NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

September 25, 2009

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

Re: NERC Notice of Penalty regarding Georgia Power Company, FERC Docket No. NP09-_-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty[1] regarding Georgia Power Company (Georgia Power), NERC Registry ID NCR01247,[2] 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)).[3]

This Notice of Penalty is being filed with the Commission because, based on information from SERC Reliability Corporation (SERC), Georgia Power neither admits nor denies the alleged violation of FAC-003-1 Requirement (R) 2. SERC and Georgia Power have entered into a Settlement Agreement in which Georgia Power has agreed to the proposed financial penalty of one hundred thousand dollars ($100,000) to be assessed to Georgia Power, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement, and to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC's determination and findings of the enforceable alleged violation at issue in this Notice of Penalty. Accordingly, the alleged violation identified as NERC Violation Tracking Identification Number SERC200800150 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

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[1] *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 (2008). *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).

[2] SERC Reliability Corporation confirmed that Georgia Power Company was included on the NERC Compliance Registry on May 31, 2007 as a Distribution Provider, Generator Owner, Load Serving Entity and Transmission Owner (TO), and as a TO, was subject to the requirements of NERC Reliability Standard FAC-003-1.

[3] *See* 18 C.F.R § 39.7(c)(2).

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Statement of Findings Underlying the Alleged Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement, executed as of January 15, 2009, by and between SERC and Georgia Power, which is included as Attachment b. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty 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 (2007), NERC provides the following summary table identifying each alleged violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty ($)
SERC	Georgia Power Company	NOC-88	SERC200800150	FAC-003-1	2	High	100,000

The purpose of Reliability Standard FAC-003-1 is to improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines and vegetation on and along the transmission ROW, and reporting vegetation related outages of the transmission systems to the respective Regional Entities and NERC.

FAC-003-1 R2 requires a Transmission Owner such as Georgia Power to create and implement an annual Transmission Vegetation Management Plan (TVMP) to ensure the reliability of the system. The TVMP shall describe the methods used, such as manual clearing, mechanical clearing, herbicide treatment, or other actions. The plan should be flexible enough to adjust to changing conditions, taking into consideration anticipated growth of vegetation and all other environmental factors that may have an impact on the reliability of the transmission systems. Adjustments to the plan shall be documented as they occur. The plan should take into consideration the time required to obtain permissions or permits from landowners or regulatory authorities. Each Transmission Owner shall have systems and procedures for documenting and tracking the planned vegetation management work and ensuring that the vegetation management work was completed according to work specifications. FAC-003-1 R2 has a "High" Violation Risk Factor (VRF).

According to the Settlement Agreement, SERC found Georgia Power to be in possible violation of Reliability Standard FAC-003-1 R2 following a detailed compliance assessment initiated by a self-report by Georgia Power to SERC. On June 11, 2008, a lockout occurred on the Thomaston – Yates 230 kV transmission line at 1:15 p.m., sounding an audible/visual alarm, which resulted in the Thomaston – Yates transmission line not returning to service until approximately 3 hours and 23 minutes later. Georgia Power dispatched air and ground patrols to investigate possible causes of the lockout, including vegetation contact. The air patrol identified two possible situations in the fault area, a pile of smoldering shingles and a small grass fire. However, the ground patrol did not identify either as having a connection to the transmission line outage.

Georgia Power was unable to identify the cause of the transmission line outage at the time and neither patrol identified any vegetation encroaching upon the transmission line. Georgia Power identified the line outage as "unknown" pending further investigation. Subsequently, on June 18, 2008, a Georgia Power contractor performing a danger tree patrol on the Thomaston – Yates ROW cut down a black cherry tree located along a fence that was later determined to be the probable cause of the transmission line outage.

On June 25, 2008, and June 26, 2008, Georgia Power conducted an annual routine aerial inspection of the Thomaston – Yates transmission line. Following this inspection (and the subsequent discovery of the events described herein), Georgia Power personnel accessed and reviewed the aerial inspection reports for this transmission line to ensure that any vegetation-related conditions on the ROW were properly addressed. On June 27, 2008, a Georgia Power Transmission Specialist investigating a property damage claim visited the area, referred to as the area near structure 118, where the black cherry tree had been located. The black cherry tree was reassembled to the extent possible, and it was estimated to have been approximately 30 feet tall. Immediately before the line outage, the line loading was approximately 41% of its rated capacity. Based on the line loading and estimated weather conditions, the conductor height would have been approximately 30 feet above ground line at the tree location. However, due to the shape of the tree, the spatial relationship between the upper portion of the tree and the transmission line could not be definitively determined. After this preliminary investigation, it was determined that there was sufficient evidence to support a determination that the tree was the probable cause of the line outage. As a result, on July 3, 2008,[4] Georgia Power filed a self-report with SERC regarding a probable contact or flashover with the tree by the transmission line.

On July 7, 2008, following its receipt and review of Georgia Power's self-report, SERC Staff issued to Georgia Power a Compliance Assessment Notice advising Georgia Power of the initiation of a formal assessment to determine its compliance with FAC-003-1. SERC Staff also provided Georgia Power with a set of detailed questions as part of its assessment to which Georgia Power subsequently responded to on July 18, 2008. SERC Staff conducted an on-site inspection on July 9, 2008, of the property near where the black cherry tree had been located, and examined all aspects of the site (including an examination of the reassembled tree in order to determine height of tree relative to the transmission line), took numerous photos, and asked detailed questions about Georgia Power's internal investigation.

On July 21, 2008, SERC Staff requested that Georgia Power provide its most recent planning studies conducted pursuant to certain standards that model the impact on the bulk power system from an outage of this transmission line. In doing so, SERC Staff stated that the planning studies would be evaluated by SERC Staff and used to more fully assess the potential impact on the reliability of the bulk power system. In addition, Georgia Power proactively initiated and participated in a meeting on August 12, 2008 in SERC's office to review Georgia Power's preliminary findings from its investigation.

As a result of its investigation, SERC concluded that the facts and evidence supported a finding that Georgia Power allegedly violated FAC-003-1 R2. SERC Staff found that on June 11, 2008,

[4] The self-report is dated July 2, 2008.

Georgia Power did not maintain its specified Clearance 2[5] distance of 5.25 feet between the energized conductor and the vegetation within the ROW on its Thomaston – Yates line near structure 118. SERC Staff determined that the triggering event for this alleged violation was human error caused by the failure to recognize that the expected growth rate of the tree would exceed the applicable clearance of 5.25 feet before the next inspection. SERC determined that Georgia Power violated FAC-003-1 R2 because Georgia Power's implementation of its TVMP through ground and air patrols did not sufficiently recognize in the last inspection (on April 17, 2008) that the tree was in such a position that it could come within the 5.25 feet clearance and lead to contact with or a flashover of the transmission line. SERC determined that because Georgia Power did not maintain its specified clearance, a vegetation contact or flashover with the line occurred and was the proximate cause leading to the line outage on June 11, 2008. Because it is not clear when the alleged violation first occurred following the last inspection on April 17, 2008, SERC determined the duration began on April 17, 2008, the date of the last inspection, and ended on June 18, 2008, when the vegetation was removed and no other instances of encroachment existed on the Georgia Power system, as confirmed by the follow up patrols.

SERC and Georgia Power agreed in the Settlement Agreement to a settlement payment from Georgia Power to SERC of a one hundred thousand dollars ($100,000) monetary penalty for the following reasons: (1) Georgia Power had no prior violation of this standard or any closely-related standard; (2) Georgia Power cooperated in both a timely and exemplary manner with SERC Staff during the investigation; (3) the alleged violation was promptly self-reported by Georgia Power as soon as it determined that the lockout may have been caused by a vegetation contact; (4) the event involved a single, fast-growing tree and there were no other attendant vegetation issues associated with vegetation across the entire Georgia Power system once the single tree was removed; (5) no misrepresentation or concealment of facts by Georgia Power was evident; (6) Georgia Power has a TVMP and a comprehensive compliance program; (7) Georgia Power agreed to expeditiously resolve this issue via settlement and promptly initiated various mitigation actions and preventative measures before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from SERC; and (8) Georgia Power is implementing a wide-range of additional measures to protect against future violations of the same or similar requirements.

SERC Staff concluded that the actual or foreseeable impact of the alleged violation on the reliability of the bulk-power system was minimal because: (1) no loss of generation or load occurred; (2) no generation re-dispatch was required; (3) no system reconfiguration was necessary to respond to the next contingency consistent with system design and system contingency analysis; and (4) no extreme event scenarios (combinations of the outage of this line and the outage of other facilities that share common ROW or common substation equipment with this line) that resulted in loss of load were present.

[5] Clearance 2 is defined by NERC Reliability Standard FAC-003-1 R1.2.2 as "specific radial clearances to be maintained between vegetation and conductors under all rated electrical operating conditions. These minimum clearance distances are necessary to prevent flashover between vegetation and conductors and will vary due to such factors as altitude and operating voltage". Although the entity may determine Clearance 2 appropriate for conditions unique to each entity, Clearance 2 is subject to an IEEE required minimum of approximately 5.1 feet for a 230 kV line.

Thus, SERC determined that, in this instance, the single, aggregate financial penalty amount of one hundred thousand dollars ($100,000) bears a reasonable relation to the seriousness and duration of the alleged violation and takes into consideration Georgia Power's voluntary efforts to remedy the alleged violation in a timely manner. Based on Georgia Power's cooperation, commitment to compliance and agreement to expeditiously reconcile this issue via settlement, SERC determined that the penalty was appropriate.

