



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

May 26, 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 Allegheny Energy Supply Company, LLC [GO, GOP],
FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Allegheny Energy Supply Company, LLC [GO, GOP] (AE Supply), with information and details regarding the nature and resolution of the violations¹ discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Document (Attachment f), 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 ReliabilityFirst Corporation (ReliabilityFirst) and AE Supply have entered into a Settlement Agreement to resolve all outstanding issues arising from ReliabilityFirst's determination and findings of two violations of PRC-005-1 Requirement (R) 2.1. According to the Settlement Agreement, AE Supply neither admits nor denies the violations, but has agreed to the assessed penalty of twenty thousand dollars (\$20,000), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers

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).

RFC200900181 and RFC201000434 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on January 27, 2011, by and between ReliabilityFirst and AE Supply. 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 ³	Duration ⁴	Total Penalty (\$)
NOC-780	RFC200900181	PRC-005-1	2.1	High	6/18/07 – 3/31/10	20,000
	RFC201000434	PRC-005-1	2.1	High	6/18/07 – 3/31/10	

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

PRC-005-1 R2.1 (RFC200900181) - OVERVIEW

As a result of a Self-Certification submitted on September 30, 2009 (Self-Certification), ReliabilityFirst determined that AE Supply, as a Generator Owner (GO), did not perform maintenance or testing at AE Supply’s AE12-13 and Buchanan 1-2 facilities within the defined intervals of AE Supply’s Battery Inspection and Testing Program (Program) for 6 of AE Supply’s 31 (19.4%) station batteries.

PRC-005-1 R2.1 (RFC201000434) - OVERVIEW

After reviewing a follow up to the Self-Certification submitted by AE Supply on August 19, 2010, ReliabilityFirst determined that AE Supply, as a GO, did not perform maintenance or testing at AE Supply’s AE 1-2, AE 3-4-5, AE 8-9, Armstrong, Harrison, Hatfield, Lake Lynn, Mitchell, and Pleasants facilities within the defined intervals of its Program for 25 of AE Supply’s 31 (80.6%) station batteries.

³ 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 violations relate to R2.1, and therefore a “High” VRF is appropriate.

⁴ The Settlement Agreement states that the duration was June 18, 2007 through March 28, 2010, the date AE Supply completed all deficient battery testing.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁵

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,⁶ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on May 9, 2011. The NERC BOTCC approved the Settlement Agreement, including ReliabilityFirst's assessment of a twenty thousand dollar (\$20,000) financial penalty against AE Supply 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 violations at issue.

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

1. RFC200900181 was AE Supply's first violation of the subject NERC Reliability Standard and RFC201000434 was AE Supply's second violation of the same Standard and requirement, which ReliabilityFirst considered an aggravating factor;
2. Allegheny Power [DP, LSE, TO], a subsidiary of Allegheny Energy and affiliate of AE Supply, had two prior violations of PRC-005-1 R2.1, which ReliabilityFirst considered an aggravating factor, as discussed in the Disposition Document;
3. Monongahela Power Company, a subsidiary of Allegheny Energy and affiliate of AE Supply, had a prior violation of PRC-005-1 R2.1, which ReliabilityFirst considered an aggravating factor, as discussed in the Disposition Document;⁷
4. ReliabilityFirst reported that AE Supply was cooperative throughout the compliance enforcement process;
5. AE Supply had a compliance program at the time of the violation which ReliabilityFirst considered a mitigating factor, as discussed in the Disposition Document;
6. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
7. ReliabilityFirst determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Document; and
8. ReliabilityFirst reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

⁵ See 18 C.F.R. § 39.7(d)(4).

⁶ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

⁷ Other violations for AE Supply's affiliates, which were not considered aggravating factors, are identified and addressed in the Disposition Document.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of twenty thousand dollars (\$20,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30 day period following the filing of this NOP with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Attachments to be included as Part of this Notice of Penalty

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

- a) Settlement Agreement by and between ReliabilityFirst and AE Supply executed January 27, 2011, included as Attachment a;
 - i. AE Supply's Mitigation Plan MIT-08-2333 for RFC200900181 dated January 20, 2010, included as Attachment A to the Settlement Agreement;
 - ii. AE Supply's Certification of Mitigation Plan Completion for RFC200900181 dated March 31, 2010, included as Attachment B to the Settlement Agreement;
 - iii. ReliabilityFirst's Verification of Mitigation Plan Completion for RFC200900181 dated June 1, 2010, included as Attachment C to the Settlement Agreement; and
 - iv. AE Supply's Mitigation Plan MIT-07-3023 for RFC201000434 dated September 30, 2010, included as Attachment D to the Settlement Agreement.
- b) AE Supply's Self-Certification for RFC200900181 dated September 30, 2009, included as Attachment b;
- c) ReliabilityFirst's Summary of Violation for RFC201000434, included as Attachment c;
- d) AE Supply's Certification of Mitigation Plan Completion for RFC201000434 dated February 22, 2011, included as Attachment d;
- e) ReliabilityFirst's Verification of Mitigation Plan Completion for RFC201000434 dated May 23, 2011, included as Attachment e; and
- f) Disposition Document, included as Attachment f.

A Form of Notice Suitable for Publication⁸

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

⁸ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

Notices and communications with respect to this filing may be addressed to the following:

<p>Gerald W. Cauley President and Chief Executive Officer David N. Cook* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>Dan McIntire* Vice President, Generation Operations Allegheny Energy Supply Company, L.L.C. 800 Cabin Hill Drive Greensburg, Pennsylvania 15601 (724) 838-6788 (724) 853-4210– facsimile dmcint5@alleghenyenergy.com</p> <p>Robert Loy* Sr. Consultant, Performance & Compliance Allegheny Energy Supply Company, L.L.C. 800 Cabin Hill Drive Greensburg, Pennsylvania 15601 (724) 830-5446 (724) 830-5804– facsimile rloy@alleghenyenergy.com</p> <p>Randall Palmer* Assistant General Counsel Allegheny Energy Supply Company, L.L.C. 800 Cabin Hill Drive Greensburg, Pennsylvania 15601 (724) 838-6894 rpalmer@alleghenyenergy.com</p>	<p>Rebecca J. Michael* Associate General Counsel for Corporate and Regulatory Matters 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>Robert K. Wargo* Director of Enforcement and Regulatory Affairs ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 bob.wargo@rfirst.org</p> <p>L. Jason Blake* Managing Enforcement Attorney ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 jason.blake@rfirst.org</p> <p>Megan E. Gambrel* Associate Attorney 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 megan.gambrel@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
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

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

cc: Allegheny Energy Supply Company, LLC [GO, GOP]
ReliabilityFirst Corporation

Attachments

Attachment a

**Settlement Agreement by and between
ReliabilityFirst and AE Supply executed January
27, 2011**



<i>In re:</i> ALLEGHENY ENERGY SUPPLY)	Docket Nos. RFC200900181; and
COMPANY, LLC)	RFC201000434
NERC Registry ID No. NCR02600)	NERC Reliability Standard:
	PRC-005-1, Requirement 2.1

**SETTLEMENT AGREEMENT
BETWEEN
RELIABILITYFIRST CORPORATION
AND
ALLEGHENY ENERGY SUPPLY COMPANY, LLC**

I. INTRODUCTION

1. ReliabilityFirst Corporation (“ReliabilityFirst”) and Allegheny Energy Supply Company, LLC (“AE Supply”) enter into this Settlement Agreement (“Agreement”) to resolve alleged violations by AE Supply of the NERC Reliability Standard PRC-005-1, R2.1.

