported to Reliability*First*. Therefore, Reliability*First* considered the self report as warranting mitigating credit to the alleged violation of PRC-005-1, R2.1.

11. Furthermore, Reliability*First* considered favorably Detroit Edison's submittal of a mitigation plan and cooperation with Reliability*First* throughout the investigation of the violation addressed herein. After the discovery of the alleged violation addressed herein, Detroit Edison demonstrated a commitment to compliance with Reliability Standards through immediate self reporting, participation in an expedited settlement process with Reliability*First*, and in the furtherance of the mitigation plan described herein.

12. When assessing the penalty for the alleged violation at issue in this Agreement, Reliability*First* considered whether the facts of these alleged violations evidenced any (a) repeated or continuing conduct similar to that underlying a prior violation of the same or a closely-related Reliability Standard Requirement; (b) conduct addressed in any previously submitted mitigation plan for a prior violation of the same or a closely-related Reliability Standard Requirement; or (c) multiple violations of the same Standard and Requirement. In reviewing Detroit Edison's violation history, Reliability*First* discovered no repetitive infractions and therefore Detroit Edison's penalty amount was not aggravated by this factor.

IV. MITIGATING ACTIONS, REMEDIES, AND SANCTIONS

A. Mitigating Actions for PRC-005-1, R2—RFC201000663.

13. On December 7, 2010, Detroit Edison submitted to Reliability*First* its mitigation plan to address the possible violation of PRC-005-1, R2.1. *See*, Detroit Edison Mitigation Plan (attached as **Attachment B**). Reliability*First* accepted this mitigation plan on December 10, 2010, and on December 17, 2010, Reliability*First* submitted it to NERC for NERC's review and approval.

14. In this mitigation plan, Detroit Edison memorialized the actions it took to address the possible violations of PRC-005-1, R2. To mitigate this possible violation,

Detroit Edison tested all the batteries at issue in this alleged violation. Detroit Edison also initiated a process change in January of 2009 to assign a single point of accountability for overall maintenance-related activities for batteries that are part of protection systems identified as having an impact on the Bulk Electric System. This process streamlined testing and maintenance activities to guard against future missed testing intervals.

15. Pursuant to Section 6.6 of the Reliability*First* Compliance Monitoring and Enforcement Program ("CMEP"), Reliability*First* will verify Detroit Edison's completion of the mitigation plan and promptly report its successful completion to NERC.

B. Monetary Penalty

16. Based upon the foregoing, Detroit Edison shall pay a monetary penalty of $5,000 to Reliability*First*.

17. Reliability*First* shall present an invoice to Detroit Edison within 20 days after the Agreement is approved by the Commission or affirmed by operation of law. Upon receipt, Detroit Edison shall have 30 days to remit payment. Reliability*First* will notify NERC if it does not timely receive the payment from Detroit Edison.

18. If Detroit Edison fails to timely remit the monetary penalty payment to Reliability*First*, interest will commence to accrue on the outstanding balance, pursuant to 18 C.F.R. § 35.19a (a)(2)(iii), on the earlier of (a) the 31st day after the date on the invoice issued by Reliability*First* to Detroit Edison for the monetary penalty payment or (b) the 51st day after the Agreement is approved by the Commission or operation of law.

V. ADDITIONAL TERMS

19. Reliability*First* and Detroit Edison agree that this Agreement is in the best interest of bulk electric system reliability. The terms and conditions of the Agreement are consistent with the regulations and orders of the Commission and the NERC Rules of Procedure.

20. Reliability*First* 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 Reliability*First* will attempt to negotiate with Detroit Edison 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 for review and approval by order or

operation of law and (b) publicly post the alleged violation and the terms provided for in this Agreement.

21. This Agreement shall become effective upon the Commission's approval of the Agreement by order or operation of law or as modified in a manner acceptable to the parties.

22. Detroit Edison agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and binds Detroit Edison to perform the actions enumerated herein. Detroit Edison expressly waives its right to any hearing or appeal concerning any matter set forth herein, unless and only to the extent that Detroit Edison contends that any NERC or Commission action constitutes a material modification to this Agreement.

23. Reliability*First* reserves all rights to initiate enforcement actions against Detroit Edison in accordance with the NERC Rules of Procedure in the event that Detroit Edison fails to comply with any of the terms or conditions of this Agreement, including failure to timely complete mitigation plans or other remedies of this Agreement. In the event Detroit Edison fails to comply with any of the terms or conditions of this Agreement, Reliability*First* may initiate an action or actions against Detroit Edison 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. Detroit Edison will retain all rights to defend against such action or actions in accordance with the NERC Rules of Procedure.