Status of Mitigation Plan[6]

Georgia Power's Mitigation Plan to address the alleged violation of FAC-003-1 R2 dated October 13, 2008, was submitted to SERC by letter on October 14, 2008, accepted by SERC on November 20, 2008 and approved by NERC on December 18, 2008. The Mitigation Plan for FAC-003-1 R2 is designated as MIT-08-1130 and was submitted as non-public information to FERC on December 18, 2008, in accordance with FERC orders. On October 14, 2008, Georgia Power submitted a Certification of Completion dated October 13, 2008 certifying to SERC that the Mitigation Plan was completed on September 11, 2008 with the completion of the employee performance plan for a transmission forestry supervisor. As discussed above, the alleged violation itself was mitigated as of June 18, 2008 with the removal of the offending vegetation. Other elements of the Mitigation Plan, set forth Section E of the Mitigation Plan and in this Settlement Agreement, are actions to prevent recurrence and improve prospective compliance.

SERC Staff reviewed the evidence discussed below in support of Georgia Power's certification of completion of its Mitigation Plan and SERC Staff verified on October 15, 2008[7] that the action plan, including specific tasks and actions that Georgia Power undertook to correct the alleged violation, set forth in Section D of the Mitigation Plan, was timely completed. Specifically, SERC Staff reviewed the following evidence submitted by Georgia Power in support of its certification that its Mitigation Plan was completed in accordance with its terms:

- **Photograph and Site Visit:** A photograph provided by Georgia Power and a report from the field by SERC Staff confirmed that a four-foot stump is all that remained of a black cherry tree that had been growing directly under the conductor near structure 118, indicating that the offending vegetation had been removed.
- **Excerpts from June 25 and June 26, 2008 Air Patrol Reports:** These tabular excerpts provided evidence that Georgia Power conducted aerial patrols of its lines to locate any other possible problems. Dead trees, debris and junk are reported, but no live trees.
- **Contractor Line Clearing Report dated July 16 to July 18, 2008:** This report identified tree clearing activity by the contractor who cut down the black cherry tree.

[6] *See* 18 C.F.R § 39.7(d)(7).
[7] NERC Staff sought clarification from SERC regarding the acceptance and verification dates for the subject Mitigation Plan. SERC confirmed the dates and concurrently provided the following rationale: the SERC Board Compliance Committee (BCC) has the final approval authority for compliance actions by the Region and meets monthly to approve the Regional acceptance of Mitigation Plans, Regional confirmation of violations and Settlement Agreements. SERC Staff completed verification of the subject completed mitigation plan in advance of the SERC BCC meeting on November 20, 2008, at which the SERC BCC accepted the mitigation plan.

- **Representative Excerpt from Personnel Performance Plan:** This plan illustrated the improvements made to specific language emphasizing compliance with FAC-003-1 and the development of specific goals and measures associated with compliance.
- **Mitigation Plan Exhibit E:** Tabulates additional steps to be taken by December 1, 2009, to enhance the vegetation management program and communicate lessons learned to a larger audience, including working toward ISO 9001 certification of the vegetation management program. These actions to prevent recurrence are included as requirements in the Settlement Agreement and were not requisite to the remedy of the alleged violation and restoration of compliance.

As mentioned above, as part of the Settlement Agreement and as set forth in Exhibit E of the Mitigation Plan, Georgia Power offered and initiated efforts beyond its immediate mitigation of the alleged violation in order to prevent reoccurrence. Actions taken by Georgia Power to enhance the vegetation management and compliance program include: immediate and enhanced inspection of all 2,710 corridor miles of Georgia Power 230 kV and 500 kV lines (completed December 19, 2008); outreach to other utilities on lessons learned and best practices for meeting or exceeding the requirements of FAC-003-1 (completed June 11, 2009); Tree Line USA Utility Certification (completed January 1, 2009); expansion of forester and contractor training (completed June 16, 2009); enhanced accountability in routine ground inspections (completed February 23, 2009); and expanded use of technology in routine ground inspections (implementation commenced on December 2, 2008 with purchase of devices). Additional actions to be undertaken by Georgia Power, as set forth in the Settlement Agreement, include: implementation of ISO 9001:2000 – Quality Management System; and enhancements to air inspections. Georgia Power is required under the Settlement Agreement to complete these actions by December 1, 2009.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed[8]

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,[9] the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on March 11, 2009. The NERC BOTCC approved the Settlement Agreement, including SERC's imposition of a financial penalty of one hundred thousand dollars ($100,000) against Georgia Power, in addition to other actions to promote prospective 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 alleged violation at issue.

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

- the alleged violation was self-reported by Georgia Power;

[8] *See* 18 C.F.R § 39.7(d)(4).
[9] *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

- Georgia Power is implementing a wide-range of additional measures, as described in the Settlement Agreement and in Exhibit E of the Mitigation Plan, to protect against future violations of the same or similar requirements;
- the absence of prior violation history for Georgia Power of this standard or a closely-related requirement;
- no misrepresentation or concealment of facts was evident;
- Georgia Power had an appropriate culture of compliance; and
- Georgia Power cooperated fully in the investigation.

Therefore, NERC approves the Settlement Agreement and believes that the proposed financial penalty of one hundred thousand dollars ($100,000) is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the 30 day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Attachments to be included as Part of this Notice of Penalty

The attachments to be included as part of this Notice of Penalty are the following documents and material:

a) Georgia Power's Self-report dated July 2, 2008 and submitted to SERC July 3, 2008, included as Attachment a;

b) Settlement Agreement by and between Georgia Power and SERC, included as Attachment b;

c) Georgia Power's Mitigation Plan designated as MIT-08-1130 dated October 13, 2008 and submitted to SERC October 14, 2008, included in the Settlement Agreement as Appendix A-1;

d) Georgia Power's Certification of Completion of the Mitigation Plan, dated October 13, 2008 and submitted to SERC October 14, 2008, included in the Settlement Agreement as Appendix A-2; and

e) SERC's Verification of Completion of the Mitigation Plan dated October 15, 2008, included in the Settlement Agreement as Appendix A-3.

A Form of Notice Suitable for Publication[10]

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

[10] *See* 18 C.F.R § 39.7(d)(6).

Notices and Communications

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

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*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.

Conclusion

NERC respectfully requests that the Commission accept this Notice of Penalty as compliant with its rules, regulations and orders.

Respectfully submitted,

/s/ *Rebecca J. Michael*

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David N. Cook
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cc: Georgia Power Company
SERC Reliability Corporation

Attachments

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment a

Georgia Power's Self-Report dated July 2, 2008 and submitted to SERC July 3, 2008

SERC Reliability Corporation
Self-Reporting / Complaint Form Template
Revision 1 (10-25-07)

Report Type (please check): _X__ Self-Report ____ Complaint

Date of Report: July 2, 2008

NAME OF PERSON REPORTING POSSIBLE STANDARD VIOLATION(S)

CONTACT NAME	CONTACT TELEPHONE NUMBER
Nancy Huddleston	404-506-7698
CONTACT E-MAIL	**CONTACT FAX**
njhuddle@southernco.com	404-506-3607
REPORTING COMPANY NAME	**ANONYMOUS? (Y/N)**
Georgia Power Company	N

NERC OR REGIONAL STANDARD(S) AND SPECIFIC REQUIREMENT(S) POSSIBLY VIOLATED

NAME OF COMPANY POSSIBLY VIOLATING STANDARD(S)	ENTITY FUNCTION TYPE(S)
Georgia Power Company	TO, GO, LSE, DP

STANDARD # AND VERSION	MEASURE / REQUIREMENT	DATE OF POSSIBLE VIOLATION(S)
FAC-003-1	R2	06/11/08

POSSIBLE VIOLATION DESCRIPTION, REASON FOR COMPLAINT, OR QUESTION

This self report describes a potential violation of Requirement 2 of FAC-003-1 due to a probable Clearance 2 encroachment between vegetation and transmission conductors for a 230kV transmission line.

On June 11, 2008 at 13:15:39 a lockout occurred on the Thomaston – Yates 230 kV transmission line. The line was de-energized to perform air and ground patrols of the facilities. Initial investigation did not identify the cause of the lockout, and the line was determined safe to operate. The line was returned to service at 16:38.44. The cause of the lockout was categorized as “unknown” pending further investigation.

On June 27, 2008, a Transmission Specialist investigating a property owner claim revisited the right-of-way and observed a probable cause of the June 11, 2008 lockout. Evidence at the site indicated probable contact with a tree. An investigation of the facts and circumstances around the event is still under way.

RELIABILITY IMPACT (IF KNOWN)

No consequential load lost nor was there any impact to system reliability.

SERC Staff will contact the person providing the report as soon as possible.
If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).

Please complete the form as completely as possible and email to serccomply@serc1.org.

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Attachment b

Settlement Agreement by and between Georgia Power and SERC executed January 15, 2009

SETTLEMENT AGREEMENT
OF
SERC RELIABILITY CORPORATION
AND
GEORGIA POWER COMPANY

I. INTRODUCTION

1. SERC Reliability Corporation ("SERC") and Georgia Power Company ("Georgia Power") enter into this Settlement Agreement ("Settlement Agreement") to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC's determination and findings, pursuant to the North American Electric Reliability Corporation ("NERC") Rules of Procedure, of an alleged violation by Georgia Power of NERC Reliability Standard FAC-003-1 (Transmission Vegetation Management Program), Requirement R2 (SERC Issue Tracking No. 08-084; NERC Violation ID No. SERC200800150).

II. STIPULATION

2. The facts stipulated herein are stipulated solely for the purpose of resolving, between Georgia Power and SERC, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. Georgia Power and SERC hereby stipulate and agree to the following:

Background

3. Georgia Power is a regulated public utility providing service to approximately 2.25 million electric customers in Georgia which has a 2008 peak system demand of approximately 17,270 MW as of December 1, 2008. Its corporate headquarters is located in Atlanta, Georgia. Georgia Power is registered as a Transmission Owner (NCR01247), and Georgia Power is therefore subject to the requirements of NERC Reliability Standard FAC-003-1.

4. Georgia Power owns, among other assets, approximately 2,710 corridor miles with transmission lines rated at 230 kV and above. One asset Georgia Power owns is the Thomaston – Yates transmission line, which is a 230 kV line that is approximately 54 miles long and runs from Georgia Power's Thomaston transmission substation located in Thomaston, Georgia to the switchyard at Plant Yates near Newnan, Georgia.