II. STIPULATION OF FACTS

2. AE Supply and ReliabilityFirst agree and stipulate to this Agreement in its entirety. The facts stipulated herein are stipulated solely for the purpose of resolving between AE Supply and ReliabilityFirst the subject matter of this Agreement and do not constitute admissions or stipulations for any other purpose. AE Supply neither admits nor denies that the facts set forth and agreed to by the parties for the purposes of this Agreement constitute violations of PRC-005-1, R2.1.

A. Background.

3. AE Supply is a wholly-owned subsidiary of Allegheny Energy, Inc. (“Allegheny Energy”), a public utility holding company with more than 4,000 employees. Allegheny Energy, through its direct and indirect subsidiaries, owns and operates 21 power plants with a generating capacity of approximately 9,700 megawatts, and transmission and distribution systems that serve over 1.5 million retail and wholesale customers in Pennsylvania, West Virginia, Maryland and Virginia.

4. ReliabilityFirst confirmed that AE Supply is registered on the NERC Compliance Registry as a Generator Owner and Generator Operator in the ReliabilityFirst region with the NERC Registry Identification Number NCR02600. Therefore, AE Supply is subject to compliance with NERC Reliability Standard PRC-005-1, R2.1.

B. Alleged Violations of PRC-005-1, R2.1 – RFC200900181 and RFC201000434.

5. PRC-005-1, R2.1 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.

6. On September 30, 2009, AE Supply self-certified noncompliant to PRC-005-1, R2, for its failure to complete annual testing on station batteries at two of its facilities (AE 12-13 and Buchanan 1-2) in violation of AE Supply's Battery Inspection and Testing Program ("Program"). The Program requires AE Supply to complete monthly, quarterly, yearly, and five-year testing on all station batteries at all of its facilities. ReliabilityFirst assigned this alleged violation to Docket No. RFC200900181 and, on January 20, 2010, AE Supply submitted a mitigation plan to address the missed testing at the two facilities. AE Supply did not include its nine other facilities within the scope of the mitigation plan because at the time of submittal, AE Supply was unaware of any compliance issues at those facilities. ReliabilityFirst approved this mitigation plan because it remedied and should prevent reoccurrence of AE Supply's self-certified noncompliance with PRC-005-1, R2 at the two reported facilities.
7. On February 25, 2010, ReliabilityFirst Enforcement issued a request for information to AE Supply inquiring into the status of AE Supply's testing at its other facilities. On August 19, 2010, AE Supply responded that it failed to complete certain annual, quarterly, and monthly battery inspections within the Program's defined intervals at its nine remaining facilities (AE 1-2, AE 3-4-5, AE 8-9, Armstrong, Harrison, Hatfield, Lake Lynn, Mitchell, and Pleasants).
8. Since AE Supply's mitigation plan for RFC200900181 only addressed the testing deficiencies at the AE 12-13 and Buchanan facilities and AE Supply certified completion of this mitigation plan prior to disclosing the deficiencies at the remaining nine facilities, ReliabilityFirst concluded that the deficiencies at the

nine additional facilities constituted a second alleged violation. ReliabilityFirst assigned the second alleged violation to Docket No. RFC201000434.

9. For the 11 total facilities at issue, AE Supply missed 288 out of 606 testing intervals, or 47.5% of the required testing intervals.
10. ReliabilityFirst alleges that AE Supply violated PRC-005-1, R2.1 by failing to maintain and test protection system devices within the defined intervals of its Program.

III. RISK CONSIDERATIONS AND COMPLIANCE CULTURE

A. Risk Considerations for PRC-005-1, R2.1 – RFC200900181 and RFC201000434.

11. PRC-005-1, R2.1 has a Violation Risk Factor (“VRF”) of “High,” consistent with the VRF Matrix promulgated by NERC. The duration of the alleged violations was from June 18, 2007 to March 28, 2010, the date AE Supply completed all deficient battery testing.
12. The alleged violations did not pose a substantial risk to the BES because all missed batteries functioned properly upon testing prior to and after the missed test intervals, with no electrical or electrolyte issues noted and were considered operable during the time period of the alleged violation. Additionally, even if the missed batteries were not proven to function properly during the missed intervals, which they did, all missed batteries were equipped with multiple real time monitoring and alarm systems during the missed intervals. These monitoring and alarm systems would have immediately notified facility operators of low voltage conditions, electrical grounds, trouble with the battery chargers, or if any battery became inoperable.

B. Allegheny Energy’s Culture of Compliance.

13. ReliabilityFirst commends certain aspects of Allegheny Energy’s compliance program. Allegheny Energy has a documented internal compliance program, which establishes the goals, structure, responsibilities, and processes for achieving full compliance with NERC and ReliabilityFirst Reliability Standards. Allegheny Energy distributes its compliance program on the internal Allegheny Energy website. Allegheny Energy holds internal review sessions with “Standard Owners” of each applicable Reliability Standard, to communicate any changes in the compliance program. These sessions are also intended to reinforce the corporate commitment to compliance, instill an awareness of current compliance requirements, and provide support and guidance to meet and exceed compliance requirements.
14. Allegheny Energy’s Corporate Compliance Officer is in the senior level of corporate management, and has independent access to the CEO and Board of Directors. Allegheny Energy continually reviews its compliance program, and

conducts training, as required, to introduce new compliance requirements or to reinforce existing requirements. Allegheny Energy's corporate auditing department conducts an internal review of 50% of all applicable standards on a biennial schedule.

15. When assessing the penalty for the alleged violations in this Agreement, ReliabilityFirst considered whether there was any (a) repeated or continuing conduct similar to that underlying the 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. ReliabilityFirst concluded that Docket No. RFC201000434 constitutes a repetitive infraction because it is the result of the scope of AE Supply's mitigation plan for RFC200900181 being limited to the two facilities where the self-certified testing deficiencies occurred, and not including AE Supply's remaining nine facilities. This resulted in an increased monetary penalty amount, as did AE Supply's affiliate entities' alleged prior violations of this same Standard and Requirement. These alleged affiliate violations include Allegheny Power's alleged violation of PRC-005-1, R2.1 at Docket Nos. RFC200900156 and RFC201000237; and Monongahela Power's alleged violation of PRC-005-1, R2.1 at Docket No. RFC200900194. However, ReliabilityFirst is aware of no evidence that demonstrates the involvement of the entire Allegheny Energy Inc. holding company system or other affiliates in Docket Nos. RFC200900181 and RFC201000434.