24. Detroit Edison consents to Reliability*First*'s future use of 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 Detroit Edison'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 Detroit Edison 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 Detroit Edison consent to the use of this Agreement by any other party in any other action or proceeding.

25. Detroit Edison 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 Reliability*First* enters into this Agreement in express reliance on the representations contained herein, as well as any other representations or information provided by Detroit Edison to Reliability*First* during any Detroit Edison interaction with Reliability*First* relating to the subject matter of this Agreement.

26. 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.

27. 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 Detroit Edison has been made to induce the signatories or any other party to enter into this Agreement.

28. The Agreement may be signed in counterparts.

29. 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:

Robert K. Wargo
Manager, Compliance Enforcement
Reliability*First* Corporation

12/30/2010
Date

Brian Drumm
Regulatory Attorney
The Detroit Edison Company

1/5/2011
Date

Approved:

Raymond J. Palmieri for
Timothy R. Gallagher
President & Chief Executive Officer
Reliability*First* Corporation

12/30/10
Date

Attachment A

Violation Self-Reporting Form

Submitted October 22, 2010

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: October 22, 2010

2. Registered Entity: The Detroit Edison Company ("Detroit Edison")

3. NERC Registry ID: NCR00753 Joint Registration ID (JRO) (if applicable:) JRO00001

4. Multiple Regional Registered Entity (MRRE) Regional Affiliates (if applicable:) N/A

5. Reliability Standard: PRC-005-1 Requirement [a]: R2.1

6. Reporting for registered function(s): GO, DP

7. Date Violation was Discovered: August 30, 2010
   Beginning Date of Violation:
   -January 1, 2008 as GO
   -January 1, 2009 as DP
   End or Expected End Date of Violation:
   -June 16, 2009 as GO
   -December 30, 2009 as DP

8. Has this violation been previously reported: Yes [ ] or No [X]
   If yes, Provide NERC Violation ID number:

9. Has this violation been reported to another region(s): Yes [ ] or No [X]
   If yes, Provide Region(s):

10. Is the violation still occurring: Yes [ ] or No [X]

11. Detail description and cause of the violation:

Detroit Edison has filed this Compliance Monitoring and Enforcement Program Violation Self-Reporting Form to alert NERC of a violation of NERC Reliability Standard PRC-005. During relevant time periods, Detroit Edison did not perform or internal records cannot confirm whether Detroit Edison performed complete inspection, testing, and/or maintenance on power plant and substation batteries that are part of protection systems identified as having an impact on the Bulk Electric System (BES) as required by NERC Standard PRC-005, as described below.

NERC Reliability Standard PRC-005-1 R2 and R2.1 require that 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 evidence Protection System devices were maintained and tested within the defined intervals.

Detroit Edison does have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. Detroit Edison's maintenance and testing program was expanded beyond generator Protection Systems in 2008 to include distribution Protection System devices that affect the transmission system in accordance with Detroit Edison's BES Transition Plan to meet the RFC BES Definition change in 2007.

Detroit Edison has determined through internal self assessments that, in 2007, Detroit Edison did not perform or internal records cannot confirm whether Detroit Edison performed complete inspections, testing, and maintenance on 37 batteries identified as being part of generator Protection Systems per the intervals required by Detroit Edison's BES equipment maintenance and testing program.

Detroit Edison has also determined through internal self assessments that, in 2008, Detroit Edison did not perform or internal records cannot confirm whether Detroit Edison performed complete inspections, testing, and maintenance on 3 batteries identified as being part of generator Protection Systems and 29 batteries identified as being part of distribution Protection Systems per the intervals required in Detroit Edison's BES equipment maintenance and testing program.

All required BES Generation Protection Systems were completed as scheduled in 2009 and are on track to complete as scheduled for 2010.

All required BES Distribution Protection Systems were completed in 2009 and are scheduled to be completed in 2010 to be fully compliant with the RFC definition by June 1, 2017 - in accordance with Detroit Edison's BES Transition Plan.

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:

    Current VRF Matrix and VSL Matrix as posted on the NERC website.

14. Provide a determination of the Potential Impact to the Bulk Electric System:

Engineering has reviewed the actual 2009 maintenance data for the locations noted in Section 11 and in all instances, no pre-existing conditions were found during the respective maintenance interval which would have supported a possibility of a BES problem due to the lack of maintenance data in the prior year.

Based on the above review, the Potential Impact to the Bulk Electric System from this violation is "minimal".