Alleged Violation(s)

5. NERC Reliability Standard FAC-003-1, Requirement R1.2 states that a Transmission Vegetation Management Program ("TVMP") requires, among other things, that "the Transmission Owner shall establish clearances to be achieved at the time of vegetation management work identified herein as Clearance 1, and shall also establish and maintain a set of clearances identified herein as Clearance 2 to be maintained under all rated electrical operating conditions to prevent flashover between vegetation and overhead ungrounded supply conductors."[1] Clearance 1 is the minimum clearance between vegetation and the conductor to which the entity is to trim vegetation at the time work is completed. Clearance 2 is the minimum clearance between vegetation and conductor that should never be encroached. Although the entity is free to determine these Clearances appropriate for conditions unique to each entity, Clearance 2 is subject to an IEEE required minimum of approximately 5.1 feet for a 230 kV line.[2] With respect to an annual plan for vegetation management work, Requirement R2 of FAC-003-1 also requires that "[e]ach Transmission Owner shall have systems and procedures for documenting and tracking the planned vegetation management work and ensuring that the vegetation management work was completed according to work specifications."[3]

6. As self-reported by Georgia Power to SERC, a lockout occurred on the Thomaston – Yates 230 kV transmission line on June 11, 2008 at 1:15 p.m. The transmission line was returned to service after approximately 3 hours and 23 minutes. The Georgia Power Transmission Control Center received an audible / visual alarm immediately when the transmission line locked out through the Energy Management System (EMS) and dispatched transmission line maintenance personnel. An air (fixed-wing) patrol was dispatched to investigate vegetation as one of the possible causes of the lockout and identified two situations in the fault area for further investigation by the concurrent ground patrols. The first involved a pile of smoldering shingles and the other involved a small grass fire along a driveway. The accompanying ground patrols did not identify either as having a connection to the transmission line outage and neither patrol identified any vegetation encroaching upon the transmission line. After investigating for approximately 3 hours, the transmission line was returned to service without incident and the line outage was identified as "unknown" pending further investigation. In the following days, Georgia Power personnel determined that lightning had not been the cause of the outage. Subsequently, on June 18, 2008,

[1] NERC Standard FAC-003-1 — Transmission Vegetation Management Program, Approved by NERC Board of Trustees on February 7, 2006, Approved by FERC effective June 18, 2007, Requirement R1.2.

[2] Requirement R1.2.2 of FAC-003-1 incorporates by reference minimum distance standards provided by the Institute of Electrical and Electronics Engineers (IEEE) Standard 516-2003 (*Guide for Maintenance Methods on Energized Power Lines*), and as specified in its Section 4.2.2.3, "Minimum Air Insulation Distances without Tools in the Air Gap." For a 230 kV line such as the Thomaston-Yates line, this minimum distance is approximately 5.1 feet.

[3] NERC Standard FAC-003-1 — Transmission Vegetation Management Program, Approved by NERC Board of Trustees on February 7, 2006, Approved by FERC effective June 18, 2007, Requirement R2.

a Georgia Power contractor performing a danger tree patrol on the Thomaston – Yates right-of-way cut down a black cherry tree located along a fence that was later determined to be the probable cause of the transmission line outage. In his routine logs, the contractor noted the removal of a tree under the transmission line, but he did not notify Georgia Power personnel of any abnormal situation. On June 25 and 26, Georgia Power conducted its second annual routine aerial inspection of the Thomaston-Yates transmission line. Following the inspection (and the subsequent discovery of the events described herein), Georgia Power personnel accessed and reviewed the aerial inspection reports for this transmission line to ensure that any vegetation-related conditions on the Thomaston-Yates right-of-way were addressed. In addition, as described more fully in Paragraph 24(i), Georgia Power began an immediate and enhanced span-by-span ground patrol of 2,710 miles of 230 kV and 500 kV transmission lines.

7. On June 27, 2008, a Georgia Power Transmission Specialist investigating a property damage claim visited the area near structure 118. After talking to the property owner, the Transmission Specialist investigated the right-of-way and identified a black cherry tree stump with a diameter of approximately nine inches that had been cut at fence level (approximately 4' tall) with some signs of burn on the stump. The remainder of the tree was found on the property in the property owner's brush pile. The top section of the trunk appeared to have burn marks on it. The next business day (June 30, 2008) Georgia Power Forestry and Right-of-Way personnel inspected the property near structure 118 to evaluate the possibility of a connection between the transmission line outage and a vegetation encroachment. The managers involved immediately notified senior executives, including the President of Georgia Power, about the situation. During the following days, evidence was gathered to determine if the tree had been the cause of the line outage. The black cherry tree was reassembled to the extent possible, and it was estimated to have been approximately 30' tall. Immediately before the line outage, the line loading was approximately 41% of its rated capacity. Based on the line loading and estimated weather conditions, the conductor height would have been approximately 30' above ground line at the tree location. However, due to the shape of the tree, the spatial relationship between the upper portion of the tree and the transmission line could not be definitively determined. After this preliminary investigation, it was determined that there was sufficient evidence to support a determination that the tree was the probable cause of the line outage. Accordingly, on July 3, 2008, Georgia Power filed a self-report with SERC regarding a probable contact or flashover with the tree by the transmission line. As set forth in Paragraph 8, while the investigation was ongoing, senior executives, including the President of Georgia Power, were regularly briefed by operational and compliance managers.

8. Consistent with its corporate compliance program and normal operating procedures, Georgia Power management was kept apprised of the investigation as well as the self-report. Senior management was involved in every aspect of Georgia Power's response to these events. As referenced in Paragraph 7, Georgia Power's Transmission Vice President, its Compliance Officer, the Compliance Officer for

Transmission, and other compliance officials, were immediately notified of the situation. In addition, Georgia Power's Manager of Right-of-Way Services, the Compliance Officer for Transmission, and other senior level personnel actively participated in the on-site investigation and were significantly involved in the day-to-day inquiries into and analyses of the matter. As referenced in Paragraph 7, senior executives, including the President of Georgia Power, were regularly briefed by operational and compliance managers.

9. As described in more detail in Paragraph 11, Georgia Power promptly responded to all questions and inquiries from SERC Compliance Enforcement Staff ("SERC Staff"). In addition, on July 7, 2008, SERC Staff notified Georgia Power of its intent to have a SERC investigator visit the site. On July 9, 2008, Georgia Power participated in SERC Staff's on-site investigation and shared with SERC Staff the results of its preliminary investigation. The SERC investigator conducted an independent review of all aspects of the site (including the reassembled tree), took numerous photos, and noted his findings. The SERC investigator asked detailed questions regarding Georgia Power's internal investigation and compared this information to his own observations. In addition, Georgia Power proactively initiated and participated in a meeting on August 12, 2008 in SERC's office to review Georgia Power's preliminary findings from its investigation. Georgia Power personnel participating in this meeting included the Forestry and Right-of-Way Services Manager, the Compliance Officer for Transmission, and an additional compliance manager as well as internal experts in arboriculture, line design, and system planning. In addition to answering questions from SERC Staff, an overview of Georgia Power's Integrated Vegetation Management program ("IVM"), findings from its investigation of the event, and initial mitigation and preventative activities were reviewed. As part of this meeting, Georgia Power presented file video footage of the Thomaston-Yates transmission line right-of-way reflecting the fact this right-of-way is well maintained as part of Georgia Power's IVM program.

10. Following its receipt and review of Georgia Power's self-report, SERC Staff confirmed Georgia Power's NERC Registration Status as a Transmission Owner and that Georgia Power was subject to Requirement R2 of NERC Reliability Standard FAC-003-1.

11. After confirming Georgia Power's NERC Registration Status, SERC Staff commenced its detailed compliance assessment. On July 7, 2008, SERC Staff issued to Georgia Power a Compliance Assessment Notice advising Georgia Power of the initiation of a formal assessment to determine its compliance relative to Reliability Standard FAC-003-1 and directing Georgia Power to preserve all relevant records and information. SERC Staff promptly established direct contact with representatives of Georgia Power to begin the process of gathering information and documentation for the detailed compliance assessment. SERC Staff also reported the possible violations to NERC which, in turn, reported the possible violations to the Federal Energy Regulatory Commission (the "Commission") in accordance with the Compliance Monitoring and Enforcement Program (CMEP) of the NERC Rules of

Procedure. SERC Staff also provided Georgia Power with a set of detailed questions as part of its assessment and to which Georgia Power subsequently responded on July 18, 2008. On July 9, 2008, SERC Staff conducted an on-site inspection of the property near structure 118 where the black cherry tree had been located. On July 21, 2008, SERC Staff requested that Georgia Power provide its most recent planning studies conducted pursuant to certain standards that model the impact on the bulk-power system from an outage of this transmission line. In doing so, SERC Staff stated that the planning studies would be evaluated by SERC Staff and used to more fully assess the potential impact on the reliability of the bulk-power system. On August 12, 2008, SERC Staff met with Georgia Power representatives to review additional information related to the line outage and subsequent investigation. At that time, Georgia Power also submitted to SERC a settlement request letter that was consistent with applicable procedures.

12. As a result of its investigation, SERC Staff concluded that the facts and evidence supported a finding that Georgia Power violated Requirement R2 of FAC-003-1 because evidence showed that the black cherry tree grew within the established clearance. NERC Reliability Standard FAC-003-1, Requirement R2 has a "High" Violation Risk Factor ("VRF"). SERC Staff further concluded that there was minimal actual or foreseeable impact on the reliability of the bulk-power system because: (1) the line outage resulted in no loss of generation or load; (2) no generation re-dispatch was required; (3) no system reconfiguration was necessary to respond to the next contingency consistent with system design and system contingency analysis; and (4) there were no extreme event scenarios (combinations of the outage of this line and the outage of other facilities that share common right-of-way or common substation equipment with this line) that resulted in loss of load.