IV. MITIGATING ACTIONS, REMEDIES, AND SANCTIONS

A. Mitigating Actions for PRC-005-1, R2.1 – RFC200900181.

16. On January 20, 2010, AE Supply submitted to ReliabilityFirst a mitigation plan for RFC200900181 to address the testing deficiencies at the AE 12-13 and Buchanan facilities set forth in this agreement. *See*, NERC Mitigation Plan ID # MIT-08-2333 (attached as **Attachment a**). ReliabilityFirst accepted this mitigation plan on February 9, 2010, and submitted this accepted mitigation plan to NERC for approval. NERC approved this mitigation plan on February 22, 2010 and, on this same date, submitted this mitigation plan to the Federal Energy Regulatory Commission (the "Commission") as confidential, non-public information.
17. On March 31, 2010, AE Supply submitted to ReliabilityFirst a certification of completion of this mitigation plan, which stated that this mitigation plan was completed as of March 31, 2010. *See*, Certification of Mitigation Plan Completion (attached as **Attachment b**).
18. In this mitigation plan, AE Supply outlined actions necessary to mitigate the alleged violation. AE Supply elevated predictive maintenance work orders for

battery testing to a high priority status in the AE Supply work management system. AE Supply included “NERC” in the title of each maintenance work order to elevate the testing to a high priority status, and committed to monitor these predictive maintenance work orders on a monthly basis to ensure that they are completed within the defined battery testing intervals. To emphasize the importance of battery testing, AE Supply gave a PRC-005-1 PowerPoint presentation to its plant managers. After this presentation, all plant managers signed an acknowledgement statement, indicating that they understood the importance of the timely completion of battery maintenance and testing.

19. ReliabilityFirst reviewed the evidence AE Supply submitted in support of its certification of completion of the Mitigation Plan. On June 1, 2010, ReliabilityFirst verified that AE Supply completed the Mitigation Plan in accordance with its terms. *See*, Summary and Review of Mitigation Plan Completion, (**attached as Attachment c**).

B. Mitigating Actions for PRC-005-1, R2.1 – RFC201000434.

20. On September 30, 2010, AE Supply submitted to ReliabilityFirst a mitigation plan for RFC201000434 to address the testing deficiencies at the AE 1-2, AE 3-4-5, AE 8-9, Armstrong, Harrison, Hatfield, Lake Lynn, Mitchell, and Pleasants facilities. *See*, Mitigation Plan for RFC201000434, (attached as **Attachment d**). ReliabilityFirst accepted this mitigation plan on October 26, 2010, and submitted this accepted mitigation plan to NERC for approval on October 29, 2010.
21. Pursuant to Section 6.6 of the ReliabilityFirst CMEP, AE Supply is required to certify completion of this mitigation plan and provide evidence of completion to ReliabilityFirst. ReliabilityFirst will verify AE Supply’s completion of this mitigation plan and promptly report its successful completion to NERC.

C. Monetary Penalty.

22. Based upon the foregoing, AE Supply shall pay a monetary penalty of \$20,000 to ReliabilityFirst.
23. ReliabilityFirst shall present an invoice to AE Supply within 20 days after the Agreement is approved by the Commission or affirmed by operation of law. Upon receipt, AE Supply shall have 30 days to remit payment. ReliabilityFirst will notify NERC if it does not timely receive the payment from AE Supply.
24. If AE Supply fails to timely remit the monetary penalty payment to ReliabilityFirst, 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 ReliabilityFirst to AE Supply for the monetary penalty payment or (b) the 51st day after the Agreement is approved by the Commission or operation of law.

25. AE Supply's failure to timely remit the penalty payment may subject AE Supply at ReliabilityFirst's discretion, to new or additional enforcement, penalty, or sanction actions in accordance with the NERC Rules of Procedure. AE Supply shall retain all rights to defend against such additional actions in accordance with the NERC Rules of Procedure.

V. ADDITIONAL TERMS

26. ReliabilityFirst and AE Supply agree that this Agreement is in the best interest of Bulk Electric System reliability.
27. The terms and conditions of the Agreement are consistent with the regulations and orders of the Commission and the NERC Rules of Procedure.
28. ReliabilityFirst shall report the terms of all settlements of compliance matters to NERC. NERC will review the Agreement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under similar circumstances. Based on this review, NERC will either approve or reject this Agreement. If NERC rejects the Agreement, NERC will provide specific written reasons for such rejection and ReliabilityFirst will attempt to negotiate with AE Supply 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.
29. 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.
30. AE Supply agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and binds AE Supply to perform the actions enumerated herein. AE Supply expressly waives its right to any hearing or appeal concerning any matter set forth herein, unless and only to the extent that AE Supply contends that any NERC or Commission action constitutes a material modification to this Agreement.
31. ReliabilityFirst reserves all rights to initiate enforcement actions against AE Supply in accordance with the NERC Rules of Procedure in the event that AE Supply 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 AE Supply fails to comply with any of the terms or conditions of this Agreement, ReliabilityFirst may initiate an action or actions against AE Supply to the maximum extent allowed by the NERC Rules of

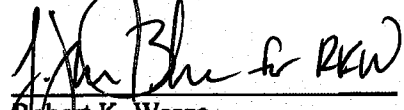
Procedure, including, but not limited to, the imposition of the maximum statutorily allowed monetary penalty. AE Supply will retain all rights to defend against such action or actions in accordance with the NERC Rules of Procedure.

32. AE Supply consents to ReliabilityFirst's future use of conclusions, determinations, and findings set forth in this Agreement for the purpose of assessing the factors within the NERC Sanction Guidelines and applicable Commission orders and policy statements, including, but not limited to, the factor evaluating AE Supply'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 AE Supply 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 AE Supply consent to the use of this Agreement by any other party in any other action or proceeding.
33. AE Supply affirms that all of the matters set forth in this Agreement are true and correct to the best of its knowledge, information, and belief, and that it understands that ReliabilityFirst enters into this Agreement in express reliance on the representations contained herein, as well as any other representations or information provided by AE Supply to ReliabilityFirst during any AE Supply interaction with ReliabilityFirst relating to the subject matter of this Agreement.
34. 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.
35. The signatories to this Agreement agree that they enter into this Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer, or promise of any kind by any member, employee, officer, director, agent, or representative of ReliabilityFirst or AE Supply has been made to induce the signatories or any other party to enter into this Agreement.
36. The Agreement may be signed in counterparts.
37. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

[SIGNATURE PAGE TO FOLLOW]

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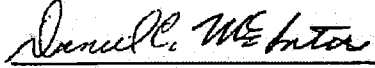
Agreed to and accepted:



Robert K. Wargo
Director of Enforcement & Regulatory Affairs
ReliabilityFirst Corporation

1-26-11

Date

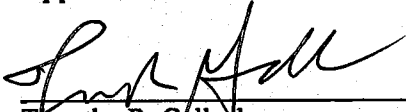


Daniel C. McIntire
Vice President, Allegheny Energy, Inc., for
Allegheny Energy Supply Company, LLC

January 24, 2011

Date

Approved:



Timothy R. Gallagher
President & Chief Executive Officer
ReliabilityFirst Corporation

1/27/11

Date

Attachment a

Mitigation Plan (MIT-08-2333)

Submitted January 20, 2010



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: January 20, 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: Allegheny Energy Supply Company, LLC

Company Address: 800 Cabin Hill Drive
Greensburg, PA, 15601

NERC Compliance Registry ID: NCR02600

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

Name: Robert Loy

Title: Senior Consultant, Generation
Business Support

Email: rloy@alleghenyenergy.com

Phone: 724-830-5446



**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)
RFC200900181	PRC-005-1	R 2.1	High	9-30-09	Self-Certification Statement

(*) 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.