15. Mitigation Plan attached: Yes [ ] or No [x]

16. Additional Comments:

A review of the maintenance related activities for the power plant and substation batteries that are part of protection systems identified as having an impact on the Bulk Electric System (BES) in fourth quarter 2008 clearly identified that too many organizations/groups had aspects of responsibility relative to the maintenance requirement (for tracking, scheduling, performing, data handling and reporting). A lack of single point accountability for this activity was determined to be the primary reason that the work was not being scheduled/performed/data completed/tracked/reported to assure 100% completion by year end. Consequently, Engineering initiated a process change in January 2009 assigning single point accountability for this overall activity to an engineer in EPPM. This process change resulted in successful completion of all requirements in 2009, by year end, and based on 2010 progress to date will result again in successful completion of 2010 requirements, by mid November 2010, well before year end. A self assessment conducted in August, 2010, revealed that in 2007 and 2008 Detroit Edison did not perform or internal records cannot confirm whether complete inspections, testing, and maintenance was performed on the required batteries.

As a result of this corrective action being identified, implemented and successful as noted for 2009 and 2010, Detroit Edison believes the submission of a Mitigation Plan to address this self report of violation is not required.

17. Officer Verification: I understand that this information is being provided as required by the Reliability*First* 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: Vincent G. Dow

Title: Vice President- Distribution Operations

E-mail address: dowv@dteenergy.com Phone: 313-235-7517

Primary Compliance Contact: Kent J. Kujala

E-mail address: kujalak@dteenergy.com Phone: 313-235-9428

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

[a]. 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

Detroit Edison Mitigation Plan

Submitted December 07, 2010

FOR PUBLIC RELEASE - JULY 28, 2011

RELIABILITY FIRST

RFC201000663

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: December 7, 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 Reliability*First* 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:	The Detroit Edison Company
Company Address:	One Energy Plaza Detroit, MI 48226-1221
NERC Compliance Registry ID:	NCR00753

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

Name:	Nicole Syc
Title:	Senior Engineer, EPPM Engineering
Email:	sycn@dteenergy.com
Phone:	313-235-3653

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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)
N/A	PRC-005-1	2.1	High	August 30, 2010	Self-report

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by Reliability*First*, 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 Reliability*First*. Questions regarding the date to use should be directed to the Reliability*First* 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.

As noted in The Detroit Edison Company's (DECO) self-report, DECO conducted a review of maintenance activities for power plant and substation batteries that are part of protection systems identified as having an impact on the Bulk Electric System (BES) in fourth quarter 2008. Following this review, DECO determined that responsibility for tracking, scheduling, performing, and reporting maintenance for these batteries was delegated to too many internal organizations/groups. DECO concluded that the lack of single point accountability for this activity was the primary reason that maintenance work was not being scheduled/performed/data completed/tracked/reported to assure 100% completion by year end.

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.

N/A

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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.

As discussed above, DECO determined that too many internal organizations had responsibility for maintenance functions related to the batteries. Engineering initiated a process change in January 2009, and assigned single point accountability to an engineer in DECO's Equipment Performance & Predictive Maintenance Group for overall maintenance-related activities for the power plant and substation batteries that are part of protection systems identified as having an impact on the BES.

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.

DECO initiated a process change in January 2009 to assure 100% completion by year-end. This process change resulted in the successful completion of all required battery maintenance by year end 2009.

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)
Review process and implement corrective action.	January 2009/January 31, 2009
Review and Verify success of corrective action for 2009	December 2009/December 31, 2009
Review and Verify success of corrective action for 2010	December 2010 All 2010 battery maintenance inspections were 100% completed by 12/3/10.

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(*) 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 single point accountability corrective action identified and implemented in 2009 was successful in assuring 100% battery maintenance completion by year end 2009 and continues to be successful as 100% battery maintenance completion for 2010 was accomplished by 12-3-10.

In addition, the Engineering reviews that were subsequently performed, for the installations where data was missing, showed no issues identified in prior year tests and no issues noted in subsequent year tests. In addition, there were no related BES protection system misoperations during the above time frame, indicating that there was minimal if any actual risk as a result of the missed year tests.

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 action taken/implemented in 2009 was successful and continues to be successful for 2010 as verified by the actual completion of all related battery maintenance requirements in 2009 and the completion of all battery maintenance 2010 requirements by December 3, 2010. As a result of this concurrent success, we are confident that we have drastically reduced the probability of a negative occurrence related to battery maintenance.

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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 Reliability*First* 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 the Manager, NERC Compliance of The Detroit Edison Company.