III. PARTIES' SEPARATE REPRESENTATIONS

Statement of SERC and Summary of Findings

13. Georgia Power has a comprehensive TVMP. SERC Staff determined that the triggering event for this violation was human error in the implementation of the program through the failure to recognize that the expected growth rate of the tree would exceed Clearance 2 before the next inspection. Had the human error not occurred, the tree would have been removed earlier and the outage would have been avoided entirely. As a Transmission Owner, Georgia Power was required by FAC-003-1 to specify and maintain Clearance 2 between any 200 kV or greater transmission line and any vegetation surrounding that line. Consistent with this requirement, the TVMP for Georgia Power specifies Clearance 2 as 5.25 feet for the 230 kV Thomaston-Yates transmission line. A failure to maintain Clearance 2 is considered by SERC to be a violation of FAC-003-1, Requirement R2 inasmuch as the TVMP was not carried out in a manner so as to prevent this contact or flashover with vegetation.

14. SERC finds that on June 11, 2008, Georgia Power did not maintain its specified clearance of 5.25 feet between the energized conductor and the vegetation within the right-of-way on its Thomaston-Yates line near structure 118. This is a violation of FAC-003-1, Requirement R2 because, while the last air patrol conducted on April 17, 2008, did not identify any encroachments of Clearance 2, Georgia Power's implementation of its TVMP through ground and air patrols did not sufficiently recognize that the tree was in such a position that it could come within the 5.25 feet clearance and lead to contact or a flashover. SERC finds that because Georgia Power did not maintain its specified clearance a vegetation contact or flashover with the line occurred and was the proximate cause leading to the line outage for approximately three (3) hours and twenty-three (23) minutes on June 11, 2008. SERC finds that sometime after the last inspection of the Thomaston-Yates line (on April 17, 2008) before the line outage, a violation of Clearance 2 must have begun and continued until June 18, 2008, when the vegetation was removed. While some issues were identified and reported in the April 17, 2008 helicopter patrol for other sections of the Thomaston-Yates transmission line, no vegetation issues or Clearance 2 encroachments were reported between structures 117 and 118. Given the rapid growth rate of that species, especially in an open pasture with full sunlight, there was some uncertainty regarding exactly when an encroachment of Clearance 2 began. Therefore, SERC found that the violation began on April 17, 2008 when the inspection did not recognize that the expected growth rate of the tree would encroach Clearance 2 before the next inspection and could result in a flashover or contact. Thus, SERC Staff concluded that the violation began on April 17, 2008 and ended on June 18, 2008.

15. SERC considered a number of factors in determining the penalty for this violation including:

    (i) Georgia Power has no prior violation of this standard or any closely-related standard.

    (ii) Georgia Power cooperated in both a timely and exemplary manner with SERC Staff during the investigation.[4] Georgia Power provided prompt responses to all of SERC Staff's questionnaires and data requests and satisfactorily cooperated with SERC Staff during its on-site inspection and during other meetings between the parties to discuss these events. In addition, Georgia Power exhibited exemplary cooperation by initiating an in-person meeting in SERC's office to review its preliminary findings from the internal investigation. This meeting included operational and compliance management including internal experts in arboriculture, line design, and system planning. Furthermore, Georgia Power proactively initiated its own internal investigation and voluntarily provided supporting information to

[4] Revised Policy Statement on Enforcement, 123 FERC ¶ 61,156, PP 65, 66, and 68 (May 15, 2008).

SERC Staff to assist in SERC Staff's review of the facts and circumstances. This included bringing personnel from different areas of its operations to SERC's office to provide detailed information on the investigation and to comprehensively respond to SERC Staff questions. This enabled SERC Staff to conduct a thorough investigation in an efficient manner.

(iii) Georgia Power promptly self-reported the alleged violation. Once Georgia Power became aware of the possible violation on June 30, 2008 and confirmed the surrounding information, it filed a self-report with SERC on July 3, 2008. Georgia Power's diligence in investigating the possible violation and in self-reporting the events to SERC are commendable and a significant factor in a reduction of the penalty.[5]

(iv) This event involved a single, fast-growing tree and there were no other attendant vegetation issues associated with vegetation once the single tree was removed.

(v) Georgia Power possessed a clear lack of intent to commit or to conceal the alleged violation. Georgia Power clearly did not attempt to conceal the alleged violation which is evident by its prompt self-report of the alleged violation. Furthermore, Georgia Power clearly did not intend to commit such a violation.

(vi) Georgia Power has a strong TVMP. The manager of Forestry and Right-of-Way Services reports directly to the Vice President of Transmission. The TVMP is centralized with high level executive support, consistent funding, highly qualified and experienced personnel, and utilizes a mature Integrated Vegetation Management program ("IVM"). This program is designed to prevent an event such as this, but due to human error and insufficient quality controls, the program was not implemented in a manner that prevented this event.

(vii) Georgia Power has a high quality comprehensive compliance program that was developed using Commission guidance.[6] Georgia Power has participated in voluntary compliance programs prior to the effective date of the mandatory and enforceable reliability standards. This comprehensive program includes substantial, high-level support and dedicated compliance personnel who are responsible for its implementation.

(viii) Georgia Power agreed to expeditiously resolve this issue via settlement and promptly initiated various mitigation actions and preventative measures before receiving a Notice of Alleged Violation from SERC.

[5] Policy Statement on Compliance, 125 FERC ¶ 61,058, P 19 (October 16, 2008).

[6] Policy Statement on Compliance, 125 FERC ¶ 61,058, PP 6, 13-15 (October 16, 2008).

(ix) Georgia Power is implementing corrective measures in its Mitigation Plan that include the incorporation of provisions into individual performance plans to provide that maintaining compliance with FAC-003-1 is an integral component of personnel evaluation (see Appendix A-1). Accordingly, a failure to maintain compliance could have a corresponding affect on overall compensation and may result in disciplinary action.[7]

(x) Georgia Power is implementing a wide-range of additional measures set forth in Paragraph 24 to protect against future violations of the same or similar requirements.[8] Among the measures proposed by Georgia Power, is the implementation of quality control measures for its TVMP. As set forth in Paragraph 24, Georgia Power has engaged a national expert to assist it in implementing ISO 9001:2000 as the "Quality ONe" program for its TVMP. This program will include a comprehensive review of systems and processes that will culminate in Georgia Power's obtaining certification for its TVMP with this international standard. Georgia Power is also hiring a full-time Quality Assurance / Quality Control Coordinator to oversee the implementation of this program. Georgia Power's commitment to prevent a recurrence of this violation by remediation of the root cause of the violation – a human error and insufficient quality controls – through its implementation of a highly regarded quality control program, is evidence of its continued commitment to bulk-power system reliability, the prevention of standards violations, and its strong compliance program.

16. SERC Staff concluded that the actual or foreseeable impact of the alleged violation on the reliability of the bulk-power system was minimal because there was: (1) no loss of generation or load; (2) no generation re-dispatch required; (3) no system reconfiguration necessary to respond to the next contingency consistent with system design and system contingency analysis; and (4) no extreme event scenarios (combinations of the outage of this line and the outage of other facilities that share common right-of-way or common substation equipment with this line) that resulted in loss of load.

17. SERC agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.

Statement of Georgia Power

18. Georgia Power neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute violations of Reliability Standard FAC-003-1. Although Georgia Power does not admit to, nor does it deny, the alleged violation, Georgia Power has agreed to enter into this Settlement

[7] Policy Statement on Compliance, 125 FERC ¶ 61,058, P 21 (October 16, 2008).

[8] Policy Statement on Compliance, 125 FERC ¶ 61,058 (October 16, 2008).

Agreement with SERC to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. Georgia Power agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.

19. As described in Paragraph 15(vii), Georgia Power has a strong TVMP. Its program is centralized with substantial senior executive support, consistent funding, highly qualified and experienced personnel, and includes a mature IVM program. Rights-of-way are routinely patrolled by both ground and air. Findings from the patrols are followed-up in the field by qualified seasoned contract personnel. Contractors document and submit their findings on the right-of-way to a forester weekly. Transmission foresters routinely field check work in progress by the contractors, as well as a portion of their completed work. Despite Georgia Power's confidence in this established program, the Thomaston-Yates right-of-way was not inspected thoroughly enough to detect this single, fast-growing tree located on the right-of-way that encroached within Clearance 2 before the next inspection.

20. In furtherance of its commitment to bulk-power system reliability, Georgia Power has taken steps to mitigate any potential violations and prevent recurrences. These mitigation actions and preventative measures include the following:

    (i) The single, fast-growing tree involved in the event was removed. In addition, following discovery of the probable violation, Georgia Power conducted an additional review of certain aerial inspection reports to confirm that any abnormal vegetation-related conditions on this transmission line had been identified and addressed.

    (ii) Georgia Power has always held employees accountable for compliance with company, local, state and federal standards. Expectations are communicated both verbally and in written individual performance plans. Georgia Power reinforced the importance of compliance with FAC-003-1 by incorporating more stringent provisions into the performance plans of certain personnel to provide that maintaining compliance with this standard is an integral component of personnel evaluation.[9]

    (iii) As a part of Georgia Power's routine maintenance program, contract personnel conduct ground inspections twice per year identifying, treating with herbicide, or removing tall growing vegetation on the right-of-way, as well as removing any off right-of-way danger trees. Ground inspections are complemented by annual aerial inspections. After this event, Georgia Power promptly conducted a rigorous, span-by-span inspection of its bulk-power

[9] Policy Statement on Compliance, 125 FERC ¶ 61,058, P 21 (October 16, 2008).

transmission system of over 2,710 miles. Georgia Power forestry supervisors communicated explicit instructions to Georgia Power foresters and contract personnel regarding new and more detailed procedures for inspecting and recording results. Georgia Power foresters are field checking all locations identified for any follow-up. While a substantial number of off right-of-way dead trees were removed during this inspection, no trees with clearance violations were identified during these inspections. In addition, Georgia Power foresters will audit 20% of all corridor miles for quality assurance purposes.