The Allegheny Energy Supply Company, LLC’s Battery Inspection and Testing Program requires that Combustion Turbine generating facilities complete battery testing on an annual basis. Two Combustion Turbine facilities (AE 12-13, Buchanan 1-2) did not complete battery testing per the required intervals during the self-reporting period (8-1-08 thru 9-30-09).

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

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

Battery tests for the Combustion Turbine facilities have been performed for the 3rd quarter of 2009 and showed that all battery systems were in good working order. The Combustion Turbine facilities are peaking units



with a 44 MW capacity for each unit. During self-reporting period, the combined Net Capacity Factor for these units was 6%.

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.

Predictive maintenance work orders for battery testing have been elevated to a high priority status in the Allegheny Energy Supply Company, LLC work management system. A member of the Allegheny Energy NERC Compliance Team will monitor these predictive maintenance work orders to ensure that they are completed within the defined battery testing intervals.

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.

2-28-10

- 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)
Elevate predictive maintenance work orders to high priority	2-28-10
Establish monitoring control	2-28-10
Written conformation from Plant Managers that they understand the importance of battery testing per PRC-005-1	2-28-10



(*) 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.

(i) There are minimal risks or impacts to the BPS during the implementation of this mitigation plan. Battery tests for the Combustion Turbine facilities have been performed for the 3rd quarter of 2009 and all batteries were found to be in good working order.

(ii) A member of the Allegheny Energy NERC Compliance Team will monitor the completion of battery tests prior to and during the implementation of the mitigation plan.

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 mitigation plan will establish a control that will ensure that battery testing for all Allegheny Energy Supply Company, LLC generation facilities is completed per the defined intervals. The control will proactively identify potential non-compliance issues before they occur, allowing appropriate actions to be taken to prevent a violation.



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 Compliance Officer-Primary of Allegheny Energy Supply Company, LLC (NCR02600).
 2. I am qualified to sign this Mitigation Plan on behalf of Allegheny Energy Supply Company, LLC.
 3. I have read and am familiar with the contents of this Mitigation Plan.
 4. Allegheny Energy Supply Company, LLC agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature

Daniel C. McIntire

Name (Print):

Daniel C. McIntire

Title:

Vice President, Generation Operations

Date:

Jan 20, 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.

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 CMEP¹ 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

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 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.

RELIABILITY FIRST

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 31, 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)

Registered Entity Name: Allegheny Energy Supply, LLC

NERC Registry ID:NCR02600

Date of Submittal of Certification:3-31-10

NERC Violation ID No(s):RFC200900181

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:3-31-10

Date Mitigation Plan was actually completed:3-31-10

Additional Comments (or List of Documents Attached):See attachments

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 C. McIntire

Title:Vice President, Generation Operations

Email:dmcint5@alleghenyenergy.com

Phone:724-838-6788

Authorized Signature

Date 3/31/10



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	<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 June 01, 2010

June 1, 2010

Summary and Review of Evidence of Mitigation Plan Completion

NERC Violation ID #:	RFC200900181
NERC Plan ID:	MIT-08-2333
Registered Entity;	Allegheny Energy Supply Company
NERC Registry ID:	NCR02600
Standard:	PRC-005-1
Requirement:	2
Status:	Compliant

Allegheny Energy Supply Company submitted a Compliance Certification Statement of noncompliance with NERC Reliability Standard PRC-005-1, Requirement 2, on September 30, 2009. Specifically, the Allegheny Energy Supply Company's Battery Inspection and Testing Program required that Combustion Turbine generating facilities complete battery testing on an annual basis. The AE 12-13 and Buchanan generating facilities did not complete battery testing per the required intervals. Allegheny Energy Supply Company submitted a Proposed Mitigation Plan to ReliabilityFirst on January 20, 2010, whereby stating Allegheny Energy Supply Company would complete all mitigating actions on February 28, 2010. Subsequently, on February 24, 2010, Allegheny Energy Supply Company submitted a request for an extension for completion of the Mitigation Plan until March 31, 2010, to ensure the predictive maintenance work orders and monitoring control would work properly. The extension request was approved by ReliabilityFirst on March 10, 2010. This Mitigation Plan, designated MIT-08-2333, was accepted by ReliabilityFirst on February 9, 2010, and approved by NERC on February 22, 2010.

Review Process:

On March 31, 2010, Allegheny Energy Supply Company certified that Mitigation Plan for PRC-005-1, Requirement 2 was completed as of March 31, 2010. ReliabilityFirst requested, and received evidence of completion for actions taken by Allegheny Energy Supply Company 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 were successfully completed.

PRC-005-1, Requirement 2 states: "Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

- R2.1.** Evidence Protection System devices were maintained and tested within the defined intervals.
- R2.2.** Date each Protection System device was last tested/maintained.

Evidence Submitted:

The Mitigation Plan tasks to correct this violation are:

1. Predictive maintenance work orders for battery testing will be elevated to a high priority status in the Allegheny Energy Supply Company, LLC work management system.

For this task, each Allegheny Energy Supply, LLC generating station has established predictive maintenance work orders for battery testing required by PRC-005-1. To elevate the testing to a high priority status, each work order includes NERC in the title. Allegheny Energy Supply, LLC submitted a sample of a NERC battery testing predictive maintenance work order "PM Work Order Sample".

2. A member of the Allegheny Energy NERC Compliance Team will monitor these predictive maintenance work orders to ensure that they are completed within the defined battery testing intervals.

For this task, each Allegheny Energy Supply, LLC states that the predictive maintenance work orders will be monitored on a monthly basis to ensure that they are completed per the required defined interval. A screenshot of a sample of the monthly monitoring report was submitted identifying the batteries to be tested, the planned start date for testing, and the work order number issued for the current testing activity. A screenshot of a notification sheet was submitted where verification and documentation of completion of the required testing is to be done.

To emphasize the importance of battery testing with regards to Reliability Standard PRC-0051-, Allegheny Energy Supply, LLC gave a PRC-005-1 Power Point presentation to their plant managers after which they signed an acknowledgement statement that they understand the importance of timely completion of the maintenance and testing of their batteries.

Requirement 2.1:

Allegheny Energy Supply, LLC Mitigation Plan stated AE 12-13 and Buchanan generating facilities did not complete battery testing per the required intervals during the self-reporting period (August 1, 2008 thru September 30, 2009).

Allegheny Energy Supply, LLC submitted "NERC Battery Inspection Program_3-24-10.pdf" used for Monongahela Power Co. and Allegheny Energy Supply stations which stated the inspection frequency was quarterly and annually unless otherwise recommended by the batteries OEM.