2. I am qualified to sign this Mitigation Plan on behalf of The Detroit Edison Company.

3. I have read and am familiar with the contents of this Mitigation Plan.

4. The Detroit Edison Company agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by Reliability*First* and approved by NERC.

Authorized Individual Signature

Name (Print): Daniel G. Herring

Title: Manager, NERC Compliance

Date: December 7, 2010

Section G: Regional Entity Contact

Please direct completed forms or any questions regarding completion of this form to the Reliability*First* Compliance e-mail address 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.

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Attachment A – Compliance Notices & Mitigation Plan Requirements

I. Section 6.2 of the CMEP[1] 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 Reliability*First* and approval by NERC.

III. This Mitigation Plan is submitted to Reliability*First* 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

[1] "*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 Reliability*First* website.

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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 Reliability*First* 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. Reliability*First* 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.

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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	Raymond J. Palmieri	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

NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Attachment b

Supplemental Filing to the Settlement Agreement Between Reliability*First* and Detroit Edison dated January 31, 2011

Theresa M. Cunniff
Attorney
Direct Dial: (330) 247-3450
theresa.cunniff@rfirst.org

January 31, 2011

Via Electronic Filing
NERC Enforcement Group
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, New Jersey 08540

Re: Supplemental Filing to the Settlement Agreement Between Reliability*First* Corporation and The Detroit Edison Company

Dear NERC Enforcement Group,

On January 5, 2011, Reliability*First* Corporation ("Reliability*First*") submitted to the North American Electric Reliability Corporation ("NERC") the Settlement Agreement Between Reliability*First* Corporation and The Detroit Edison Company (the "Settlement Agreement") resolving the alleged violation of Reliability Standard PRC-005-1, Requirement 2.1 by The Detroit Edison Company ("Detroit Edison"), with NERC Violation ID No. RFC201000663. Reliability*First* hereby submits the attached letter from Detroit Edison, which supplements the Settlement Agreement to correct one number contained in the fifth paragraph of the Settlement Agreement.

The incorrect sentence within paragraph five states that the alleged violation implicated 32 of Detroit Edison's 2,194 (1.4%) Protection System devices in 2008. The sentence should state that the alleged violation implicated 34 of Detroit Edison's 2,194 (1.5%) Protection System devices in 2008. Detroit Edison self reported the number of Protection System devices with missing maintenance and testing documentation for 2008 to Reliability*First* on October 22, 2010. On January 25, 2011, Detroit Edison reported that it incorrectly stated the number of implicated Protection System devices for 2008. Detroit Edison initially reported missing maintenance and testing documentation for three generator batteries, but is actually missing maintenance and testing documentation for five generator batteries, thereby increasing the total number of Protection System devices implicated in 2008 from 32 to 34 Protection System devices.

The alleged violation was fully mitigated in 2009 and 2010, including testing and maintenance of the additional two batteries reported by Detroit Edison on January 25, 2011. The revision in the number of Protection System devices with missing maintenance and testing documentation did not affect the Violation Severity Level for the associate violation, which remains "Lower." Reliability*First* deems the previously assigned penalty amount to be appropriate.

Accordingly, Reliability*First* respectfully requests that NERC accept this supplemental filing and consider the information provided herein during its review of the Settlement Agreement.

Respectfully Submitted,

RELIABILITY*FIRST* CORPORATION

Theresa M. Cunniff

Theresa M. Cunniff

Associate Attorney

cc:

Timothy R. Gallagher – Reliability*First* Corporation, President & Chief Executive Officer

Robert K. Wargo – Reliability*First* Corporation, Director of Enforcement & Regulatory Affairs

L. Jason Blake – Reliability*First* Corporation, Corporate Counsel & Managing Enforcement Attorney

One Energy Plaza
Detroit, MI 48226
Tel. (313) 235-7712
Fax (313) 235-8500
drummb@dteenergy.com

DTE Energy

January 28, 2011

BY ELECTRONIC MAIL
Ms. Theresa Cunniff
Associate Attorney
Reliability*First* Corporation
320 Springside Drive, Suite 300
Akron, OH 44333-4542

Re: Amendment to The Detroit Edison Company's October 22, 2010 Violation Self-Reporting Form for PRC-005-1, R2.1

Dear Ms. Cunniff:

On October 22, 2010, The Detroit Edison Company ("Detroit Edison") submitted to Reliability*First* Corporation ("RFC") a Violation Self-Reporting Form to identify a possible violation of PRC-005-1, R2.1 ("Self-Report"). As relevant here, Detroit Edison informed RFC in the Self-Report that, in 2008, Detroit Edison had failed to document the maintenance and testing of certain batteries within their defined intervals in violation of PRC-005-1, R2.1. Detroit Edison specifically informed RFC in the Self-Report that:

> Detroit Edison has also determined through internal self assessments that, in 2008, Detroit Edison did not perform or internal records cannot confirm whether Detroit Edison performed complete inspections, testing, and maintenance on 3 batteries identified as being part of generator Protection Systems and 29 batteries identified as being part of distribution Protection Systems per the intervals required in Detroit Edison's BES equipment maintenance and testing program.