(iv) Georgia Power is implementing a highly regarded quality control program for its TVMP. Georgia Power has engaged a national expert to assist it in implementing the International Standards Organization (ISO) Standard 9001:2000 as the "Quality ONe" program for its TVMP. This program will include a comprehensive review of systems and processes that will culminate in the Georgia Power TVMP being certified under this international standard. In addition to other activities to implement this standard, Georgia Power is hiring a full-time Quality Assurance / Quality Control Coordinator to oversee the implementation of this program. This program is expected to directly address the root cause of this event – human error and insufficient quality controls – through its implementation.

The wide-range of measures being implemented by Georgia Power to protect against future violations of the same or similar requirements are described more fully in Paragraph 24.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

21. For purposes of settling any and all disputes arising from SERC's assessment into the matters reported by Georgia Power in its self-report, SERC and Georgia Power agree that on October 14, 2008, Georgia Power provided SERC a letter, attached hereto as Appendix A-2, certifying that it had completed implementation of the Mitigation Plan accepted by SERC and approved by NERC, attached hereto as Appendix A-1. Georgia Power is also implementing the preventive measures outlined in Paragraph 24 of this Settlement Agreement.

22. Georgia Power's Mitigation Plan dated October 13, 2008 was accepted by SERC on November 20, 2008 and submitted to NERC for its approval on November 25, 2008. Georgia Power certified on October 14, 2008 that the Mitigation Plan was completed on September 11, 2008. Georgia Power, in consultation with SERC, did not immediately file a mitigation plan with SERC because it had, as referenced above, promptly requested that this matter be reviewed pursuant to applicable settlement procedures and had intended to address mitigation plan elements in the ultimate settlement agreement, particularly since any violation had already been addressed in June. However, SERC determined in October, 2008 that a separate mitigation plan

should be prepared even where an alleged violation involves a settlement agreement. Accordingly, Georgia Power promptly filed a comprehensive mitigation plan as referenced above which addressed a number of actions that it had already completed in response to these events and, consistent with the SERC template for such plans, which also addressed the numerous preventative measures described in this Settlement Agreement. Georgia Power's Mitigation Plan, its Certification of Mitigation Plan Completion and the Statement of SERC Reliability Corporation Compliance Staff Regarding Completion of Mitigation Plan are attached hereto as Appendix A-1, A-2, and A-3.

23. Actions implemented by Georgia Power in its Mitigation Plan (see Appendix A-1) eliminated the probable violation and will help to prevent a recurrence of any similar violation. The single, fast-growing tree involved in the event was removed on June 18, 2008. In addition, following discovery of the probable violation, Georgia Power conducted an additional review of its June 25-26 aerial inspection reports to confirm that any abnormal vegetation-related conditions on this transmission line had been identified and addressed. In addition, Georgia Power reinforced the importance of compliance with FAC-003-1 by incorporating provisions into certain individual performance plans to provide that maintaining compliance with this standard is an integral component of personnel evaluation. Accordingly, a failure to maintain compliance could have a corresponding affect on overall compensation and may result in disciplinary action. SERC has determined that the actions set forth in the Mitigation Plan are effective for restoring compliance and has reviewed Georgia Power's evidence of completion of these actions. It is understood that SERC Staff shall audit the completion of the Mitigation Plan, including, but not limited to, site inspection, interviews, and may request other documentation to validate completion of the Mitigation Plan. SERC shall reasonably coordinate audits and information requests with Georgia Power related to these Mitigation Plan actions.

24. In addition to the actions to restore compliance set forth in the Mitigation Plan, SERC and Georgia Power agree that Georgia Power will implement the following measures to help prevent a recurrence of a similar violation:

    (i) Immediate and Enhanced Inspection of all 2,710 corridor miles of Georgia Power 230 kV and 500 kV lines. After the event, Georgia Power promptly conducted a rigorous, span-by-span ground inspection of its bulk-power transmission system over 2,710 miles. Georgia Power forestry supervisors communicated detailed instructions to Georgia Power foresters and contract personnel outlining new documentation requirements for recording the data associated with each span. Georgia Power foresters' field checked all locations identified for follow-up. While numerous off right-of-way danger trees were removed during this inspection, no trees with clearance violations were identified. In addition, Georgia Power foresters will audit 20% of all corridor miles for quality assurance purposes. Georgia Power's rigorous inspection of its bulk-power transmission system and subsequent confirmation that no remaining vegetation had clearance violations will help

to prevent the recurrence of a similar violation. The inspection of Georgia Power's transmission system was completed on November 1, 2008. The audit of 20% of all corridor miles will be completed by January 2, 2009.

(ii) Implementation of ISO 9001:2000 -- Quality Management System. Georgia Power will implement a highly regarded quality control program for its TVMP, the International Standards Organization (ISO) Standard 9001:2000, and the TVMP will become initially certified under that standard. Georgia Power will hire a full-time Quality Assurance / Quality Control Coordinator to oversee the implementation of ISO 9001:2000 as its "Quality ONe" program for its TVMP. Georgia Power will also engage a nationally-recognized Quality Management expert, Mr. Craig Cochran. Mr. Cochran is the author of "ISO 9001 in Plain English" and is an Accredited Quality Management Systems Lead Auditor with the Georgia Institute of Technology Enterprise Innovation Institute. The implementation of the highly regarded quality control program, ISO Standard 9001:2000, will help Georgia Power prevent another human error in the implementation of its TVMP. Georgia Power has already contracted with Mr. Cochran and expects to become certified as ISO 9001:2000 compliant by December 1, 2009.

(iii) Outreach to Other Utilities on Lessons Learned and Best Practices for Meeting or Exceeding the Requirements of FAC-003-1. Georgia Power will communicate its own lessons learned and best practices with respect to its enhanced vegetation management processes and its implementation of ISO 9001:2000 with other utilities through one-on-one dialogue with the management of other utilities and at a minimum of three vegetation management conferences or meetings. These conferences or meetings may include SERC compliance workshops, the NERC Transmission Owners and Operators Forum, the Georgia Vegetation Management Association, the Southern Chapter of the International Society of Arboriculture, or the Southern Company Transmission Benchmarking Forum (Vegetation Breakout Session). By communicating its own lessons learned and best practices with other utilities, Georgia Power will not only help to prevent recurrence of a similar violation on its own transmission system, but will help other utilities to prevent an occurrence of such a violation. Georgia Power will communicate the lessons learned and best practices implemented by December 1, 2009.

(iv) Tree Line USA Utility Certification. Currently, Georgia Power is not a Tree Line USA Utility. As a complement to its adoption of the ISO 9001:2000 standard, Georgia Power will seek to become certified as a Tree Line USA Utility by the Arbor Day Foundation. This certification is a measure of a utility's commitment to various important vegetation management functions (*e.g.*, public education, worker training, and quality work). Georgia Power's certification as a Tree Line USA Utility will help to prevent recurrence of a similar violation by illustrating its commitment to important vegetation

management functions and by enhancing the educational and training opportunities for Georgia Power vegetation management personnel. Georgia Power will become certified as a Tree Line USA Utility by January 2, 2009.

(v) Expansion of Forester / Contractor Training. Currently, Georgia Power management, supervisors, and foresters are routinely trained on topics to improve their professional knowledge. This training includes: participation in Georgia Power sponsored safety, compliance, and regulatory programs. Additionally, Georgia Power foresters hold key leadership positions participating and conducting programs and training for the Georgia Vegetation Management Association, Southern Chapter of the International Society of Arboriculture, and the Georgia Urban Forest Council. Georgia Power relies on a contractor's management to provide them with appropriate training. Beginning in 2009, Georgia Power will conduct a training session for supervisory contract personnel, at the crew level, as well as Georgia Power foresters. This training will address topics such as:

(a) A comprehensive review of FAC-003-1 including the consequences of violating the standard;

(b) Imminent threat vegetation;

(c) Non-vegetation threats to reliability (*e.g.*, broken guy wires, damaged structures, *etc.*);

(d) Right-of-way inspection (*e.g.*, field inspection process and documentation);

(e) Tools of the trade *(e.g.*, laser range finder);

(f) Customer communication; and

(g) Environmental issues (*e.g.*, cogongrass training, streamside management, wetlands management, endangered species).

Georgia Power forestry personnel will also present an overview of the standard, as well as consequences of violating the standard, to transmission and distribution personnel located at various operating headquarters throughout the state to solicit their help in identifying and reporting any vegetation observed that could potentially pose a threat to the reliability of the bulk-power system. This new training program of Georgia Power foresters, contract supervisory personnel, and transmission and distribution personnel will help to prevent a recurrence of a similar violation by focusing more attention on compliance with FAC-003-1 and the reliability of the bulk power system. Georgia Power will complete the training of foresters, contract supervisory personnel, and Georgia Power transmission and distribution personnel by December 1, 2009.

(vi) Enhanced Accountability in Routine Ground Inspections. Currently, Georgia Power contract personnel perform ground inspections of the transmission

rights-of-way. Georgia Power will hire additional Georgia Power employees (forestry technicians) to perform ground inspections on 230 kV and above transmission lines. This measure will help to prevent recurrence of a similar violation because it will add an additional layer of quality control with additional oversight and accountability in ground inspections. Georgia Power will hire these additional employees by February 28, 2009.

(vii) Expanded Use of Technology in Routine Ground Inspections. Georgia Power has historically relied on the judgment of its well-trained foresters and seasoned contract personnel to determine if adequate clearance was maintained from vegetation to conductors. Georgia Power will implement the field use of laser range finders to determine clearances during inspections. The use of laser range finders will help to prevent a recurrence of a similar violation by providing foresters and contract personnel with the technology to more accurately determine if adequate clearance is maintained from vegetation to conductors. Georgia Power will implement the field use of laser range finders by January 2, 2009.