Summary and Review of Mitigation Plan Completion

Allegheny Energy Supply Company

June 1, 2010

Page 3 of 4

Allegheny Energy Supply, LLC submitted battery test reports for the first and second quarter of 2010 for AE 12-13, and 2009 for Buchanan and an e-mail to ReliabilityFirst, dated May 27, 2010, stating Buchanan batteries inspection period was annually based on OEM recommendations.

The test reports identify dates of battery maintenance and testing for AE 12-13 and Buchanan batteries, which supports that Allegheny Energy Supply, LLC battery testing for AE 12-13 and Buchanan are currently being tested within the defined intervals in accordance with their battery maintenance and testing program.

Submitted battery test reports:

AE 12-13 125V Batt Insp Rpt 01-25-10.pdf – (Actual Test date January 14, 2010)
AE 12-13 125V Batteries 05-14-10 .pdf

BUC 1&2 Batt Insp Rpt 09-30-09 .pdf (Considered to be the inspection following having found the scheduled maintenance was not performed in accordance with their maintenance and testing program.)
Buchanan Batteries 12-10-09.pdf (Considered to be the annual 2009 inspection)

Requirement 2.2:

Allegheny Energy Supply, LLC submitted battery test reports for the first and second quarter of 2010 for AE 12-13 and 2009 for Buchanan, which identifies the date of battery maintenance and testing for AE 12-13 and Buchanan batteries.

Submitted battery test reports:

AE 12-13 125V Batt Insp Rpt 01-25-10.pdf – (Actual Test date January 14, 2010)
AE 12-13 125V Batteries 05-14-10 .pdf

BUC 1&2 Batt Insp Rpt 09-30-09 .pdf
Buchanan Batteries 12-10-09.pdf (Considered to be the annual 2009 inspection)

Review Results:

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

Summary and Review of Mitigation Plan Completion
Allegheny Energy Supply Company
June 1, 2010
Page 4 of 4

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 d

Mitigation Plan for RFC201000434

Dated June 01, 2010



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 9-30-10

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 X 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: Allegheny Energy Supply Company, LLC

Company Address: 800 Cabin Hill Drive
Greensburg, PA, 15601

NERC Compliance Registry ID: NCR02600

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

Name: Robert Loy

Title: Senior Consultant, Generation Business Support

Email: rloy@alleghenyenergy.com

Phone: 724-830-5446



**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)
RFC201000434	PRC-005-1	R 2.1	High	6-18-07	Questionnaire in response to Self-Certification Statement

(*) 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.

The Allegheny Energy Supply Company, LLC’s Battery Inspection and Testing Program requires that generating facilities complete battery testing per defined intervals. 9 generating facilities did not complete 48% of the required battery tests per the defined intervals during the period 7-1-07 through 12-31-09. The number of battery systems included in the missed tests were 25. The 9 generating facilities are as follows:

- AE 1-2 Hatfield**
- AE 8-9 Lake Lynn**
- AE 3-4-5 Mitchell**
- Armstrong Pleasants**
- Harrison**

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



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

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.

Allegheny Energy Supply, LLC became compliant by performing and documenting the required battery tests in the first quarter of 2010. Real time monitoring and alarm systems, that notify the station operators of low voltage conditions, electrical grounds, or other trouble with the battery chargers and/or system components, indicated that all battery systems were in good working order as of December 31, 2009.

Predictive maintenance work orders for battery testing have been elevated to a high priority status in the Allegheny Energy Supply Company, LLC work management system.

A control has been developed to ensure that a member of the Allegheny Energy NERC Compliance Team monitors these predictive maintenance work orders to validate that they are completed within the defined battery testing intervals.

Plant Management signed an acknowledgement of their understanding of the importance and significance of battery testing per PRC-005-1.

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,

RELIABILITY FIRST

and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

Allegheny Energy Supply, LLC became compliant by performing and documenting the required battery tests in the first quarter of 2010. The mitigation plan was completed on 3-31-10

- 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)
Elevate predictive maintenance work orders to high priority	3-31-10 Actual
Establish monitoring control	3-31-10 Actual
Written conformation from Plant Managers that they understand the importance of battery testing per PRC-005-1	3-31-10 Actual

(*) 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.

- (i) **There were minimal risks or impacts to the BPS during the implementation of this mitigation plan. Each power station has multiple real time monitoring and alarm systems that will notify the station operators of low voltage conditions, electrical grounds, or other trouble with the battery chargers and/or system components. While the battery inspections collect certain specific data about the batteries, any failure of the batteries or system components would result in immediate notification to plant staff for correction. As such, the risk to the BPS from the missed battery inspections is very small. Also, battery tests for the generation facilities have been performed for all quarters to-date in 2010, and all batteries were found to be in good working order. Allegheny Energy Supply, LLC is now in compliance and no additional risks exist.**

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 mitigation plan has established a control that will ensure that battery testing for all Allegheny Energy Supply Company, LLC generation facilities is completed per the defined intervals. The control proactively identifies potential non-compliance issues before they occur, allowing appropriate actions to be taken to prevent a violation.



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 Compliance Officer-Primary of Allegheny Energy Supply Company, LLC (NCR02600).
 2. I am qualified to sign this Mitigation Plan on behalf of Allegheny Energy Supply Company, LLC.
 3. I have read and am familiar with the contents of this Mitigation Plan.
 4. Allegheny Energy Supply Company, LLC agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature

Daniel C. McIntire

Name (Print):

Daniel C. McIntire

Title:

Vice President, Generation Operations

Date:

Sept 29, 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.

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 CMEP¹ 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

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 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 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.

RELIABILITY FIRST

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

**AE Supply's Self-Certification for RFC200900181
dated September 30, 2009**

Logged in as:

Robert Loy[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*** [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. 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 **Allegheny Energy Supply Company, L.L.C. [GO, GOP]**, I certify the following:

- 1. **Allegheny Energy Supply Company, L.L.C. [GO, GOP]** was in Compliance with the NERC Reliability Standard PRC-005-1 for the entire Reporting Period.
- 2. **Allegheny Energy Supply Company, L.L.C. [GO, GOP]** 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.
 - Allegheny Energy Supply Company, L.L.C. [GO, GOP]** is indicating a possible violation that has **not** been previously identified to ReliabilityFirst.
 - Allegheny Energy Supply Company, L.L.C. [GO, GOP]** is indicating a possible violation that was previously identified to ReliabilityFirst. Provide issues tracking number, if known.

Check all requirements for which Allegheny Energy Supply Company, L.L.C. [GO, GOP] was Not in Compliance for a portion of or the entire Reporting Period:

- 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:
 - R1.1.** Maintenance and testing intervals and their basis.
 - R1.2.** Summary of maintenance and testing procedures.
- R2.** Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.

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

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

Cumbustion Turbine facilities (4) did not complete battery testing in 2008. OEM recommendation is annually. Battery tests were performed in 2009.