In addition, Detroit Edison informed RFC that:

> All required BES Generation Protection Systems were completed as scheduled in 2009 and are on track to complete as scheduled for 2010.
>
> All required BES Distribution Protection Systems were completed in 2009 and are scheduled to be completed in 2010 to be fully compliant with the RFC definition by June 1, 2017 - in accordance with Detroit Edison's BES Transition Plan.

On January 5, 2011, RFC and Detroit Edison entered into a Settlement Agreement Between Reliability*First* Corporation and The Detroit Edison Company ("Settlement Agreement") to resolve all outstanding issues related to RFC's findings related to Detroit Edison's alleged violation of PRC-005-1, R2.1. Detroit Edison recently became aware that its October 22, 2010 Self-Report was factually incorrect. Specifically, Detroit Edison discovered that, in 2008, it did not perform complete inspections, testing and maintenance on 5 (not 3) batteries identified as being part of generator Protection Systems at the required intervals.

Detroit Edison promptly contacted RFC to notify RFC that its Self-Report was incorrect. Detroit Edison explained to RFC that the factual errors in the Self-Report likely resulted from the fact that, at that time, multiple organizations within Detroit Edison were responsible for battery inspections and maintenance and that these organizations utilized a number of internal tools to track such matters. As a result, two batteries at Detroit Edison's Fermi II generating facility were inadvertently overlooked and were not included in the Self-Report.

At RFC's suggestion, Detroit Edison hereby amends the Self-Report to confirm that, in 2008, Detroit Edison did not perform complete inspections, testing and maintenance on 5 batteries identified as being part of generator Protection Systems at the required intervals. Detroit Edison once again confirms, as discussed in the Self-Report, that all required testing was completed in 2009 and in 2010. It is Detroit Edison's understanding from discussions with RFC that the increased number of batteries will not alter the Violation Severity Level of the relevant Detroit Edison violation. It is also Detroit Edison's understanding that, since the missed testing was fully mitigated in 2009 and 2010, no changes to the Settlement Agreement will be required. Please contact the undersigned should you have any questions or concerns related to this matter.

Respectfully,

/s/ Brian C. Drumm

Brian C. Drumm
Attorney for The Detroit Edison Company

cc: Kent Kujala, NERC Compliance Senior Manager

RELIABILITY FIRST

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing **Supplemental Filing to Settlement Agreement Between Reliability*First* Corporation and The Detroit Edison Company** was served on this 31st day of January, 2011 *via* Electronic Mail upon the following:

NERC Enforcement Group
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, New Jersey 08540

Brian Drumm
Regulatory Attorney
The Detroit Edison Company
One Energy Plaza
Detroit, Michigan 48226
drummb@dteenergy.com

Daniel Herring
Manager, NERC Compliance Distribution Operations
The Detroit Edison Company
One Energy Plaza
Detroit, Michigan 48226
herringd@dteenergy.com

Theresa M. Cunniff
Associate Attorney
Reliability*First* Corporation

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Attachment c

Detroit Edison's Certification of Mitigation Plan Completion for PRC-005-1 R2/2.1 dated December 20, 2010

RELIABILITY FIRST

Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Reliability*First* Corporation to verify completion of the Mitigation Plan. Reliability*First* 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)

Registered Entity Name: The Detroit Edison Company

NERC Registry ID:NCR00753

Date of Submittal of Certification:December 20, 2010

NERC Violation ID No(s):RFC201000663

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:December 31, 2010

Date Mitigation Plan was actually completed:December 3, 2010

Additional Comments (or List of Documents Attached):None

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:Daniel G. Herring

Title:Manager, NERC Compliance

Email:herringd@dteenergy.com

Phone:313-235-5365

Authorized Signature _____ Date 12-20-10

Please direct completed forms or any questions regarding completion of this form to the Reliability*First* Compliance e-mail address 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	Raymond J. Palmieri	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

Reliability*First*'s Verification of Mitigation Plan Completion for PRC-005-1 R2/2.1 dated May 5, 2011

In re: **THE DETROIT EDISON COMPANY**	)	**Docket No. RFC201000663**
	)	
	)	
NERC Registry ID No. NCR00753	)	NERC Reliability Standard:
	)	PRC-005-1 Requirement 2.1