(viii) Enhancements to Air Inspections. Currently, contract personnel perform aerial patrols of the transmission system. Georgia Power will include a forester as an observer on air inspections (fixed-wing or helicopter) of 230 kV and above transmission lines once annually. The use of a Georgia Power forester (an arborist familiar with vegetative species and their growth rates) as an observer on air inspections will help to prevent a recurrence of a similar violation by adding another measure of quality control with additional oversight and accountability in air inspections. This measure will be completed by December 1, 2009.

25. As described in Paragraph 24, the following is a summary and schedule of measures to be completed to prevent any future recurrence or violation on the bulk power system:

	Preventative Measures	Completion Date
(i)	Immediate and Enhanced Inspection of all transmission lines	1-2-2009
(ii)	Implementation of Quality Management System	12-1-2009
(iii)	Outreach to Other Utilities on Lessons Learned and Best Practices for Meeting or Exceeding the Requirements of FAC-003-1	12-1-2009
(iv)	Tree Line USA Utility Certification	1-2-2009
(v)	Expansion of Forester / Contractor Training	12-1-2009

	Preventative Measures	Completion Date
(vi)	Enhanced Accountability in Routine Ground Inspections	2-28-2009
(vii)	Expanded Use of Technology in Routine Ground Inspections	1-2-2009
(viii)	Enhancements to Air Inspections	12-1-2009

26. SERC has reviewed the preventative measures described in Paragraph 24 and has determined that these measures will assist Georgia Power in improving prospective compliance with the requirements of FAC-003-1 and will ultimately enhance the reliability of the bulk-power system within an appropriate time-frame. In order to facilitate SERC's need to communicate the status and provide accountability to NERC, Georgia Power will provide quarterly or more frequently, upon request by SERC, status updates on the implementation of the preventative measures until their completion date. Georgia Power will submit these status updates to SERC in accordance with the confidentiality provisions of Section 1500 of the NERC Rules of Procedure. It is understood that SERC Staff may audit the implementation of these preventative measures, including, but not limited to, site inspection, interviews, and may request documentation to validate completion under this Settlement Agreement. SERC shall reasonably coordinate audits and information requests with Georgia Power related to these preventative measures.

27. SERC Staff based its determination of duration of the proposed penalty on its assessment that sometime after the last inspection of the Thomaston-Yates transmission line before the line outage, an alleged violation of Clearance 2 must have begun and continued until June 18, 2008, when the vegetation was removed. SERC concluded that, because it is not clear when the violation first occurred following the last inspection, it would consider the duration of the violation to be from the date of the last inspection until the vegetation was removed. Thus, SERC finds that, as a result of human error, an alleged violation of the applicable standard began on April 17, 2008 and continued until June 18, 2008.

28. SERC Staff also considered the specific facts and circumstances of the alleged violation and Georgia Power's actions in response to the alleged violation in determining a proposed penalty that meets the requirement in Section 215 of the Federal Power Act that "[a]ny penalty imposed under this section shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of [Georgia Power] to remedy the violation in a timely manner."[10] The factors considered by SERC Staff in the determination of the

[10] 16 U.S.C. § 824o(e)(6).

appropriate penalty for Georgia Power's alleged violation of FAC-003-1 pursuant to this Settlement Agreement included the following:

(i) The alleged violation had minimal actual or foreseeable impact on the reliability of the bulk-power system because: (1) the line outage resulted in no loss of generation or load; (2) no generation re-dispatch was required; (3) no system reconfiguration was necessary to respond to the next contingency consistent with system design and system contingency analysis; and (4) there were no extreme event scenarios (combinations of the outage of this line and the outage of other facilities that share common right-of-way or common substation equipment with this line) that resulted in loss of load.

(ii) Georgia Power has no prior violation of this standard or any closely-related standard.

(iii) Georgia Power cooperated in both a timely and exemplary manner with SERC Staff during the investigation.[11] Georgia Power provided prompt responses to all of SERC Staff's questionnaires and data requests and satisfactorily cooperated with SERC Staff during its on-site inspection and during other meetings with SERC Staff to review these events. In addition, Georgia Power exhibited exemplary cooperation by initiating an in-person meeting in SERC's office to review its preliminary findings from the internal investigation. Furthermore, Georgia Power proactively initiated its own internal investigation and voluntarily provided supporting information to SERC Staff to assist in SERC Staff's review of the facts and circumstances. This meeting included operational and compliance management including internal experts in arboriculture, line design, and system planning. This enabled SERC Staff to conduct a thorough investigation in an efficient manner.

(iv) Georgia Power promptly self-reported the alleged violation. Once Georgia Power became aware of the possible violation on June 30, 2008 and confirmed the surrounding information, it filed a self-report with SERC on July 3, 2008. Georgia Power's diligence in investigating the possible violation and in self-reporting the events to SERC are commendable and a significant factor in a reduction of the penalty.[12]

(v) This event involved a single, fast-growing tree and there were no other attendant vegetation issues associated with vegetation once the single tree was removed.

[11] Revised Policy Statement on Enforcement, 123 FERC ¶ 61,156, PP 65, 66, and 68 (May 15, 2008).

[12] Policy Statement on Compliance, 125 FERC ¶ 61,058, P 19 (October 16, 2008).

(vi) Georgia Power agreed to expeditiously resolve this issue via settlement and promptly initiated various mitigation and preventative measures before receiving a Notice of Alleged Violation from SERC.

(vii) Georgia Power possessed a clear lack of intent to commit or to conceal the alleged violation. Georgia Power clearly did not attempt to conceal the alleged violation which is evident by its prompt self-report of the alleged violation. Furthermore, Georgia Power clearly did not intend to commit such a violation.

(viii) Georgia Power has a strong TVMP. It is centralized with high level executive support, consistent funding, highly qualified and experienced personnel, and utilizes a mature Integrated Vegetation Management program ("IVM"). This program is designed to prevent an event such as this, but due to human error and insufficient quality controls to prevent it, the program was not implemented in a manner that prevented this event.

(ix) Georgia Power has a quality comprehensive compliance program that was developed using Commission guidance.[13] Georgia Power has participated in voluntary compliance programs prior to the effective date of the mandatory and enforceable reliability standards. This comprehensive program includes substantial, high-level support and dedicated compliance personnel who are responsible for its implementation.

(x) Georgia Power is implementing a wide-range of measures to address the alleged violation and to protect against future violations of the same requirement. Georgia Power is executing a wide-range of measures set forth in Paragraph 24 to protect against future violations of the same or similar requirements. Georgia Power's commitment to prevent a recurrence of this violation by remediating the root cause through numerous program improvements -- including additional accountability and enhanced training, quality controls, and technology utilization -- are evidence of its commitment to bulk-power system reliability, the prevention of standards violations, and its strong compliance program. SERC notes that corrective measures implemented by Georgia Power in its Mitigation Plan (see Appendix A-1) include the incorporation of provisions into the performance plans of certain personnel to provide that maintaining compliance with FAC-003-1 and other NERC standards is an integral component of personnel evaluation.[14]

29. Based on the above factors, as well as the mitigation actions and preventative measures taken (or to be taken), Georgia Power shall pay $100,000 to SERC as set forth in this Settlement Agreement. Georgia Power shall remit the payment to SERC

[13] Policy Statement on Compliance, 125 FERC ¶ 61,058, PP 6, 13-15 (October 16, 2008).

[14] Policy Statement on Compliance, 125 FERC ¶ 61,058, P 21 (October 16, 2008).

via check, or by wire transfer to an account to be identified by SERC ("SERC Account"), within twenty days after SERC provides Georgia Power with a notice of penalty payment due and invoice, to be issued by SERC after this Settlement Agreement is either approved by the Commission or by operation of law. SERC shall notify NERC, and NERC shall notify the Commission, if the payment is not timely received. SERC shall also notify Georgia Power if the payment is not timely received. If Georgia Power does not remit the payment by the required date, interest payable to SERC will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date that payment is due, and shall be payable in addition to the payment.

30. The estimated costs to Georgia Power to implement the agreed to measures in Paragraph 24 are approximately $800,000 initially with more than half that amount being costs that Georgia Power will incur on a recurring basis. SERC may audit and inspect financial records to validate actual expenditures with estimates in this Settlement Agreement. Funding and programs associated with this Settlement Agreement will be above Georgia Power's original planned budget and programs for the Transmission Operations and Maintenance in calendar years 2008 and 2009.

31. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement, may subject Georgia Power to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. Georgia Power will retain all rights to defend against such enforcement actions in accordance with the NERC Rules of Procedure.

V. ADDITIONAL TERMS

32. The signatories to the Settlement Agreement agree that they enter into the Settlement 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 SERC or Georgia Power has been made to induce the signatories or any other party to enter into the Settlement Agreement. The signatories agree that the terms and conditions of this Settlement Agreement are consistent with the Commission's regulations and orders, and NERC's Rules of Procedure.

33. SERC shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify SERC and Georgia Power of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and SERC will attempt to negotiate a revised settlement agreement with Georgia Power including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement,

NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.

34. This Settlement Agreement will be submitted to the Commission and will be subject to Commission review pursuant to section 39.7 of the Commission's regulations.

35. This Settlement Agreement shall become effective upon NERC and the Commission's approval by order or operation of applicable law as submitted or as modified in a manner acceptable to the parties.

36. Georgia Power agrees that this Settlement Agreement, when approved by NERC and the Commission without material modification, shall represent a final settlement of all matters set forth herein. Absent an assertion by Georgia Power that there has been any material modification, Georgia Power waives its right to further hearings and appeal.

37. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Settlement Agreement on the entity's behalf.

38. The undersigned representative of each party affirms that he or she has read the Settlement Agreement, that all of the matters set forth in the Settlement Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Settlement Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Settlement Agreement.