Violation Severity Level

VSL - Lower

Enter date of alleged violation

12/31/2008

Enter time of alleged violation

hh:mm:ss

3. The NERC Reliability Standard PRC-005-1 **does not** apply to **Allegheny Energy Supply Company, L.L.C. [GO, GOP]** because

Additional Comments:

[Return to top](#)

Ready to Create Certification Statement

 Save Item |  Delete Item |  Cancel Changes |  Save PDF | [Return To Search Results](#)

Attachment c

Transmission System's Sw o c t { 'q h' X k q r v k p' for RFC201000434

On September 30, 2009, AE Supply self-certified noncompliant to PRC-005-1, R2, for its failure to complete annual testing on station batteries at two of its facilities (AE 12-13 and Buchanan 1-2) in violation of AE Supply's Battery Inspection and Testing Program ("Program"). The Program requires AE Supply to complete monthly, quarterly, yearly, and five-year testing on all station batteries at all of its facilities. AE Supply submitted a mitigation plan to address the missed testing at the two facilities. AE Supply did not include nine other facilities within the scope of the mitigation plan because at the time of submittal, AE Supply was unaware of any compliance issues at those facilities.

On February 25, 2010, Reliability*First* issued a request for information to AE Supply inquiring into the status of AE Supply's testing at its other facilities. On August 19, 2010, AE Supply responded that it failed to complete certain annual, quarterly, and monthly battery inspections within the Program's defined intervals at nine additional facilities (AE 1-2, AE 3-4-5, AE8-9, Armstrong, Harrison, Hatfield, Lake Lynn, Mitchell, and Pleasants). Since AE Supply's mitigation plan for RFC200900181 only addressed the testing deficiencies at the AE 12-13 and Buchanan facilities and AE Supply certified completion of this mitigation plan prior to disclosing the deficiencies at the nine additional facilities, Reliability*First* concluded that the deficiencies at the nine additional facilities constituted a second alleged violation. Reliability*First* assigned the second alleged violation to Docket No. RFC201000434.

Attachment d

**AE Supply's Certification of Mitigation Plan
Completion for RFC201000434 dated February
22, 2011**



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)

Registered Entity Name: Allegheny Energy Supply Company, LLC

NERC Registry ID:NCR02600

Date of Submittal of Certification:2-22-11

NERC Violation ID No(s):RFC201000434

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:3-31-10

Date Mitigation Plan was actually completed:3-31-10

Additional Comments (or List of Documents Attached):See attachment (Mitigation Plan Certification Evidence_RFC201000434.doc

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 C. McIntire

Title:Vice President, Generation Operations

Email:dmcint5@alleghenyenergy.com

Phone:724-838-6788

Authorized Signature 

Date 2/22/2011

Attachment e

**ReliabilityFirst's Verification of Mitigation Plan
Completion for RFC201000434 dated May 23,
2011**



**In re: ALLEGHENY ENERGY
SUPPLY COMPANY, LLC**

Docket No. RFC201000434

NERC Registry ID No. NCR02600

NERC Reliability Standard:
PRC-005-1, Requirement 2.1

**VERIFICATION OF MITIGATION PLAN COMPLETION
FOR MIT-07-3023**

I. RELEVANT BACKGROUND

Allegheny Energy Supply Company (“Allegheny Energy”) submitted a Self Certification of possible non compliance with NERC Reliability Standard PRC-005-1, Requirement 2, on September 30, 2009. Allegheny Energy stated that 4 combustine turbine facilities did not complete battery testing in 2008, which were required annually. Allegheny Energy submitted a mitigation plan (MIT-08-2333) on January 20, 2010 for RFC200900181; PRC-005-1, R2. ReliabilityFirst accepted that mitigation plan (MIT-08-2333) on February 9, 2010. NERC approved the mitigation plan (MIT-08-2333) on February 22, 2010. ReliabilityFirst verified completion of the mitigation plan (MIT-08-2333) on June 1, 2010. Soon after the Mitigation Plan had been verified complete by ReliabilityFirst, Allegheny Energy performed battery testing at its nine other facilities and discovered additional testing deficiencies. On August 19, 2010, Allegheny Energy requested that ReliabilityFirst allow Allegheny Energy to modify the previously submitted mitigation (MIT-08-2333) plan for RFC200900181; PRC-005-1, R2, to expand the scope to include these additional PRC-005-1, R2.1 battery testing deficiencies at the additional facilities, which were not discovered until after the mitigation plan (MIT-08-2333) had been verified complete by ReliabilityFirst. ReliabilityFirst denied the request on September 16, 2010, and required Allegheny Energy to submit a mitigation plan for an additional violation RFC201000434; PRC-005-1, R2.1, to address the battery testing deficiencies at nine facilities.

Allegheny Energy submitted a proposed mitigation plan to ReliabilityFirst on September 30, 2010, whereby stating Allegheny Energy had completed all mitigating actions on March 31, 2010. This mitigation plan, designated MIT-07-3023, was accepted by ReliabilityFirst on October 26, 2010, and approved by NERC on November 17, 2010.

II. MITIGATION PLAN COMPLETION REVIEW PROCESS

On February 22, 2011, Allegheny Energy certified that the mitigation plan for PRC-005-1, Requirement 2.1 was completed as of March 31, 2010. ReliabilityFirst requested and

received evidence of completion for actions taken by Allegheny Energy 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 were successfully completed.

A. Evidence Reviewed per Standard and Requirement.

	<u>Evidence Reviewed</u>	<u>Applicable Standard and Requirement</u>
1.	REPORT FORM, dated March 16, 2010.	PRC-005-1 R2.1
2.	STORAGE BATTERY REPORTS, dated March 28, 2010.	PRC-005-1 R2.1
3.	STATIONARY BATTERY INSPECTION REPORTS, dated January 14, 2010 through March 26, 2010.	PRC-005-1 R2.1
4.	Work Request screenshot, dated March 30, 2010.	PRC-005-1 R2.1
5.	Monthly monitoring report screenshots, dated March 31, 2010.	PRC-005-1 R2.1
6.	NERC Reliability Standard PRC-005-1 presentation, undated.	PRC-005-1 R2.1
7.	PRC-005-1 Acknowledgements, dated February 24, 2010 through March 16, 2010.	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.

REPORT FORM, dated March 16, 2010.

STORAGE BATTERY REPORTS, dated March 28, 2010.

STATIONARY BATTERY INSPECTION REPORTS, dated January 14, 2010 through March 26, 2010.

For the battery banks identified in the Mitigation Plan, the above forms and reports:

- a. provide evidence that the devices were maintained and tested within the defined intervals (R2.1.),
- b. address the stated violation,
- c. complete Task 1 of the Mitigation Plan (perform maintenance and testing), and
- d. bring Allegheny Energy into compliance with PRC-005-1 R2.1 as of March 28, 2010.

The approved Mitigation Plan included three (3) additional tasks that will protect the bulk electric system in the future by helping Allegheny Energy remain in compliance with PRC-005-1.

Mitigation Plan Task 2. Allegheny Energy elevated predictive maintenance work orders for battery testing to a high priority status in its work management system. (Verified by reviewing a maintenance *Work Request* screenshot, dated March 30, 2010. This screenshot shows “NERC” in the title, which indicates elevated priority status.)