VERIFICATION OF MITIGATION PLAN COMPLETION
FOR MIT-08-3193

I. RELEVANT BACKGROUND

On October 22, 2010, The Detroit Edison Company ("Detroit Edison") submitted a Self Report to Reliability*First* Corporation ("Reliability*First*") of a possible violation with NERC Reliability Standard PRC-005-1 Requirement 2.1. Specifically, Detroit Edison did not perform, or, internal records cannot confirm whether Detroit Edison identified instances where it failed to document the maintenance and testing on certain batteries within their defined intervals, in violation of PRC-005-1, R2.1. This alleged violation implicated 37 of Detroit Edison's 711 (5.2%) Protection System Devices in 2007, and 32 of Detroit Edison's 2,194 (1.4%) Protection System Devices in 2008. Detroit Edison submitted a proposed mitigation plan to Reliability*First* on December 7, 2010, whereby stating Detroit Edison had completed all mitigating actions on December 3, 2010. Reliability*First* accepted this mitigation plan, designated MIT-08-3193, on December 10, 2010, and NERC approved it on December 30, 2010.

II. MITIGATION PLAN COMPLETION REVIEW PROCESS

On December 20, 2010 Detroit Edison certified that it completed the mitigation plan for PRC-005-1 Requirement 2.1 as of December 3, 2010. Reliability*First* requested and received evidence of completion for actions taken by Detroit Edison as specified in the mitigation plan on February 9, 2011. Reliability*First* performed an in depth review of the information provided to verify that Detroit Edison successfully completed all actions specified in the mitigation plan.

A. Evidence Reviewed per Standard and Requirement.

	Evidence Reviewed	Applicable Standard and Requirement
1.	***Annual Battery Inspection Forms* – dated January 7, 2009 – December 30, 2009**	**PRC-005-1, R2.1**
2.	**Battery Inspection Process Flow – DECo., Developed/ Implemented January 2009**	**PRC-005-1, R2.1**
3.	**NERC Battery List 2009.xls – undated.**	**PRC-005-1, R2.1**
4.	**NERC Battery List.xls – undated.**	**PRC-005-1, R2.1**

B. Verification of Mitigation Plan Completion.

1. PRC-005-1 Requirement 2.1

PRC-005-1 Requirement 2.1 states:

> **R2.1.** Evidence Protection System devices were maintained and tested within the defined Intervals.

Annual Battery Inspection Forms – dated January 7, 2009 – December 30, 2009.

For the 70 battery banks identified, the above forms:

a. Provide evidence that the devices were maintained and tested within the defined intervals (R2.1.),
b. Address the stated violation, and
c. Bring The Detroit Edison Company into compliance with PRC-005-1, R2.1 as of December 30, 2009.

<u>Mitigation Plan Completion</u>

The approved Mitigation Plan included three other tasks.

Review process and implement corrective action.

(Verified by reviewing *Battery Inspection Process Flow – DECo.*, Developed/ Implemented January 2009, which made battery inspections a stand-alone program and provided single point accountability.)

Review and verify success of corrective action for 2009.
(Verified by reviewing *NERC Battery List 2009.xls* which indicated the date each Detroit Edison bulk electric system battery bank was maintained and tested in 2009 with all completed by December 30, 2009.)

Review and verify success of corrective action for 2010. All 2010 battery maintenance inspections were 100% complete.
(Verified by reviewing *NERC Battery List.xls* which indicated the date each Detroit Edison bulk electric system battery bank was maintained and tested in 2010 with all completed by December 2, 2010.)

III. CONCLUSION

Reliability*First* reviewed the evidence Detroit Edison submitted in support of its Certification of Completion. This evidence demonstrates successful completion of the mitigating activities in mitigation plan MIT-08-3193 associated with PRC-005-1, Requirement 2.1.

Reliability*First* hereby verifies that the mitigation plan associated with the alleged violation of the aforementioned NERC Reliability Standard is completed in accordance with its terms and conditions.