39. The Settlement Agreement may be signed in counterparts.

40. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

Agreed to and accepted:

Gerry Cauley 1/15/2009

Gerry W. Cauley
President and CEO
SERC RELIABILITY CORPORATION ("SERC")

Date

Leslie R. Sibert 12/17/08

Ms. Leslie Sibert
Transmission Vice President
GEORGIA POWER COMPANY ("Georgia Power")

Date

APPENDIX A
TO
SETTLEMENT AGREEMENT
OF
SERC RELIABILITY CORPORATION
AND
GEORGIA POWER COMPANY

(1) Georgia Power's Mitigation Plan

(2) Georgia Power's Certification of Mitigation Plan Completion

(3) Verification of SERC Reliability Corporation Compliance Staff Regarding Completion of Georgia Power's Mitigation Plan

APPENDIX A-1

Mitigation Plan Exhibits A-D (Evidence of Completion of Mitigating Actions) are not included in Appendix A-1 of the Settlement Agreement.

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 10/13/08

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: 9/11/2008

Section A: Compliance Notices[1]

- Section 6.2 of the CMEP[2] 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. This person may be the Registered Entity's point of contact described in Section 2.0.

(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.

[1] This document will become part of the public record to be included in the Notice of Penalty filing to be submitted to the Federal Energy Regulatory Commission (Commission) upon determination that a confirmed violation has occurred or in the event a settlement agreement is reached between the Registered Entity and the Regional Entity. The entire document will be submitted as part of the public record, unless the Registered Entity marks specific information as confidential Critical Energy Infrastructure Information or Privileged Information in accordance with the NERC Rules of Procedure Section 1500 and the Commission's regulations, rules and orders. The Registered Entity must provide adequate justification supporting designation of information that is submitted to the Commission as Confidential Information. Until such time as this document is submitted to the Commission, it will remain confidential within NERC and the Regional Entity compliance organization pursuant to Section 1500 of the Rules of Procedure.

[2] "*Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation*;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.

(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) 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.

- This submittal form shall be used to provide a required Mitigation Plan for review and approval by SERC and NERC.
- The Mitigation Plan shall be submitted to SERC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- This Mitigation Plan form may be used to address one or more related violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is approved by SERC and 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.
- SERC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Section B: Registered Entity Information

B.1 Identify your organization:

Company Name: Georgia Power Company
Company Address: 241 Ralph McGill Blvd NE, Atlanta, GA 30308
NERC Compliance Registry ID ***[if known]***: NCR01247

B.2 Identify the individual in your organization who will serve as the Contact to SERC regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to SERC regarding this Mitigation Plan.

Name: Nancy Huddleston

Title: Forestry And Right-Of-Way Services Manager
Email: njhuddle@southernco.com
Phone: 404-506-7698

Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

C.1 Standard: FAC-003-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	SERC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date(*)
	2008-084	R2	7/3/2008

(*) Note: The Violation Date shall be: (i) the date that the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by SERC. Questions regarding the date to use should be directed to SERC.

C.3 Identify the cause of the violation(s) identified above:

As a result of human error, on June 11, 2008, a black cherry tree near structure 118 of the Thomaston-Yates transmission line exceeded Clearance 2 and resulted in a vegetation contact or flashover with the line. This vegetation contact or flashover caused a line outage for approximately three (3) hours and twenty-three (23) minutes.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

C.4 ***[Optional]*** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

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 violations identified above in Part C.2 of this form:

On June 11, 2008, the Georgia Power Transmission Control Center received an audible / visual alarm of a lockout on its Thomaston-Yates transmission line. Georgia Power dispatched air (fixed-wing) and ground patrols to investigate the lockout, but they did not identify the cause of the line outage at that time. On June 18, 2008, a Georgia Power contractor cut down a black cherry tree located along a fence near structure 118 on the Thomaston-Yates transmission line that was later determined to be the probable cause of the June 11 line outage (see Exhibit A). Following June 25th and 26th aerial inspections, Georgia Power personnel reviewed aerial inspection reports for this transmission line to ensure that any vegetation-related conditions on the right-of-way were properly addressed (see Exhibits B and C).

While Georgia Power personnel performance plans already emphasized compliance with FAC-003-1, Georgia Power has reinforced the importance of this standard by incorporating provisions into individual performance plans to provide that maintaining compliance with this standard is an integral component of personnel evaluation As such, a failure to maintain compliance would have a corresponding affect on overall compensation and may result in disciplinary action. As an example, Exhibit D includes excerpts from a revised performance plan for the position of transmission forestry supervisor that was completed on September 11, 2008.

Exhibits A-D of the Mitigation Plan (Evidence of Completion of Mitigating Actions) are not included in Appendix A-1 of the Settlement Agreement.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Check this box ☒ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)

(*) Note: 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.

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]

Additional Relevant Information (Optional)

D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section E: Interim and Future Reliability Risk

Check this box ☒ and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System 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 or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Prevention of Future BPS Reliability Risk

E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

The alleged violation occurred as a result of human error and has been remedied by Georgia Power. In addition, other Georgia Power actions (discussed in item E.3 below) will help minimize the probability of

violations of this standard in the future and should further enhance the reliability of the bulk-power system.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

See Exhibit E - Actions for the Prevention of Future Bulk-Power System Reliability Risk

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Continued on Next Page

SERC Reliability Corporation

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 the Mitigation Plan, as laid out in Section D of this form, to SERC for acceptance by SERC and approval by NERC, and

b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and

c) Acknowledges:

1. I am Nancy Huddleston of Georgia Power Company.

2. I am qualified to sign this Mitigation Plan on behalf of Georgia Power Company.

3. I have read and understand Georgia Power Company's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).

4. I have read and am familiar with the contents of the foregoing Mitigation Plan.

5. Georgia Power Company agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by SERC and approved by NERC.

Authorized Individual Signature Nancy Huddleston

(Electronic signatures are acceptable; *see* CMEP)

Name (Print): Nancy Huddleston
Title: Forestry and Right-of-way Services Manager
Date: 10/13/08

Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Submittal Instructions:

Please convert the completed and signed document to a text-searchable Adobe .pdf document using the following naming convention:

[(MP Entity Name (STD-XXX) MM-DD-YY.pdf)]

Email the pdf file to serccomply@serc1.org.

Please direct any questions regarding completion of this form to:

Ken Keels
Manager, Compliance Enforcement
SERC Reliability Corporation
704-357-7372
kkeels@serc1.org

Exhibit E

APPENDIX A-1
Exhibit E

Georgia Power Mitigation Plan (SERC Violation ID # 2008-084)

Actions for the Prevention of Future Bulk-Power System Reliability Risk

		Activity	Date to be completed
1	**Immediate and Enhanced Inspection of all 2,710 corridor miles of Georgia Power 230 kV and 500 kV lines**		
	A	Immediate inspection with observations made by inspection crews being noted in records.	11-1-2008
	B	Georgia Power foresters will field check all locations marked as "follow-up required."	11-1-2008
	C	Georgia Power foresters will conduct an audit of 20% of all corridor miles for quality assurance purposes.	1-2-2009
2	**Implementation of ISO 9001:2000 Quality Management System**		
	A	Georgia Power will implement and become initially certified as ISO 9001:2000 compliant for its transmission vegetation management program. Georgia Power will hire a full-time Quality Assurance / Quality Control Coordinator to oversee the implementation ISO 9001:2000 as its "Quality ONe" program for its transmission vegetation management program.	12-1-2009
	B	Georgia Power will contract with a nationally-recognized Quality Management expert, Mr. Craig Cochran. Mr. Cochran is the author of "ISO 9001 in Plain English" and is an Accredited Quality Management Systems Lead Auditor with the Georgia Institute of Technology Enterprise Innovation Institute.	Completed
3	**Outreach to other utilities on lessons learned and best practices for ensuring that a utility's TVMP meets or exceeds requirements of FAC-003-1**		
	Georgia Power will communicate its own lessons learned and best practices with respect to its enhanced vegetation management processes and its implementation of ISO 9001 with other utilities through multiple vegetation management conferences. These conferences may include SERC compliance workshops, the NERC Transmission Owners and Operators Forum, and the Southern Company Transmission Benchmarking Forum (Vegetation Breakout Session)		12-1-2009

APPENDIX A-1

		Activity	Date to be completed
4		**Tree Line USA Utility Certification**	
		As a complement to its adoption of the ISO 9001:2000 standard, Georgia Power will seek to become certified as a Tree Line USA Utility by the Arbor Day Foundation.	1-2-2009
5		**Expansion of Annual Forester / Contractor Training and Review**	
		Georgia Power will expand training for foresters and contract personnel. This training will address topics such as: (i) on-the-job safety; (ii) the Transmission Vegetation Management Program; (iii) imminent threat trees; (iv) non-vegetation threats to reliability (*e.g.,* broken guy wires, damaged structures, etc.); (v) right-of-way inspection (*e.g.,* field inspection process and documentation); (vi) tools of the trade (*e.g.,* laser range finder); (vii) customer communication; and, (viii) environmental issues (*e.g.,* cogongrass training, streamside management, wetlands management, endangered species).	12-1-2009
6		**Enhancements to Routine Ground Inspections**	
	A	Georgia Power will hire additional employees (forestry technicians) to perform ground inspections on 230kV and above transmission lines. These ground inspections had been performed by contractor foremen. This measure is expected to add an additional layer of quality control into the transmission vegetation management program.	2-28-2009
	B	Georgia Power will implement the field use of laser range finders to determine clearances during inspections.	1-2-2009
7		**Enhancements to Air Inspections**	
		Georgia Power will include a forester as an observer on air inspections (fixed-wing or helicopter) of 230 kV and 500 kV transmission lines once annually.	12-1-2009

APPENDIX A-2

Exhibits A-D of the Certification of Completed Mitigation Plan (Evidence of Completion of Mitigating Actions) are not included in Appendix A-2 of the Settlement Agreement.