Mitigation Plan Task 3. Allegheny Energy developed a control to ensure that a member of the Allegheny Energy NERC Compliance Team monitors these predictive maintenance work orders to validate that they are completed within the defined battery testing intervals. (Verified by reviewing monthly monitoring report screenshots, dated March 31, 2010, which identify required battery testing that has not been completed and the corresponding work order notifications.)

Mitigation Plan Task 4. Plant Management signed an acknowledgement of their understanding of the importance and significance of battery testing per PRC-005-1. (Verified by reviewing *NERC Reliability Standard PRC-005-1* presentation and *PRC-005-1 Acknowledgements*, dated February 24, 2010 through March 16, 2010 signed by Plant Managers indicating they have (a) reviewed and understand the presentation and (b) have communicated the importance of the Battery Inspection Program and the completion of maintenance to plant personnel.)

III. CONCLUSION

ReliabilityFirst Corporation reviewed the evidence Allegheny Energy submitted in support of its Certification of Completion. This evidence demonstrates successful completion of the mitigating activities in mitigation plan MIT-07-3023 associated with PRC-005-1, Requirement 2.1.

ReliabilityFirst 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.

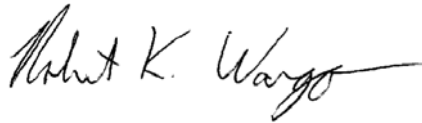
Accepted:

A handwritten signature in black ink, appearing to read "David J. Coyle". The signature is fluid and cursive, with a long horizontal stroke at the end.

David J. Coyle
Compliance Specialist
ReliabilityFirst Corporation

Date: May 20, 2011

Approved:

A handwritten signature in black ink, appearing to read "Robert K. Wargo". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert K. Wargo
Director, Enforcement & Regulatory Affairs
ReliabilityFirst Corporation

Date: May 23, 2011

Attachment f

Disposition Document

DISPOSITION OF VIOLATION¹

Dated May 9, 2011

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
RFC200900181	RFC200900181	NOC-780
RFC201000434	RFC201000434	

REGISTERED ENTITY Allegheny Energy Supply Company, LLC [GO, GOP] (AE Supply)	NERC REGISTRY ID NCR02600
--	-------------------------------------

REGIONAL ENTITY
ReliabilityFirst Corporation (ReliabilityFirst)

I. REGISTRATION INFORMATION

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

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

AE Supply is a wholly owned subsidiary of Allegheny Energy, Inc. (Allegheny Energy), a public utility holding company with more than 4,000 employees. Allegheny Energy, through its direct and indirect subsidiaries, owns and operates 21 power plants with a generating capacity of approximately 9,700 MW, and transmission and distribution systems that serve over 1.5 million retail and wholesale customers in Pennsylvania, West Virginia, Maryland and Virginia.

As of February 25, 2011, AE Supply's parent company, Allegheny Energy, merged with FirstEnergy Corp. With this merger, AE Supply was merged into FirstEnergy's competitive generation subsidiary, FirstEnergy Solutions Corp.

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.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S) ²	VSL(S)
PRC-005-1	2	2.1	High	Lower
PRC-005-1	2	2.1	High	Severe

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^[3] affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”

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^[4] 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.

(Footnotes added).

VIOLATION DESCRIPTIONS

PRC-005-1 R2.1 (RFC200900181)

On September 30, 2009, AE Supply submitted a Self-Certification to ReliabilityFirst concerning non-compliance with PRC-005-1 R2. AE Supply’s non-compliance was

² 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 violations relate to R2.1, and therefore a “High” VRF is appropriate.

³ *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.

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

based on AE Supply's failure to complete annual testing on station batteries at two of its facilities (AE 12-13 and Buchanan 1-2) in violation of AE Supply's Battery Inspection and Testing Program ("Program"). The Program requires AE Supply to complete monthly, quarterly, yearly, and five-year testing on all station batteries at all of its facilities.

ReliabilityFirst determined that AE Supply could not provide evidence that 6 of AE Supply's 31 (19.4%) station batteries at AE Supply's AE 12-13 and Buchanan 1-2 facilities were maintained or tested, within defined intervals of the Program.

PRC-005-1 R2.1 (RFC201000434)

On February 25, 2010, ReliabilityFirst Enforcement issued a follow up request for information to AE Supply inquiring into the status of AE Supply's testing at its other facilities. On August 19, 2010, AE Supply responded that it failed to complete certain annual, quarterly, and monthly battery inspections within the Program's defined intervals at its nine of ten remaining facilities (AE 1-2, AE 3-4-5, AE 8-9, Armstrong, Harrison, Hatfield, Lake Lynn, Mitchell, and Pleasants).

ReliabilityFirst determined that AE Supply's Mitigation Plan, MIT-08-2333, for RFC200900181 only addressed the testing deficiencies at the AE 12-13 and Buchanan facilities, and AE Supply's Mitigation Plan was certified complete prior to disclosing the deficiencies at the additional nine facilities. Therefore, ReliabilityFirst concluded that the deficiencies at the nine additional facilities constituted a second separate violation.

ReliabilityFirst determined that AE Supply could not provide evidence that 25 of AE Supply's 31 (80.6%) station batteries at AE Supply's AE 1-2, AE 3-4-5, AE 8-9, Armstrong, Harrison, Hatfield, Lake Lynn, Mitchell, and Pleasants facilities were maintained or tested within defined intervals of the Program.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

ReliabilityFirst determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because even if the missed batteries were not proven to function properly during the missed intervals, all missed batteries were equipped with multiple real-time monitoring and alarm systems during the missed intervals. The monitoring and alarm systems would have immediately notified facility operators of low voltage conditions, electrical grounds, trouble with the battery chargers, or if any battery became inoperable. In addition, AE Supply performed testing on all missed batteries both prior to and after the missed intervals and found the batteries were functioning properly. The test results indicated that there with no electrical or electrolyte issues, and the batteries were considered operable during the period of the violations

IS THERE A SETTLEMENT AGREEMENT

YES

NO

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES
 ADMITS TO IT YES
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

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

DURATION DATE(S) **6/18/07 (date Standard became mandatory and enforceable) through 3/31/10 (Mitigation Plan completion)**⁵

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

RFC200900181: 9/30/09
RFC201000484: 8/19/10

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. **RFC200900181: MIT-08-2333**
RFC201000434: MIT-07-3023

⁵ The Settlement Agreement states that the duration was June 18, 2007 through March 28, 2010, the date AE Supply completed all deficient battery testing.

DATE SUBMITTED TO REGIONAL ENTITY **RFC200900181: 1/20/10**
RFC201000434: 9/30/10

DATE ACCEPTED BY REGIONAL ENTITY **RFC200900181: 2/9/10**
RFC201000434: 10/26/10

DATE APPROVED BY NERC **RFC200900181: 2/22/10**
RFC201000434: 11/17/10

DATE PROVIDED TO FERC **RFC200900181: 2/22/10**
RFC201000434: 11/19/10

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

N/A

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **RFC200900181: 2/28/10**
RFC201000434: Submitted as complete

EXTENSIONS GRANTED

RFC200900181: On February 24, 2010, AE Supply submitted a request for an extension for completion of the Mitigation Plan until March 31, 2010, to ensure the predictive maintenance work orders and monitoring control would work properly. ReliabilityFirst approved the extension request on March 10, 2010.

RFC201000434: N/A

ACTUAL COMPLETION DATE **RFC200900181: 3/31/10**
RFC201000434: 3/31/10

DATE OF CERTIFICATION LETTER **RFC200900181: 3/31/10**
RFC201000434: 2/22/11

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF
RFC200900181: 3/31/10
RFC201000434: 3/31/10

DATE OF VERIFICATION LETTER **RFC200900181: 6/1/10**
RFC201000434: 5/23/11

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF

RFC200900181: 3/31/10

RFC201000434: 3/31/10

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE

RFC200900181 and RFC201000434

- **AE Supply elevated predictive maintenance orders for battery testing to high priority within AE Supply's work management system. This action was completed by March 31, 2010.**
- **AE Supply established monitoring control over predictive maintenance orders to ensure completion within the defined intervals for battery testing. This action was completed by March 31, 2010.**
- **AE Supply received written confirmation from Plan Managers that they understood the importance of battery testing in accordance with the Standard. This action was completed by March 31, 2010.**

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)

RFC200900181

- **AE Supply *PM Work Order Sample***
- **Screenshot notification sheet showing the verification and documented completed on the required testing**
- **PowerPoint presentation that was presented to the Plant Managers after which they signed an acknowledgement statement that they understood the importance of timely completion of the maintenance and testing of their batteries.**
- ***NERC Battery Inspection Program_3-24-10.pdf***
- ***AE 12-13 125V Batt Insp Rpt 01-25-10.pdf* – (Actual Test date January 14, 2010)**
- ***AE 12-13 125V Batteries 05-14-10.pdf***
- ***BUC 1&2 Batt Insp Rpt 09-30-09.pdf* - (Considered to be the inspection following having found the scheduled maintenance was not performed in accordance with their maintenance and testing program.)**

- *Buchanan Batteries 12-10-09.pdf* - (Considered to be the annual 2009 inspection)

RFC201000434

- *REPORT FORM*, dated March 16, 2010.
- *STORAGE BATTERY REPORTS*, dated March 28, 2010.
- *STATIONARY BATTERY INSPECTION REPORTS*, dated January 14, 2010 through March 26, 2010.
- *Work Request* screenshot, dated March 30, 2010.
- *Monthly monitoring report* screenshots, dated March 31, 2010.
- *NERC Reliability Standard PRC-005-1* presentation, undated.
- *PRC-005-1 Acknowledgements*, dated February 24, 2010 through March 16, 2010.

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF \$20,000 FOR TWO VIOLATIONS OF RELIABILITY STANDARDS.

(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

There are two violations of PRC-005-1 R2.1 addressed in the instant Settlement Agreement. ReliabilityFirst considered the second violation (RFC201000484) a repeat violation of PRC-005-1 R2.1, and therefore, aggravated the penalty.

A Settlement Agreement covering a violation of PRC-005-1 R2.1 for Monongahela Power Company, a subsidiary of Allegheny Energy and affiliate of AE Supply, (NCR10200) was approved by the BOTCC on July 12, 2010 and filed with FERC under NP10-177-000 on September 30, 2010. On October 29, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

A Settlement Agreement covering two violations of PRC-005-1 R2.1 for Allegheny Power, a subsidiary of Allegheny Energy and affiliate of AE Supply, (NCR02602) was filed with FERC under NP11-110-000 on February 23, 2011. On March 25, 2011, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

ADDITIONAL COMMENTS

ReliabilityFirst considered Monongahela Power Company’s prior violation of PRC-005-1 R2.1 as an aggravating factor for penalty determination.

ReliabilityFirst considered Allegheny Power’s two prior violations of PRC-005-1 R2.1 as aggravating factors for penalty determination.

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES NO

LIST VIOLATIONS AND STATUS

A Settlement Agreement covering violations of EOP-004-1 R3 and FAC-003-1 R1 for Allegheny Power (NCR02602) was approved by the BOTCC on February 10, 2010 and filed with FERC under NP10-85-000 on March 31, 2010. On April 30, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

A Settlement Agreement covering a violation of FAC-008-1 R1 for Monongahela Power Company (NCR10200) was approved by the BOTCC on July 12, 2010 and filed with FERC under NP10-177-000 on September 30, 2010. On October 29, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

ADDITIONAL COMMENTS

ReliabilityFirst determined that Allegheny Power’s prior violations of EOP-004-1 R3 and FAC-003-1 R1, and Monongahela Power Company’s prior violation of FAC-008-1 R1 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.

(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

At the time of the violations, AE Supply had an internal compliance program (ICP) that RFC determined was a mitigating factor in determining the penalty.

ReliabilityFirst found that Allegheny Energy’s ICP establishes the goals, structure, responsibilities and processes for achieving full compliance with NERC and ReliabilityFirst Reliability Standards. Allegheny Energy holds internal review sessions with “Standard Owners” of each applicable Reliability Standard, to communicate any changes in the compliance program. These sessions are also intended to reinforce the corporate commitment to compliance, instill an awareness of current compliance requirements and provide support and guidance to meet and exceed compliance requirements. In addition, Allegheny Energy distributes its ICP on its internal website.

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.

Allegheny Energy’s Corporate Compliance Officer is in the senior level of corporate management, and has independent access to the CEO and Board of Directors. Allegheny Energy continually reviews its compliance program, and conducts training, as required, to introduce new compliance requirements or to reinforce existing requirements. Allegheny Energy’s corporate auditing department conducts an internal review of 50% of all applicable standards on a biennial schedule.

(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

RFC200900181: AE Supply's Self-Certification dated September 30, 2009

RFC201000434: ReliabilityFirst's Summary of Violation

MITIGATION PLAN

RFC200900181: AE Supply's Mitigation Plan MIT-08-2333 dated January 20, 2010

RFC201000434: AE Supply's Mitigation Plan MIT-07-3023 dated September 30, 2010

CERTIFICATION BY REGISTERED ENTITY

RFC200900181: AE Supply's Certification of Mitigation Plan Completion dated March 31, 2010

RFC201000434: AE Supply's Certification of Mitigation Plan Completion dated February 22, 2011.

VERIFICATION BY REGIONAL ENTITY

RFC200900181: ReliabilityFirst's Verification of Mitigation Plan Completion dated June 1, 2010

RFC201000434: ReliabilityFirst's Verification of Mitigation Plan Completion dated May 23, 2011

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: OR N/A

SETTLEMENT REQUEST DATE

DATE: **10/8/10** OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS PENALTY BOTH DID NOT CONTEST

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Allegheny Energy Supply Company, LLC [GO, GOP] Docket No. NP11-____-000

NOTICE OF FILING
May 26, 2011

Take notice that on May 26, 2011, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Allegheny Energy Supply Company, LLC [GO, GOP] 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