Accepted:

David J. Coyle
Compliance Specialist
Reliability*First* Corporation

Date: May 3, 2011

Approved:

Robert K. Wargo

Robert K. Wargo
Director, Enforcement & Regulatory Affairs
Reliability*First* Corporation

Date: May 5, 2011

Attachment e

Disposition Document

DISPOSITION OF VIOLATION[1]
Dated July 11, 2011

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
RFC201000663	**300715**	**NOC-758**

REGISTERED ENTITY	NERC REGISTRY ID
The Detroit Edison Company (Detroit Edison)	**NCR00753**

REGIONAL ENTITY
Reliability*First* Corporation (Reliability*First*)

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS (BOTTOM ROW INDICATES REGISTRATION DATE):

BA[2]	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
X	X	X	X		X		X		X					
1/6/09	**5/30/07**	**5/30/07**	**5/30/07**		**5/30/07**		**5/30/07**		**5/30/07**					

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY
Detroit Edison is a subsidiary of DTE Energy and is an investor-owned electric utility which serves most of Southeast Michigan and generates and distributes electricity to 2.1 million customers. Detroit Edison has a system capacity from coal, nuclear fuel, natural gas, hydroelectric pumped storage, and renewable sources of over 11,000 MW.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	**2**	**2.1**	**High[3]**	**Lower**

[1] For purposes of this document and attachments hereto, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.
[2] On January 6, 2009, Detroit Edison was registered as a Coordinated Functional Registration (CFR) (Formerly Type 2 Joint Registration Organization (JRO)) (JRO00001) for the Balancing Authority function. Detroit Edison retains its original JRO ID because it was established when CFR was still a JRO Type 2.
[3] PRC-005-1 R2 is assigned a Lower Violation Risk Factor (VRF) and PRC-005-1 R2.1 and R2.2 are each assigned a High VRF.

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[4] affecting the reliability of the Bulk Electric System (BES) are maintained and tested." (Footnote added.)

PRC-005-1 R2 provides in pertinent part:

> **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[5] 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.**

(Footnote added.)

VIOLATION DESCRIPTION

On October 22, 2010 Detroit Edison submitted a Self-Report to Reliability*First* identifying instances where Detroit Edison had failed to document the maintenance and testing on certain batteries within their defined intervals, in violation of PRC-005-1 R2.1. Detroit Edison reported that this violation involved 37 of Detroit Edison's 711 (5.2%) Protection System devices in 2007, and 32 of Detroit Edison's 2,194 (1.5%) Protection System devices in 2008.[6]

On January 28, 2011, Detroit Edison reported that it incorrectly stated the number of implicated Protection System devices for 2008.[7] Detroit Edison initially reported missing maintenance and testing documentation for three generator batteries, but was actually missing maintenance and testing documentation for five generator

---

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

[5] Consistent with applicable FERC precedent, the term "Regional Reliability Organization" in this context refers to Reliability*First.*

[6] In 2007, Detroit Edison had 711 Protection System devices, comprised of 82 generator battery systems; 572 generator protective relays; and 57 peaker protective relays. In 2008, Detroit Edison had 2,194 Protection System devices comprised of 82 generator batteries; 109 distribution batteries; 572 generator protective relays; 171 peaker protective relays; and 1,260 substation protective relays.

[7] *See* Attachment b to the Notice of Penalty "Supplemental Filing to the Settlement Agreement between Reliability*First* Corporation and The Detroit Edison Company" (January 31, 2011).

batteries, thereby increasing the total number of Protection System devices implicated in 2008 from 32 to 34 Protection System devices.[8]

Reliability*First* determined that Detroit Edison violated PRC-005-l R2.1 by failing to provide evidence that it maintained and tested 37 batteries in 2007 and 34 batteries in 2008.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

Reliability*First* determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because all installations have monitoring systems with alarm capabilities to alert Detroit Edison operating center personnel of any issues, including instances of low voltage. No alarms issued at any location in question during the missed interval. Detroit Edison tested the batteries at issue before and after the missed intervals and found the batteries to be functioning correctly during these tests. There were no related BPS Protection System misoperations during the timeframe of missed testing.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	☐
ADMITS TO IT **Agrees to the stipulated facts**	YES	☒
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	☐

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT	YES	☒

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

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

[8] The Settlement Agreement at PP 5 and 6, which was executed prior to Detroit Edison's discovery, identifies 32 devices that lacked maintenance and testing documentation for 2008, instead of 34. Reliability*First*'s Verification document also identifies 32 devices instead of 34.

DURATION DATE(S) **1/1/08 (the first date on which Detroit Edison failed to test a device within its defined interval) through 12/30/09 (when Detroit Edison completed testing on all of its devices within their defined intervals)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **10/22/10**

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-08-3193**
DATE SUBMITTED TO REGIONAL ENTITY	**12/7/10**
DATE ACCEPTED BY REGIONAL ENTITY	**12/10/10**
DATE APPROVED BY NERC	**12/30/10**
DATE PROVIDED TO FERC	**1/5/11**

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

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE	**Submitted as complete**
EXTENSIONS GRANTED	
ACTUAL COMPLETION DATE	**12/3/10**
DATE OF CERTIFICATION LETTER	**12/20/10**
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	**12/3/10**
DATE OF VERIFICATION LETTER	**5/5/11**
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	**12/3/10**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

Detroit Edison tested all the batteries at issue. Detroit Edison also initiated a process change in January 2009 to assign a single point of accountability for overall maintenance-related activities for batteries that are part of Protection Systems identified as having an impact on the BPS. This process streamlined

testing and maintenance activities to guard against future missed testing intervals.