Bin 20037
241 Ralph McGill Boulevard NE
Atlanta, Georgia 30308-3374

GEORGIA POWER
A SOUTHERN COMPANY

October 14, 2008

Mr. Tom Galloway
SERC Compliance Director
SERC Reliability Corporation
2815 Coliseum Centre Drive, Suite 500
Charlotte, NC 28217

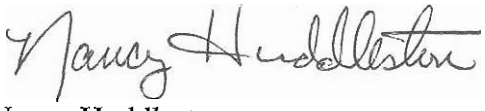
RE: **Certification of Completed Mitigation Plan**
SERC Issue Tracking No. 2008-084

Dear Mr. Galloway:

Consistent with Section 4.7 of SERC CMEP Implementation Procedure 6.0 (regarding mitigation plans), Georgia Power Company is submitting the attached Certification of a Completed Mitigation Plan with respect to the above-referenced SERC Issue Tracking Number.

Thank you for your time on this matter. Should you require further information, please do not hesitate to contact me.

Sincerely,



Nancy Huddleston
Manager, Forestry and R/W Services

cc: Mr. Ken Keels
Mr. John Wolfmeyer
Mr. Andy Dearman
Mr. Michael Brown
Mr. Tom Bishop
Ms. Leslie Sibert
Mr. Karl Moor

APPENDIX A-2

Print on Registered Entity's Corporate Letterhead

To Close Out a Completed Mitigation Plan, fill out this form, save it as a text searchable pdf file or MS Word file, and email it to serccomply@serc1.org. Note that electronic signatures are acceptable.

All Mitigation Plan Completion Certification submittals shall include data or information sufficient for SERC to verify completion of the Mitigation Plan. SERC may request such 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) Data or information submitted may become part of a public record upon final disposition of the possible violation, therefore any confidential information contained therein should be marked as such in accordance with the provisions of Section 1500 of the NERC Rules of Procedure.

Certification of a Completed Mitigation Plan

SERC Reliability Corporation
Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification: Georgia Power Company

Date of Certification: October 13, 2008

N**ame of Standard and the Requirement(s) of mitigated violation(s)**: FAC-003-1, R2

SERC Tracking Number (contact SERC if not known): 08-084

NERC Violation ID Number (if assigned):

Date of completion of the Mitigation Plan: September 11, 2008

Summary of all actions described in Part D of the relevant mitigation plan:

On June 11, 2008, Georgia Power dispatched air and ground patrols to investigate a lockout on its Thomaston-Yates transmission line, but they did not identify the cause of the line outage at that time. On June 18, a Georgia Power contractor cut down a black cherry tree that was later determined to be the probable cause of the line outage. In addition, a review of aerial inspection reports of the Thomaston-Yates transmission line confirmed there were no vegetation related conditions requiring follow-up. Finally, Georgia Power reinforced the importance of complying with FAC-003-1 by incorporating provisions into individual performance plans to provide that maintaining compliance with this standard is an integral component of personnel evaluation. As such, a failure to maintain compliance would have a corresponding affect on overall compensation and may result in disciplinary action.

APPENDIX A-2

Print on Registered Entity's Corporate Letterhead

Description of the information provided to SERC for their evaluation:

Exhibit A: A picture verifying that the vegetation causing the June 11, 2008 line outage was removed.

Exhibit B: Excerpts from June 25 and June 26, 2008 air inspection reports verifying the absence of vegetation related conditions requiring follow-up on the Thomaston-Yates right-of-way.

Exhibit C: Timesheet reflecting the July 16, 2008 removal of dead trees as identified in the June 26 air inspection report in Exhibit B.

Exhibit D: An excerpt from a Georgia Power Personnel Performance Plan illustrating improvements made to emphasize compliance with FAC-003-1

Exhibits A-D of the Certification of Completed Mitigation Plan (Evidence of Completion of Mitigating Actions) are not included in Appendix A-2 of the Settlement Agreement.

I certify that the mitigation plan for the above-referenced violation has been completed on the date shown above. In doing so, I certify that all required mitigation plan actions described in Part D of the relevant mitigation plan have been completed, compliance has been restored, Georgia Power is currently compliant with all of the requirements of the referenced standard, and that all information submitted information is complete and correct to the best of my knowledge.

Name: Nancy Huddleston
Title: Manager – Forestry and Right-of-way Services
Entity: Georgia Power Company
Email: njhuddle@southernco.com
Phone: 404-506-7698

Designated Signature Nancy Huddleston Date 10-13-08

[NOTE – Closure Form should be signed by same individual that signed Mitigation Plan]

(Form Revised August 13, 2008)

Statement of SERC Reliability Corporation Compliance Staff Regarding Completion of Mitigation Plan

Registered Entity:	Georgia Power Company
SERC Tracking ID:	08-084
NERC Violation No:	SERC200800150
NERC Mitigation Plan ID:	MIT-08-1130
Standard:	FAC-003-1
Requirement(s):	R2

Violation Summary:
SERC Staff determined Georgia Power Company to be in violation of FAC-003-1 R2 for its failure to correctly implement its vegetation management plan so as to prevent outages from vegetation located on transmission rights-of-way. SERC Staff determined that the triggering event for this violation was human error in the implementation of the program through the failure to recognize that the expected growth rate of the tree would exceed Clearance 2 before the next inspection. As a result of this failure, a single fast growing tree inside the transmission right-of-way encroached the Clearance 2 distance from an energized 230 kV conductor. Because Georgia Power Company did not maintain its specified Clearance 2 of 5.25 feet, a vegetation contact or flashover with the line occurred and was the proximate cause leading to a 230 kV line outage on June 11, 2008. FAC-003-1 R2 is assigned a “High” Violation Risk Factor (“VRF”) and SERC Staff determined the alleged violation to have a High Violation Severity Level (“VSL”).

Mitigation Plan Summary:
Georgia Power Company’s Mitigation Plan to address the referenced violation was submitted on October 14, 2008 and was accepted by SERC on November 20, 2008 and approved by NERC on December 18, 2008. The Mitigation Plan is identified as MIT-08-1130 and was submitted as non-public information to FERC on December 18, 2008 in accordance with FERC orders.

The mitigation plan was neither revised nor extended.

The single, fast-growing tree involved in the event was removed on June 18, 2008. Arial inspections were performed and reviewed to ensure that any vegetation-related conditions on the right-of-way were properly addressed. Georgia Power Company has reinforced the importance of this standard by incorporating provisions into individual performance plans to provide that maintaining compliance with this standard is an integral component of personnel evaluation. Additional steps to enhance the vegetation management and compliance program are being undertaken and will be monitored as part of a settlement with Georgia Power Company. Actions taken or to be undertaken to prevent recurrence referenced in the Mitigation Plan and set forth in the settlement agreement include: immediate and enhanced Inspection of all 2,710 corridor miles of Georgia Power 230 kV and 500 kV lines; implementation of ISO 9001:2000 -- Quality Management System; outreach to other utilities on lessons learned and best practices for meeting or exceeding the requirements of FAC-003-1; Tree Line USA Utility Certification; expansion of forester and contractor training; enhanced accountability in routine ground inspections; expanded use of technology in routine ground inspections; and, enhancements to air inspections.

SERC's Monitoring of Registered Entity's Mitigation Plan Progress:
SERC Reliability Corporation Compliance Staff ("SERC Staff") monitors the Registered Entity's progress towards completion of its Mitigation Plans in accordance with Section 6.0 of the uniform Compliance Monitoring and Enforcement Program, ("CMEP").

Pursuant to the CMEP, Registered Entities are required to establish implementation milestones no more than three (3) months apart. SERC Staff solicits quarterly reports from all Registered Entities with open mitigation plans to monitor the progress on completion of milestones. SERC Staff also produces and reviews daily Mitigation Plan status reports highlighting Mitigation Plans that are nearing the scheduled completion date. If the Registered Entity fails to complete its Mitigation Plan according to schedule, appropriate additional enforcement action is initiated to assure compliance is attained.

In this case, Georgia Power Company submitted the Mitigation Plan as complete and no additional monitoring of progress was necessary.

Mitigation Plan Completion Review Process:
Georgia Power Company certified on October 14, 2008[1] that the subject Mitigation Plan was completed on September 11, 2008. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit. That action was followed by another compliance staff member's peer review of the initial conclusion.

Evidence Reviewed:
Georgia Power Company submitted and SERC Staff reviewed the following evidence in support of its certification that its Mitigation Plan was completed in accordance with its terms:

Photograph and Site Visit: *A photograph provided by Entity and a report from the field by a SERC staff member confirms that a four-foot stump are the only remains of a black cherry tree that had been growing directly under the conductor near structure 118, indicating that the offending vegetation had been removed.*

Excerpts from June 25 and June 26, 2008 Air Patrol Reports: *These tabular excerpts provide evidence that Entity conducted aerial patrols of its lines to locate any other possible problems. Dead trees, debris, and junk are reported, but no live trees.*

Contractor Line Clearing Report dated July 16 to July 18, 2008: *Report documents tree clearing activity by the contractor.*

Representative Excerpt from Personnel Performance Plan: *Plan includes specific language expecting compliance with the FAC-003 standard and the development of specific goals and measures associated with compliance.*

Mitigation Plan Exhibit E: *Tabulates additional steps to be taken with target dates into 2009 to enhance the vegetation management program and communicate lessons learned to a larger audience. Steps include working toward ISO 9001 certification of the vegetation management program. These actions to prevent recurrence are included as requirements in the settlement agreement.*

[1] Georgia Power Company's letter transmitting the Certification was dated October 14, 2008 while the Certification Statement itself indicated October 13, 2008 as the Date of Certification.

Conclusion:
On October 15, 2008, SERC Reliability Corporation Compliance Staff ("SERC Staff") completed its review of the evidence submitted by Georgia Power Company in support of its Certification of Completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and Georgia Power Company is in compliance with the subject Reliability Standard Requirements.

This Statement, along with the subject Mitigation Plan, may become part of a public record upon final disposition of the possible violation.

Respectfully Submitted,
John Wolfmeyer
James Harrell

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment c

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Georgia Power Company Docket No. NP09-___-000

NOTICE OF FILING
September 25, 2009

Take notice that on September 25, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Georgia Power Company in the SERC Reliability 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