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)

- ***Annual Battery Inspection Forms*** **dated January 7, 2009 through December 30, 2009 provided evidence that the identified devices were maintained and tested within the defined Protection System maintenance and testing program intervals.**
- ***Battery Inspection Process Flow – DECo.*** **developed and implemented January 2009 provided evidence that Detroit Edison made battery inspections a stand-alone program and provided single point accountability.**
- ***NERC Battery List 2009.xls*** **(undated) provided evidence of the date each Detroit Edison BPS battery bank was maintained and tested in 2009 with all completed by December 30, 2009.**
- ***NERC Battery List.xls*** **(undated) provided evidence of the date each Detroit Edison BPS battery bank was maintained and tested in 2010 with all completed by December 2, 2010.**

V. PENALTY INFORMATION

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

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

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

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

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

LIST VIOLATIONS AND STATUS
An Administrative Citation Notice of Penalty (ACP) which addressed violations for certain registered entities including a violation of VAR-002-1 R3 for Detroit Edison (NOC-824) was filed with FERC under NP11-162-000 on March 31, 2011. On April 29, 2011, FERC issued an order stating it would not engage in further review of the violations addressed in the ACP.

ADDITIONAL COMMENTS
On October 14, 2009, NERC submitted an Omnibus filing under NP10-2-000 which addressed violations for certain registered entities including violations of FAC-008-1 R1 and FAC-009-1 R1 for DTE East China, LLC, an affiliate of Detroit Edison in the Reliability*First* region. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

A Settlement Agreement covering a violation of INT-004-2 R2.2 (NOC-576) for DTE Energy Trading, Inc., an affiliate of Detroit Edison in the SERC Reliability Corporation region was filed with FERC under NP10-153-000 on July 30, 2010. On August 27, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

Reliability*First* determined that these prior violations should not serve as a basis for aggravating the penalty because they involved standards that are not the same or similar to the instant standard. Moreover, there was nothing in the record to suggest that broader corporate issues were implicated.

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

FULL COOPERATION YES ☒ NO ☐
IF NO, EXPLAIN

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES ☒ NO ☐ UNDETERMINED ☐
EXPLAIN
Reliability*First* favorably considered certain aspects of Detroit Edison's compliance program, in effect at the time of the violation, as mitigating factors. Detroit Edison's compliance program is widely disseminated within the company. The program demonstrates senior management's active involvement in compliance efforts, including monthly governance meetings. The internal compliance program is audited and includes self-assessment and self-enforcement of internal controls.

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

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

YES ☐ NO ☒
IF YES, EXPLAIN

(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
Detroit Edison's Self-Report for PRC-005-1 R2/2.1 dated October 22, 2010

MITIGATION PLAN
Detroit Edison's Mitigation Plan MIT-08-3193 for PRC-005-1 R2/2.1 submitted December 7, 2010

CERTIFICATION BY REGISTERED ENTITY
Detroit Edison's Certification of Mitigation Plan Completion for PRC-005-1 R2/2.1 dated December 20, 2010

VERIFICATION BY REGIONAL ENTITY
Reliability*First*'s Verification of Mitigation Plan Completion for PRC-005-1 R2/2.1 dated May 5, 2011

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED
DATE: OR N/A ☒

SETTLEMENT REQUEST DATE
DATE: **12/15/10** OR N/A ☐

NOTICE OF CONFIRMED VIOLATION ISSUED
DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION
DATE(S) **1/31/2011** OR N/A ☐

REGISTERED ENTITY RESPONSE CONTESTED
FINDINGS ☐ PENALTY ☐ BOTH ☐ DID NOT CONTEST ☒

HEARING REQUESTED
YES ☐ NO ☒
DATE
OUTCOME
APPEAL REQUESTED

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

The Detroit Edison Company Docket No. NP11-___-000

NOTICE OF FILING
July 28, 2011

Take notice that on July 28, 2011, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding The Detroit Edison Company in the Reliability*First* Corporation region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at http://www.ferc.gov. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at http://www.ferc.gov, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary