

February 29, 2012

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

**Re: NERC Full Notice of Penalty regarding Commonwealth Chesapeake Company, LLC,  
FERC Docket No. NP12-\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>1</sup> regarding Commonwealth Chesapeake Company, LLC (Chesapeake), NERC Registry ID# NCR10229,<sup>2</sup> in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).<sup>3</sup>

Chesapeake is owned by Tyr Chesapeake, LLC, which itself is a wholly-owned subsidiary of Tyr Energy, Inc. Chesapeake, a peaking facility, consists of seven generating units with a combined generating capacity of 315 MW. Chesapeake's seven generating units connect to a separate registered entity's switchyard at 138 kV. Chesapeake does not own any transmission lines.

This Notice of Penalty is being filed with the Commission because ReliabilityFirst and Chesapeake have entered into a Settlement Agreement to resolve all outstanding issues arising from ReliabilityFirst's

---

<sup>1</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2011). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R § 39.7(c)(2).

<sup>2</sup> ReliabilityFirst Corporation (ReliabilityFirst) confirmed that Chesapeake was included on the NERC Compliance Registry as a Generator Owner (GO) on March 11, 2008. As a GO, Chesapeake is subject to the requirements of NERC Reliability Standard PRC-005-1.

<sup>3</sup> See 18 C.F.R § 39.7(c)(2).

3353 Peachtree Road NE  
Suite 600, North Tower  
Atlanta, GA 30326  
404-446-2560 | [www.nerc.com](http://www.nerc.com)

NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 2

determination and findings of the violations<sup>4</sup> of PRC-005-1. According to the Settlement Agreement, Chesapeake neither admits nor denies the violations, but has agreed to the assessed penalty of thirty thousand dollars (\$30,000), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers RFC201000645 and RFC201000676 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

### Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on December 9, 2011, by and between ReliabilityFirst and Chesapeake, which is included as Attachment a. 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 (2011), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty
ReliabilityFirst Corporation	Commonwealth Chesapeake Company, LLC	NOC-1202	RFC201000645	PRC-005-1	2	High <sup>5</sup>	\$30,000
			RFC201000676	PRC-005-1	1	High <sup>6</sup>	

<sup>4</sup> For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged, or confirmed violation.

<sup>5</sup> When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a "Medium" VRF to PRC-005-1 R1. In the Commission's May 18, 2007 Order on VRFs, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified "High" VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 9, 2007 and the "High" VRF has been in effect since August 9, 2007.

<sup>6</sup> PRC-005-1 R2 has a "Lower" VRF; R2.1 and R2.2 each have a "High" VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 3

PRC-005-1 R2 (RFC201000645)

The purpose statement of Reliability Standard PRC-005-1 provides: “To ensure all transmission and generation Protection Systems<sup>[7]</sup> affecting the reliability of the Bulk Electric System (BES) are maintained and tested.” [Footnote added.]

PRC-005-1 R2 provides: Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization<sup>[8]</sup> on request (within 30 calendar days). The documentation of the program implementation shall include:

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

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

PRC-005-1 R2 has a “High” Violation Risk Factor (VRF) and a “Moderate” Violation Severity Level (VSL). The subject violation applies to Chesapeake’s GO function.

On October 1, 2010, Chesapeake submitted a Self-Report<sup>9</sup> to ReliabilityFirst identifying a violation of PRC-005-1 R2. While conducting an internal compliance audit, Chesapeake discovered that it failed to maintain and test, or could not demonstrate that it maintained and tested, 31 of its 70 Protection System relays<sup>10</sup> within the five-year testing intervals of its Protection System maintenance and testing program (Program). Chesapeake has a total of 453 Protection System devices, including 70 Protection System relays, seven battery banks, and seven DC Control Circuits. Specifically, Chesapeake did not maintain and test 24 Protection System relays within the five-year testing interval, and could not provide any record of maintenance and testing for seven additional Protection System relays. Pursuant to its Program, Chesapeake should have performed maintenance and testing on the 24 Protection System relays by mid-March, 2008.

---

<sup>7</sup> The NERC Glossary of Terms Used in Reliability Standards defines Protection System as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.”

<sup>8</sup> Consistent with applicable FERC precedent, the term “Regional Reliability Organization” in this context refers to ReliabilityFirst.

<sup>9</sup> Chesapeake submitted this self-report ten days prior to the start of a scheduled ReliabilityFirst compliance audit, therefore, self-report credit was not provided.

<sup>10</sup> Chesapeake's 70 Protection System relays are microprocessor-based.

NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 4

ReliabilityFirst determined that Chesapeake had a violation of PRC-005-1 R2 because it failed to maintain and test, or could not demonstrate that it maintained and tested, 31 of its 70 Protection System relays within the defined intervals of its Program.

ReliabilityFirst determined the duration of the violation to be from March 11, 2008, the date Chesapeake registered on the NERC Compliance Registry and was subject to mandatory compliance with the Standard, through September 30, 2010, when Chesapeake mitigated the instant violation.

ReliabilityFirst determined that this violation posed a moderate risk to the reliability of the bulk power system (BPS), but did not pose a serious or substantial risk to the BPS. Protection System relays serve to detect overloads, short-circuits, and other faults, but the risk to the reliability of the BPS was mitigated. Specifically, Chesapeake performs visual inspections of all Protection System relays on a daily basis, and immediately logs and corrects any issues that it identifies during these visual inspections. During the time period of the alleged violation, Chesapeake did not identify any issues with the 31 Protection System relays during these daily inspections. As soon as Chesapeake discovered that it did not maintain and test the 31 Protection System relays within the defined intervals of its Program, it promptly performed maintenance and testing on the 31 Protection System relays. Upon testing the 31 Protection System relays, Chesapeake discovered that 26 were in good condition, four were inoperable, and one functioned intermittently.<sup>11</sup> Chesapeake replaced the five Protection System relays that were not in good condition.

#### PRC-005-1 R1 (RFC201000676)

PRC-005-1 R1 provides:

R1. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

- R1.1. Maintenance and testing intervals and their basis.
- R1.2. Summary of maintenance and testing procedures.

---

<sup>11</sup> The four inoperable Protection System relays consisted of one target relay, two impedance relays, and one undervoltage relay. The inoperable target relay was located on generating unit one, while the two inoperable impedance relays were located on generating units three and seven, respectively. The inoperable undervoltage relay was also located on generating unit seven. The Protection System relay that functioned intermittently was an impedance relay located on generating unit six.

NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 5

PRC-005-1 R1 has a “High” VRF and a “Severe” VSL. The subject violation applies to Chesapeake’s GO function.

From October 11, 2010 through October 22, 2010, and from October 25, 2010 through November 2, 2010, ReliabilityFirst conducted a compliance audit of Chesapeake, during which ReliabilityFirst discovered that Chesapeake did not have maintenance and testing intervals for 100% of its 369 voltage and current sensing devices. As of November 1, 2011, Chesapeake identified 21 voltage sensing devices and 348 current sensing devices at its facility. As part of its mitigation plan addressing this violation, Chesapeake hired a third party to conduct a review of its voltage and current sensing devices. Chesapeake required maintenance and testing of voltage and current sensing devices during installation or after it identified a problem with the voltage and current sensing devices. Chesapeake tested its voltage and current sensing devices upon installation and commissioning in 2000 and 2001.

ReliabilityFirst determined that Chesapeake had a violation of PRC-005-1 R1 because it failed to include maintenance and testing intervals for its voltage and current sensing devices within its Program.

ReliabilityFirst determined the duration of the violation to be from March 11, 2008, the date Chesapeake registered on the NERC Compliance Registry and was subject to mandatory compliance with the Standard, through December 11, 2011, when Chesapeake developed maintenance and testing procedures for its voltage and sensing devices, and therefore mitigated the instant violation. While the violation has been mitigated, completion of the remaining aspects of the Mitigation Plan is targeted for June 11, 2012.

ReliabilityFirst determined that this violation posed a moderate risk to the reliability of the bulk power system (BPS), but did not pose a serious or substantial risk. Voltage and current sensing devices provide electrical information directly to the relays regarding events and operations on the system. In order to detect a fault, the relays require accurate information from the current and voltage transformers as input, without which the relays would not have information necessary to react correctly. The risk to the reliability of the BPS was mitigated by the fact that Chesapeake conducted testing on its voltage and current sensing devices during start up and commissioning in 2000 and 2001, and determined the devices were in good condition at that time.

#### Regional Entity’s Basis for Penalty

According to the Settlement Agreement, ReliabilityFirst has assessed a penalty of thirty thousand dollars (\$30,000) for the referenced violations. In reaching this determination, ReliabilityFirst considered the following factors:

NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 6

(1) the violations constituted the first occurrence of violations of the same or closely-related Reliability Standards by Chesapeake and its affiliated companies; and

(2) Chesapeake had a compliance program in place at the time of the violations which included:

- (a) self-audits of all applicable Reliability Standards over a three-year cycle,
- (b) Chesapeake's Plant Manager is responsible for the compliance program and has independent access to Chesapeake CEO and Vice President of Tyr Energy, Inc.,
- (c) training for its personnel regarding compliance with the Reliability Standards.

After consideration of the above factors, ReliabilityFirst determined that, in this instance, the penalty amount of thirty thousand dollars (\$30,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

#### **Status of Mitigation Plans<sup>12</sup>**

##### PRC-005-1 R2

Chesapeake's Mitigation Plan to address its violation of PRC-005-1 R2 was submitted to ReliabilityFirst on December 8, 2010, stating it had been completed on September 30, 2010. The Mitigation Plan was accepted by ReliabilityFirst on December 16, 2010 and approved by NERC on December 30, 2010. The Mitigation Plan for this violation is designated as MIT-08-3191 and was submitted as non-public information to FERC on January 5, 2011 in accordance with FERC orders.

Chesapeake's Mitigation Plan required Chesapeake to:

1. Make contact with the relay maintenance vendor to schedule maintenance and testing on the affected relays;
2. Coordinate with PJM, the Transmission Operator, to ensure that all required switching operations required for the maintenance could be accomplished;
3. Utilizing relevant system diagrams, check the list of identified Protection System components to ensure that no other items were overlooked;
4. Modify the Protection System Maintenance and Testing Program to include the identified relays;
5. Notify and utilize corporate support to help with all relevant reporting; and

---

<sup>12</sup> See 18 C.F.R § 39.7(d)(7).



NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 7

6. The relay maintenance vendor performed the required maintenance and testing on all thirty-one (31) relays, and all deficiencies are being addressed appropriately.

Chesapeake certified on February 22, 2011 that the above Mitigation Plan requirements were completed on September 30, 2010.<sup>13</sup> As evidence of completion of its Mitigation Plan, Chesapeake submitted the following:

1. Email correspondence between Chesapeake and NAES Corporation, regarding the NERC Self Report and Mitigation Plan, dated September 24, 2010 and October 29, 2010.
2. Work Requests for switching operations, dated September 2, 2010.
3. Work Order 1000002495, completion date September 6, 2010.
4. *Commonwealth Chesapeake, Co., LLC - Protection System Maintenance and Testing Program - Protection System Device Summary*, Revision 1, dated September 7, 2010.
5. Relay Test Activity and Last Test Results Reports, dated September 8-30, 2010.

On June 28, 2011, after reviewing Chesapeake's submitted evidence, ReliabilityFirst verified that Chesapeake's Mitigation Plan was completed on September 30, 2010.

#### PRC-005-1 R1

Chesapeake's Mitigation Plan to address its violation of PRC-005-1 R1 was submitted to ReliabilityFirst on September 13, 2011 with a proposed completion date of June 11, 2012. The Mitigation Plan was accepted by ReliabilityFirst on September 15, 2011 and approved by NERC on September 23, 2011. The Mitigation Plan for this violation is designated as RFCMIT005890 and was submitted as non-public information to FERC on September 23, 2011 in accordance with FERC orders.

Chesapeake's Mitigation Plan required Chesapeake to:

1. Develop maintenance and testing procedures for its Current Transformers (CTs) and Potential Transformers (PTs);
2. Have contractor perform required testing on CTs and PTs during next plant outage; and
3. Gather test documents from the contractor and enter relevant data into the Protection System Maintenance and Testing Program.

Mitigation activity is expected to be completed by June 11, 2012.

<sup>13</sup> The Certification of Mitigation Plan Completion for the PRC-005-1 R2 violation was signed on February 27, 2011.

NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 8

## Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>14</sup>

### 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, October 26, 2009 and August 27, 2010 Guidance Orders,<sup>15</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on February 7, 2012. The NERC BOTCC approved the Settlement Agreement, including ReliabilityFirst's assessment of a thirty thousand dollar (\$30,000) financial penalty against Chesapeake and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

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

1. the violations constituted Chesapeake's first occurrence of violations of the subject NERC Reliability Standards;
2. ReliabilityFirst reported that Chesapeake was cooperative throughout the compliance enforcement process;
3. Chesapeake had a compliance program at the time of the violation which ReliabilityFirst considered a mitigating factor, as discussed above;
4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. ReliabilityFirst determined that the violations posed a moderate risk to the reliability of the BPS and did not pose a serious or substantial risk to the reliability of the BPS, as discussed above; and
6. ReliabilityFirst reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

<sup>14</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>15</sup> *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).



NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 9

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of thirty thousand dollars (\$30,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30-day period following the filing of this 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:

- a) Settlement Agreement by and between ReliabilityFirst and Chesapeake executed December 9, 2011, included as Attachment a;
  - i. Violation Self-Reporting Form for PRC-005-1 R2 dated October 1, 2010, included as Attachment A to the Settlement Agreement;
  - ii. Chesapeake's Mitigation Plan designated as MIT-08-3191 for PRC-005-1 R2 submitted December 8, 2010, included as Attachment B to the Settlement Agreement;
  - iii. Chesapeake's Certification of Mitigation Plan Completion for PRC-005-1 R2 submitted February 22, 2011, included as Attachment C to the Settlement Agreement;
  - iv. ReliabilityFirst's Verification of Mitigation Plan Completion for PRC-005-1 R2, entitled Summary and Review of Evidence of Mitigation Plan Completion, dated June 8, 2011, included as Attachment D to the Settlement Agreement; and
  - v. Chesapeake's Mitigation Plan designated as RFCMIT005890 for PRC-005-1 R1 submitted September 13, 2011, included as Attachment E to the Settlement Agreement.
- b) ReliabilityFirst's Source Document for PRC-005-1 R1 dated September 7, 2010.

#### **A Form of Notice Suitable for Publication<sup>16</sup>**

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

---

<sup>16</sup> See 18 C.F.R. § 39.7(d)(6).

NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 10

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

<p>Gerald W. Cauley President and Chief Executive Officer 3353 Peachtree Road NE Suite 600, North Tower Atlanta, GA 30326-1001 (404) 446-2560</p> <p>David N. Cook* Senior Vice President and General Counsel North American Electric Reliability Corporation 1325 G Street N.W., Suite 600 Washington, D.C. 20005-3801 david.cook@nerc.net</p> <p>Terri Beermann* Asset Manager Commonwealth Chesapeake Company, LLC 7500 College Blvd., Ste 650 Overland Park, Kansas 66210 (913) 754-5710 tbeermann@tyrenergy.com</p> <p>Tony Alvelo* Lead Control Room Operator Commonwealth Chesapeake Company, LLC 3415 White Oak Way New Church, Virginia 23415 (757) 824-3340 x23 (757) 824-3394– facsimile talvelo@cccplant.com</p>	<p>Rebecca J. Michael* Associate General Counsel for Corporate and Regulatory Matters Sonia C. Mendonça* Attorney North American Electric Reliability Corporation 1325 G Street, N.W. Suite 600 Washington, DC 20005-3801 (202) 644-8052 rebecca.michael@nerc.net sonia.mendonca@nerc.net</p> <p>Robert K. Wargo* Director of Enforcement ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 bob.wargo@rfirst.org</p> <p>L. Jason Blake* General Counsel ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 jason.blake@rfirst.org</p> <p>Megan E. Gambrel* Attorney ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 megan.gambrel@rfirst.org</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 11

Eric Gustavson\*  
Senior Director  
Commonwealth Chesapeake Company, LLC  
7500 College Blvd, Ste 650  
Overland Park, Kansas 66210  
(913) 754-5711  
egustavson@tyrenergy.com

\*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.

NERC Notice of Penalty  
Commonwealth Chesapeake Company, LLC  
February 29, 2012  
Page 12

**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

Rebecca J. Michael  
Associate General Counsel for Corporate  
and Regulatory Matters  
Sonia C. Mendonça  
Attorney  
North American Electric Reliability  
Corporation  
1325 G Street, N.W.  
Suite 600  
Washington, DC 20005-3801  
(202) 644-8052  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net  
sonia.mendonca@nerc.net

Gerald W. Cauley  
President and Chief Executive Officer  
3353 Peachtree Road NE  
Suite 600, North Tower  
Atlanta, GA 30326-1001  
(404) 446-2560

David N. Cook  
Senior Vice President and General Counsel  
North American Electric Reliability  
Corporation  
1325 G Street N.W., Suite 600  
Washington, D.C. 20005-3801  
(202) 644-8047  
(202) 393-3955 – facsimile  
david.cook@nerc.net

cc: Commonwealth Chesapeake Company, LLC  
ReliabilityFirst Corporation

Attachments

## **Attachment a**

**Settlement Agreement by and between  
ReliabilityFirst and Chesapeake executed  
December 9, 2011**

---

# RELIABILITY *FIRST*

**In re: COMMONWEALTH  
CHESAPEAKE COMPANY, LLC**

**Docket Nos. RFC201000645; and  
RFC201000676**

**NERC Registry ID No. NCR10229**

**NERC Reliability Standards:  
PRC-005-1, Requirement 2; and  
PRC-005-1, Requirement 1**

---

**SETTLEMENT AGREEMENT  
BETWEEN  
RELIABILITY *FIRST* CORPORATION  
AND  
COMMONWEALTH CHESAPEAKE COMPANY, LLC**

---

## **I. INTRODUCTION**

1. ReliabilityFirst Corporation ("ReliabilityFirst") and Commonwealth Chesapeake Company, LLC ("Chesapeake") enter into this Settlement Agreement ("Agreement") to resolve alleged violations by Chesapeake of the following Reliability Standard Requirements:

<b>Violation ID Number</b>	<b>Standard and Requirement</b>
RFC201000645	PRC-005-1, R2
RFC201000676	PRC-005-1, R1

2. Chesapeake is owned by Tyr Chesapeake, LLC, which itself is a wholly owned subsidiary of Tyr Energy, Inc. Chesapeake, a peaking facility, consists of seven generating units with a combined generating capacity of 315 MW. Chesapeake's seven generating units connect to a separate registered entity's switchyard at 138kV. Chesapeake does not own any transmission lines.
3. Chesapeake is registered on the North American Electric Reliability Corporation ("NERC") Compliance Registry as a Generator Owner ("GO") in the ReliabilityFirst region. Chesapeake, in its capacity as a GO, is subject to compliance with Reliability Standard PRC-005-1, R1 and R2.



4. Chesapeake and ReliabilityFirst agree and stipulate to this Agreement in its entirety. The facts stipulated herein are stipulated solely for the purpose of resolving between Chesapeake and ReliabilityFirst the subject matter of this Agreement and do not constitute admissions or stipulations for any other purpose. Chesapeake neither admits nor denies that the facts stipulated herein constitute violations of PRC-005-1, R1 and R2.

## II. ALLEGED VIOLATIONS

### A. Alleged Violation of PRC-005-1, R2 (RFC201000645)

5. Reliability Standard PRC-005-1, R2 states:

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

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

6. On October 1, 2010, Chesapeake submitted a self report to ReliabilityFirst identifying a possible violation of PRC-005-1, R2. *See*, Violation Self Reporting Form (attached as Attachment A).<sup>1</sup> While conducting an internal compliance audit, Chesapeake discovered that it failed to maintain and test, or could not demonstrate that it maintained and tested, 31 of its 70 Protection System relays<sup>2</sup> within the five year testing intervals of its Protection System maintenance and testing program ("Program").<sup>3</sup> Specifically, Chesapeake did not maintain and test 24 Protection System relays within the five year testing interval, and could not

---

<sup>1</sup> Chesapeake submitted the self report associated with PRC-005-1, R2 ten days prior to the start of a scheduled ReliabilityFirst compliance audit.

<sup>2</sup> Chesapeake's 70 Protection System relays are microprocessor based.

<sup>3</sup> Chesapeake has a total of 453 Protection System devices, including 70 Protection System relays, seven battery banks, and seven DC Control Circuits. For information on voltage and current sensing devices, please see footnote 6.

provide any record of maintenance and testing for seven additional Protection System relays.<sup>4</sup>

7. ReliabilityFirst alleges Chesapeake failed to maintain and test, or could not demonstrate that it maintained and tested, 31 of its 70 Protection System relays within the defined intervals of its Program.

*Risk Considerations and Violation Duration*

8. PRC-005-1 helps ensure that all Protection Systems affecting the reliability of the bulk electric system, including Protection System relays, are maintained and tested. Protection System relays serve to detect overloads, short-circuits, and other faults as well as a number of other critical reliability functions.
9. PRC-005-1, R2 has a Violation Risk Factor ("VRF") of "High" consistent with the VRF Matrix promulgated by NERC. Applying the Violation Severity Level ("VSL") Matrix promulgated by NERC, ReliabilityFirst determined that the facts and circumstances of this violation warranted a "Moderate" VSL.
10. The risk to the reliability of the bulk electric system was mitigated by the fact that Chesapeake performs visual inspections of all Protection System relays on a daily basis, and immediately logs and corrects any issues that it identifies during these visual inspections. During the time period of the alleged violation, Chesapeake did not identify any issues with the 31 Protection System relays during these daily inspections.
11. As soon as Chesapeake discovered that it did not maintain and test the 31 Protection System relays within the defined intervals of its Program, it promptly performed maintenance and testing on the 31 Protection System relays. Upon testing of the 31 Protection System relays, Chesapeake discovered that 26 were in good condition, four were inoperable, and one functioned intermittently.<sup>5</sup> Chesapeake replaced the five Protection System relays that were not in good condition.

---

<sup>4</sup> Pursuant to its Program, Chesapeake should have performed maintenance and testing on the 24 Protection System relays by mid-March, 2008.

<sup>5</sup> The four inoperable Protection System relays consisted of one target relay, two impedance relays, and one undervoltage relay. Target relays provide visual targets or indications that protection has operated while impedance relays protect generators by tripping off the generating unit in the event of a fault. Undervoltage relays applied on generating units can be used to protect generators from damage by detecting a variety of conditions that include a stator phase-to-ground fault near the neutral or an inadvertent energization. The inoperable target relay was located on generating unit one, while the two inoperable impedance relays were located on generating units three and seven, respectively. The inoperable undervoltage relay was also located on generating unit seven. The Protection System relay that functioned intermittently was an impedance relay located on generating unit six.

12. In light of the nature of the alleged violation, offset by the aforementioned mitigating factors, ReliabilityFirst determined that this alleged violation posed a moderate risk to the reliability of the bulk electric system.
13. The duration of this alleged violation is from March 11, 2008, the date Chesapeake registered on the NERC Compliance Registry and was subject to mandatory enforcement of the Reliability Standards, including PRC-005-1, R2, until September 30, 2010, the date Chesapeake completed all deficient maintenance and testing for the 31 Protection System relays at issue.

*Mitigating Actions*

14. On December 8, 2010, Chesapeake submitted to ReliabilityFirst its mitigation plan to address the alleged violation of PRC-005-1, R2. See, NERC Mitigation Plan ID No. MIT-08-3191 (attached as **Attachment B**). ReliabilityFirst accepted this mitigation plan on December 16, 2010, and on December 30, 2010, NERC approved it. NERC submitted the mitigation plan to the Federal Energy Regulatory Commission (the "Commission") on January 5, 2011, as confidential, non-public information.
15. In this mitigation plan, Chesapeake memorialized the actions necessary to address and remediate its alleged violation of PRC-005-1, R2. On September 30, 2010, Chesapeake completed all maintenance and testing on its 31 Protection System relays at issue and documented this maintenance and testing in its Program.
16. On February 22, 2011, Chesapeake submitted a certification of completion of its mitigation plan as well as evidence of completion to ReliabilityFirst. See, Certification of Mitigation Plan Completion (attached as **Attachment C**). On June 28, 2011, ReliabilityFirst verified that Chesapeake completed the mitigation plan in accordance with its terms and conditions. See, Summary and Review of Evidence of Mitigation Plan Completion (attached as **Attachment D**).

**B. Alleged Violation of PRC-005-1, R1 (RFC201000676)**

17. Reliability Standard PRC-005-1, R1 states:

**R1.** Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

**R1.1.** Maintenance and testing intervals and their basis.

18. From October 11, 2010 through October 22, 2010, and October 25, 2010 through November 2, 2010, ReliabilityFirst conducted a compliance audit of Chesapeake,

during which ReliabilityFirst discovered that Chesapeake did not have maintenance and testing intervals for 100% of its 369 voltage and current sensing devices.<sup>6</sup> Specifically, Chesapeake required maintenance and testing of voltage and current sensing devices during installation or after it identified a problem with the voltage and current sensing devices. Chesapeake tested its voltage and current sensing devices upon installation and commissioning in 2000 and 2001.

19. ReliabilityFirst alleges that Chesapeake failed to include maintenance and testing intervals for its voltage and current sensing devices within its Program.

*Risk Considerations and Violation Duration*

20. PRC-005-1 helps ensure that all Protection Systems affecting the reliability of the Bulk Electric System, including voltage and current sensing devices, are maintained and tested. Voltage and current sensing devices provide electrical information directly to the relays regarding events and operations on the system. In order to detect a fault, the relays require accurate information from the current and voltage transformers as input, without which, the relays would not have information necessary to react correctly.
21. PRC-005-1, R1 has a VRF of "High," consistent with the VRF Matrix promulgated by NERC. Applying the VSL Matrix promulgated by NERC, ReliabilityFirst determined that the facts and circumstances of this violation warranted a "Severe" VSL.
22. The risk to the reliability of the bulk electric system was mitigated by the fact that Chesapeake conducted testing on its voltage and current sensing devices during start up and commissioning in 2000 and 2001, and determined the devices were in good condition at that time.
23. In light of the nature of the alleged violation, offset by the aforementioned mitigating factors, ReliabilityFirst determined that this alleged violation posed a moderate risk to the reliability of the bulk electric system.
24. The duration of the alleged violation is from March 11, 2008, the date Chesapeake registered on the NERC Compliance Registry and was subject to mandatory enforcement of the Reliability Standards, including PRC-005-1, R1, until December 11, 2011, the date by which Chesapeake represents it will develop maintenance and testing procedures for its voltage and current sensing devices.

---

<sup>6</sup> As of November 1, 2011, Chesapeake identified 21 voltage sensing devices and 348 current sensing devices at its facility. As part of its mitigation plan addressing this alleged violation, Chesapeake will hire a third party to conduct a review of its voltage and current sensing devices and confirm the total number by December 11, 2011.

### *Mitigating Actions*

25. On September 13, 2011, Chesapeake submitted to ReliabilityFirst its mitigation plan to address the alleged violation of PRC-005-1, R1. *See*, Mitigation Plan (attached as Attachment E). ReliabilityFirst accepted this mitigation plan on September 15, 2011 and on September 23, 2011, NERC approved it. Also on September 23, 2011, NERC submitted the mitigation plan to the Commission as confidential, non-public information.
26. In this mitigation plan, Chesapeake memorialized the actions necessary to address and remediate its alleged violation of PRC-005-1, R1. Chesapeake will develop maintenance and testing procedures for its CTs and PTs by December 11, 2011, and will perform the required testing on the CTs and PTs.
27. Chesapeake shall certify and provide evidence demonstrating completion of the mitigation plan to ReliabilityFirst within five business days of Chesapeake's completion of the mitigation plan. ReliabilityFirst will verify Chesapeake's completion of this mitigation plan and promptly report its successful completion to NERC.

### **IV. ADJUSTMENT FACTORS**

28. In addition to the above paragraphs, which are incorporated herein by reference, ReliabilityFirst considered the following factors.
29. ReliabilityFirst considered certain aspects of Chesapeake's compliance program as mitigating factors. Chesapeake conducts self audits of all applicable Reliability Standards over a three year cycle. Chesapeake's Plant Manager is responsible for the compliance program and has independent access to Chesapeake's CEO and the Vice President of Tyr Energy, Inc. Additionally, Chesapeake conducts training for its personnel regarding compliance with the Reliability Standards.
30. When assessing the penalty for the alleged violations at issue in this Agreement, ReliabilityFirst considered whether the facts of this alleged violation evidenced any (a) repeated or continuing conduct similar to that underlying a prior violation of the same or a closely-related Reliability Standard Requirement; (b) conduct addressed in any previously submitted mitigation plan for a prior violation of the same or a closely-related Reliability Standard Requirement; or (c) multiple violations of the same Standard and Requirement. Chesapeake and its affiliated companies do not have any prior alleged violations of the same or closely related Reliability Standards and requirements. Therefore, ReliabilityFirst did not consider the alleged violations addressed in this Agreement as repetitive infractions and did not consider Chesapeake's compliance history as an aggravating factor.

## V. MONETARY PENALTY

31. Based upon the foregoing, Chesapeake shall pay a monetary penalty of \$30,000 to ReliabilityFirst.
32. ReliabilityFirst shall present an invoice to Chesapeake within 20 days after the Agreement is approved by the Commission or affirmed by operation of law. Upon receipt, Chesapeake shall have 30 days to remit payment. ReliabilityFirst will notify NERC if it does not timely receive the payment from Chesapeake.
33. If Chesapeake fails to timely remit the monetary penalty payment to ReliabilityFirst, interest will commence to accrue on the outstanding balance, pursuant to 18 C.F.R. § 35.19a (a)(2)(iii), on the earlier of (a) the 31<sup>st</sup> day after the date on the invoice issued by ReliabilityFirst to Chesapeake for the monetary penalty payment or (b) the 51<sup>st</sup> day after the Agreement is approved by the Commission or operation of law.

## VI. ADDITIONAL TERMS

34. ReliabilityFirst and Chesapeake agree that this Agreement is in the best interest of bulk electric system reliability. The terms and conditions of the Agreement are consistent with the regulations and orders of the Commission and the NERC Rules of Procedure.
35. ReliabilityFirst shall report the terms of all settlements of compliance matters to NERC. NERC will review the Agreement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under similar circumstances. Based on this review, NERC will either approve or reject this Agreement. If NERC rejects the Agreement, NERC will provide specific written reasons for such rejection and ReliabilityFirst will attempt to negotiate with Chesapeake a revised settlement agreement that addresses NERC's concerns. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the Agreement, NERC will (a) report the approved settlement to the Commission for review and approval by order or operation of law and (b) publicly post the alleged violation and the terms provided for in this Agreement.
36. This Agreement shall become effective upon the Commission's approval of the resolution of the matter as set forth in this Agreement by order or operation of law. Chesapeake expressly waives its right to any hearing or appeal concerning any matter set forth herein, unless NERC or Commission action constitutes a material modification to this Agreement.
37. ReliabilityFirst reserves all rights to initiate enforcement actions against Chesapeake in accordance with the NERC Rules of Procedure in the event that Chesapeake fails to comply with any of the terms or conditions of this Agreement,



including failure to timely complete mitigation plans or other remedies of this Agreement. In the event Chesapeake fails to comply with any of the terms or conditions of this Agreement, ReliabilityFirst may initiate an action or actions against Chesapeake to the maximum extent allowed by the NERC Rules of Procedure, including, but not limited to, the imposition of the maximum statutorily allowed monetary penalty. Chesapeake will retain all rights to defend against such action or actions in accordance with the NERC Rules of Procedure.

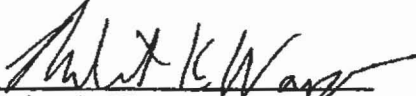
38. Chesapeake consents to ReliabilityFirst's future use of this Agreement for the purpose of assessing the factors within the NERC Sanction Guidelines and applicable Commission orders and policy statements, including, but not limited to, the factor evaluating Chesapeake's history of violations. Such use may be in any enforcement action or compliance proceeding undertaken by NERC or any Regional Entity or both, provided however that Chesapeake does not consent to the use of the conclusions, determinations, and findings set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC or any Regional Entity or both, nor does Chesapeake consent to the use of this Agreement by any other party in any other action or proceeding.
39. Chesapeake affirms that all of the matters set forth in this Agreement are true and correct to the best of its knowledge, information, and belief, and that it understands that ReliabilityFirst enters into this Agreement in express reliance on the representations contained herein, as well as any other representations or information provided by Chesapeake to ReliabilityFirst during any Chesapeake interaction with ReliabilityFirst relating to the subject matter of this Agreement.
40. Each of the undersigned warrants that he or she is an authorized representative of the entity designated below, is authorized to bind such entity, and accepts the Agreement on the entity's behalf.
41. The signatories to this Agreement agree that they enter into this Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer, or promise of any kind by any member, employee, officer, director, agent, or representative of ReliabilityFirst or Chesapeake has been made to induce the signatories or any other party to enter into this Agreement.
42. The Agreement may be signed in counterparts.
43. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

**[SIGNATURE PAGE TO FOLLOW]**

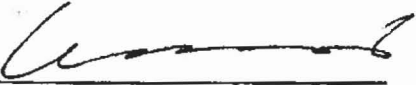
**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**



**Agreed to and accepted:**

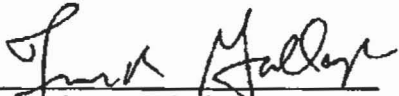
  
Robert K. Wargo  
Director of Enforcement & Regulatory Affairs  
ReliabilityFirst Corporation

11/28/2011  
Date

  
Kaoru Usami  
CEO & President  
Commonwealth Chesapeake Company, LLC

12/9/2011  
Date

**Approved:**

  
Timothy R. Gallagher  
President & Chief Executive Officer  
ReliabilityFirst Corporation

11/28/2011  
Date

# Attachment A

## COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

### VIOLATION SELF-REPORTING FORM

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

1. Date: October 1, 2010
2. Registered Entity: Commonwealth Chesapeake, LLC
3. NERC Registry ID: NCR 10229
4. Multiple Regional Registered Entity (MRRE) Regional Affiliates (if applicable:) N/A
5. Reliability Standard PRC-005 Requirement <sup>a</sup> R2
6. Reporting for registered function(s): GO
7. Date Violation was Discovered: 8/31/2010  
Beginning Date of Violation: 3/5/2008  
End or Expected End Date of Violation: 9/30/2010
8. Has this violation been previously reported: Yes ☐ or No ☐  
If yes, Provide NERC Violation ID number:
9. Has this violation been reported to another region(s): Yes ☐ or No ☐  
If yes, Provide Region(s):
10. Is the violation still occurring: Yes ☐ or No ☐
11. Detail description and cause of the violation:

A recent internal compliance audit at Commonwealth Chesapeake, LLC found that twenty four (24) protective relays have not been tested since 2003. These relays include the following:

- RXDSB4 – Transformer Differential Protection
- RXEDK2H – Time Over/Under Voltage Relay
- RXZK\_23H - Under-Impedance Relay and Protection Assembly
- RMC-142D – Rotor Earth Fault Relay

NOTE: This gap covers each relay type on all seven (7) units with the exception of the Rotor Earth Fault Relay which only applies to Units 1, 2, and 3. Units 4 through 7 were modified in 2006 and no longer require the Rotor Earth Fault Relays.

The interval for testing relays was set at five (5) years meaning that these devices should have been tested in 2008.

The internal compliance audit also determined that testing has not been previously performed on the RXIG21 – Diode Fault Relays; one for each unit, seven (7) total.

This self-report covers a total of thirty-one (31) relays.

The table below lists the last known test dates of each Unit's relays:

<b>Relay</b>	<b>Unit</b>	<b>Last Test Date</b>	<b>Current Test Date</b>
<b>RXDSB4</b> <b>Transformer Differential Protection</b>	1	3/5/2003	9/8/2010
	2	3/5/2003	9/8/2010
	3	3/7/2003	9/8/2010
	4	3/6/2003	9/8/2010
	5	3/8/2003	9/9/2010
	6	3/11/2003	9/9/2010
	7	3/12/2003	9/9/2010
<b>RXEDK2H</b> <b>Time Over/Under Voltage</b>	1	3/5/2003	9/8/2010
	2	3/5/2003	9/8/2010
	3	3/7/2003	9/8/2010
	4	3/6/2003	9/8/2010
	5	3/8/2003	9/9/2010
	6	3/11/2003	9/9/2010
	7	3/12/2003	9/9/2010
<b>RXZK 23H</b> <b>Under-Impedance Relay and Protection Assembly</b>	1	3/4/2003	9/8/2010
	2	3/5/2003	9/8/2010
	3	3/7/2003	9/8/2010
	4	3/6/2003	9/8/2010
	5	3/8/2003	9/9/2010
	6	3/11/2003	9/9/2010
	7	3/12/2003	9/9/2010
<b>RXIG21</b> <b>Diode Fault Relay</b>	1	No Records	9/30/2010
	2	No Records	9/30/2010
	3	No Records	9/30/2010
	4	No Records	9/30/2010
	5	No Records	9/30/2010
	6	No Records	9/30/2010
	7	No Records	9/30/2010
<b>RMC-142D</b> <b>Rotor Earth Fault Relay</b> <b>*NOTE* This relay only applies to Units 1-3</b>	1	3/4/2003	9/30/2010
	2	3/6/2003	9/30/2010
	3	3/7/2003	9/30/2010
	4	Not Applicable	Not Applicable
	5	Not Applicable	Not Applicable
	6	Not Applicable	Not Applicable
	7	Not Applicable	Not Applicable



Analysis of the situation determined that a change in maintenance vendors in 2002 caused the relays to be overlooked within the scope of work.

12. Violation Risk Factor: Lower ( ) – Medium ( ) – High (X) – Not Specified ( ) Select One

13. Violation Severity Level: Lower ( ) – Moderate (X) – High ( ) – Severe ( ) Select One  
Provide justification for this determination:

Commonwealth Chesapeake, LLC's Protection System Maintenance and Testing Program consists of 99 components. This self report is for thirty-one (31) relays which works out to be about 31% of the total components; therefore, the VSL falls into the "Moderate" category.

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

The risk to the Bulk Electric System was minimal as all other Protection System components were properly tested and maintained within their prescribed intervals.

15. Mitigation Plan attached<sup>b</sup>: Yes ☐ or No ☐

16. Additional Comments:

17. Officer Verification: I understand that this information is being provided as required by the ReliabilityFirst Compliance Monitoring and Enforcement Program. Any review of this violation will require all information certified on this form be supported by appropriate documentation.

Officer's Name: Garrick F. Venteicher

Title: Chief Financial Officer and Treasurer – Tyr Energy

E-mail address: gventeicher@tyrenergy.com Phone: (913) 754-5708

Primary Compliance Contact: Tony Alvelo

E-mail address: talvelo@cccplant.com Phone: (757) 824-3340 x23

**E-mail Submittals to [self-reports@rfirst.org](mailto:self-reports@rfirst.org) Subject Line: (Registered No.) - Violation Self-Report**  
**For any questions regarding compliance submittals, please e-mail [self-reports@rfirst.org](mailto:self-reports@rfirst.org).**

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

<sup>b</sup>. Mitigation Plans are to be submitted to [mitigationplan@rfirst.org](mailto:mitigationplan@rfirst.org) with the subject line (Registered No. - Mitigation Plan).

# Attachment B

## Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: December 8, 2010

### **Section A: Compliance Notices & Mitigation Plan Requirements**

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements."
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 ☒ I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

### **Section B: Registered Entity Information**

#### **B.1 Identify your organization.**

Company Name: Commonwealth Chesapeake Company, LLC

Company Address: 3415 White Oak Way  
New Church, VA 23415

NERC Compliance Registry ID: NCR10229

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

Name: Tony Alvelo

Title: Lead Operator

Email: talvelo@cccplant.com

Phone: (757) 824-3340 x23

**Section C: Identification of Alleged or Confirmed Violation(s)  
Associated with this Mitigation Plan**

**C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.**

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date <sup>(*)</sup>	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC 201000645	PRC-005	R2.1	HIGH	3/5/2008	Self-Report/Audit

(\*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

**C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.**

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

A recent internal compliance audit at Commonwealth Chesapeake, LLC found thirty-one (31) protective relays have not been tested since 2003. Twenty-four (24) of those relays involve the following:

- RXDSB4 – Transformer Differential Protection
- RXEDK2H – Time Over/Under Voltage Relay
- RXZK\_23H - Under-Impedance Relay and Protection Assembly
- RMC-142D – Rotor Earth Fault Relay

NOTE: This gap covers each relay type on all seven (7) units with the exception of the Rotor Earth Fault Relay which only applies to Units 1, 2, and 3. Units 4 through 7 were modified in 2006 and no longer require the Rotor Earth Fault Relays.

# RELIABILITY *FIRST*

The interval for testing relays was set at five (5) years based on vendor recommendations which are based on the ANSI/NETA MTS-2007 standard. At a five (5) year interval, these devices should have been tested in 2008.

The internal compliance audit also determined that testing has not been previously performed on the RXIG21 – Diode Fault Relays; one for each unit, seven (7) total.

Thus, this mitigation plan covers a total of thirty one (31) relays.

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

The table below lists the last known test dates of each Unit's relays:

Relay	Unit	Last Test Date	Current Test Date
<b>RXDSB4</b> <b>Transformer Differential Protection</b>	1	3/5/2003	9/8/2010
	2	3/5/2003	9/8/2010
	3	3/7/2003	9/8/2010
	4	3/6/2003	9/8/2010
	5	3/8/2003	9/9/2010
	6	3/11/2003	9/9/2010
	7	3/12/2003	9/9/2010
<b>RXEDK2H</b> <b>Time Over/Under Voltage</b>	1	3/5/2003	9/8/2010
	2	3/5/2003	9/8/2010
	3	3/7/2003	9/8/2010
	4	3/6/2003	9/8/2010
	5	3/8/2003	9/9/2010
	6	3/11/2003	9/9/2010
	7	3/12/2003	9/9/2010
<b>RXZK 23H</b> <b>Under-Impedance Relay and Protection Assembly</b>	1	3/4/2003	9/8/2010
	2	3/5/2003	9/8/2010
	3	3/7/2003	9/8/2010
	4	3/6/2003	9/8/2010
	5	3/8/2003	9/9/2010
	6	3/11/2003	9/9/2010
	7	3/12/2003	9/9/2010
<b>RXIG21</b> <b>Diode Fault Relay</b>	1	No Records	9/30/2010
	2	No Records	9/30/2010
	3	No Records	9/30/2010
	4	No Records	9/30/2010
	5	No Records	9/30/2010
	6	No Records	9/30/2010
	7	No Records	9/30/2010

# RELIABILITY **FIRST**

Relay	Unit	Last Test Date	Current Test Date
<b>RMC-142D</b>  <b>Rotor Earth Fault Relay</b>  <b>*NOTE* This relay only applies to Units 1-3</b>	1	3/4/2003	9/30/2010
	2	3/6/2003	9/30/2010
	3	3/7/2003	9/30/2010
	4	Not Applicable	Not Applicable
	5	Not Applicable	Not Applicable
	6	Not Applicable	Not Applicable
	7	Not Applicable	Not Applicable

## **Section D: Details of Proposed Mitigation Plan**

### **Mitigation Plan Contents**

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.**

Following identification of the relays identified above not being maintained within their prescribed interval, an investigation immediately took place to determine the cause of the oversight.

The following tasks have been completed as part of the mitigation process:

- Contact was made with the relay maintenance vendor to schedule maintenance and testing on the affected relays
- Coordination took place with PJM, the Transmission Operator, to ensure that all required switching operations required for the maintenance can be accomplished
- Utilizing relevant system diagrams, the list of identified Protection System components was checked to ensure that no other items were overlooked
- The Protection System Maintenance and Testing Program was modified to include the identified relays
- Corporate support was notified and utilized to help with all relevant reporting
- The relay maintenance vendor performed the required maintenance and testing on all thirty-one (31) relays and all deficiencies are being addressed appropriately.

## Mitigation Plan Timeline and Milestones

- D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.**

Commonwealth Chesapeake, LLC completed all relay testing and returned to full compliance on September 30, 2010.

- D.3 Enter Key Milestone Activities (with due dates) that can be used to track and indicate progress towards timely and successful completion of this Mitigation Plan.**

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
All relay testing complete. Returned to full compliance.	September 30, 2010

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



## **Section E: Interim and Future Reliability Risk**

### **Abatement of Interim BPS Reliability Risk**

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.**

Commonwealth Chesapeake, LLC completed all relay testing and returned to full compliance on September 30, 2010. As such, there are currently no additional risks or impacts to the Bulk Power System.

### **Prevention of Future BPS Reliability Risk**

- E.2 Describe how successful completion of this Mitigation Plan by your organization will prevent or minimize the probability that the reliability of the BPS incurs further risk of similar violations in the future. Additional detailed information may be provided as an attachment.**

The completion of this Mitigation Plan has ensured that Commonwealth Chesapeake, LLC's Protection System Maintenance and Testing Program covers all Protection System components in accordance with PRC-005. As the program now covers all required components, risk that a similar violation of the same nature occurring in the future is greatly reduced.

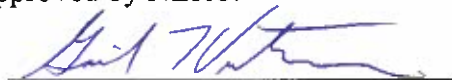


## Section F: Authorization

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

- a) Submits this Mitigation Plan for acceptance by ReliabilityFirst and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
  1. I am Chief Financial Officer & Treasurer of Tyr Energy.
  2. I am qualified to sign this Mitigation Plan on behalf of Commonwealth Chesapeake Company, LLC.
  3. I have read and am familiar with the contents of this Mitigation Plan.
  4. Commonwealth Chesapeake Company, LLC agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature



Name (Print):

Title: **Garrick Venteicher**  
**Chief Financial Officer**

Date: *12/8/2010*

## Section G: Regional Entity Contact

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

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.

## **Attachment A – Compliance Notices & Mitigation Plan Requirements**

- I. Section 6.2 of the CMEP<sup>1</sup> sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan.
  - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
  - (3) The cause of the Alleged or Confirmed Violation(s).
  - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
  - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
  - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
  - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
  - (8) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
  - (9) Any other information deemed necessary or appropriate.
  - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. This Mitigation Plan is submitted to ReliabilityFirst and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

---

<sup>1</sup> "Compliance Monitoring and Enforcement Program" of the ReliabilityFirst Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on the ReliabilityFirst website.

# RELIABILITY *FIRST*

mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by Reliability*First* and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Reliability*First* or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.



## DOCUMENT CONTROL

**Title:** Mitigation Plan Submittal Form  
**Issue:** Version 2.0  
**Date:** 11 July 2008  
**Distribution:** Public  
**Filename:** ReliabilityFirst Mitigation Plan Submittal Form - Ver 2.DOC  
**Control:** Reissue as complete document only

## DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Senior Consultant Compliance	Raymond J. Palmieri Vice President and Director Compliance	<i>Raymond J. Palmieri</i>	1/2/08

## DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue – Replaces “Proposed Mitigation Plan” Form	1/2/08
2.0	Tony Purgar	Revised email address from <a href="mailto:compliance@rfirst.org">compliance@rfirst.org</a> to <a href="mailto:mitigationplan@rfirst.org">mitigationplan@rfirst.org</a>	7/11/08

# Attachment C

## Certification of Mitigation Plan Completion

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

---

Registered Entity Name: Commonwealth Chesapeake Company, LLC

NERC Registry ID:NCR10229

Date of Submittal of Certification:2/22/11

NERC Violation ID No(s):RFC201000645

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

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan:9/30/10

Date Mitigation Plan was actually completed:9/30/10

Additional Comments (or List of Documents Attached):Five (5) files are attached.

Attachment 1 includes a copy of the old and revised testing program documents, RCP-NERC-ATT 001 and RCP-NERC-ATT 001 R1 showing that the 31 relays previously missing are now included.

Attachment 2 includes vendor reports verifying that NCE was notified and completed testing on the 31 relays reported on the mitigation plan.

Attachment 3 is a copy of the completed work order to review system drawings to ensure no other devices were overlooked.

Attachment 4 contains copies of switching requests required to completed the testing of the 31 relays in question. It verifies coordination with the Transmission operator to perform testing. No switching was required to complete testing on units 1,2 and 3.

Last is attachment 5 which contains 2 emails between Commonwealth Chesapeake, the plants owner TYR and the operating company's, NAES, compliance department verifying corporate support was utilized writing and submitting the mitigation plan.

---

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

# RELIABILITY

---

Name: Tony Alvelo

Title: LCRO

Email: talvelo@cccplant.com

Phone: (757) 824-3340 Ext. 23

Authorized Signature P. A. Alvelo

Date 2/27/2011

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

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.

## DOCUMENT CONTROL

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

## DOCUMENT APPROVAL

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

## DOCUMENT CHANGE/REVISION HISTORY

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



# RELIABILITY

---


# Attachment D



---

<b><i>In re:</i> COMMONWEALTH</b>	)	
<b>CHESAPEAKE COMPANY, LLC</b>	)	<b>Docket No. RFC201000645</b>
	)	
	)	
NERC Registry ID No. NCR10229	)	NERC Reliability Standard:
	)	PRC-005-1, Requirement 2
	)	

---

## **VERIFICATION OF MITIGATION PLAN COMPLETION FOR MIT-08-3191**

---

### **I. RELEVANT BACKGROUND**

On October 1, 2010, Commonwealth Chesapeake Company, LLC (“Commonwealth Chesapeake”) self reported a possible violation of Reliability Standard PRC-005-1, R2, to ReliabilityFirst Corporation (“ReliabilityFirst”). Commonwealth Chesapeake performed an internal audit and discovered that it had not tested 24 protective relays within its five year interval. Additionally, Commonwealth Chesapeake discovered it did not have evidence to demonstrate it tested 7 additional relays at any time prior to the internal audit. Commonwealth Chesapeake submitted a proposed mitigation plan to ReliabilityFirst on December 8, 2010, in which Commonwealth Chesapeake stated it completed all mitigating actions on September 30, 2010. ReliabilityFirst accepted this mitigation plan, designated MIT-08-3191, on December 16, 2010, and the North American Electric Reliability Corporation (“NERC”) approved it on December 30, 2010.

### **II. MITIGATION PLAN COMPLETION REVIEW PROCESS**

On February 22, 2011, Commonwealth Chesapeake certified that it completed the mitigation plan associated with the alleged violation of PRC-005-1, R2 on September 30, 2010. ReliabilityFirst requested and received evidence of completion for the mitigating actions Commonwealth Chesapeake took as specified in the mitigation plan. ReliabilityFirst performed an in depth review of the information provided to verify that Commonwealth Chesapeake successfully completed all actions specified in the mitigation plan.

**A. Evidence Reviewed per Standard and Requirement.**

<u>Evidence Reviewed</u>		<u>Applicable Standard and Requirement</u>
1.	Email correspondence between Commonwealth Chesapeake and NAES Corporation, regarding the <i>NERC Self Report and Mitigation Plan</i> , dated September 24, 2010 and October 29, 2010.	<b>PRC-005-1, R2</b>
2.	<i>Work Requests</i> for switching operations, dated September 2, 2010.	<b>PRC-005-1, R2</b>
3.	<i>Work Order 1000002495</i> , completion date September 6, 2010.	<b>PRC-005-1, R2</b>
4.	<i>Commonwealth Chesapeake, Co., LLC - Protection System Maintenance and Testing Program - Protection System Device Summary</i> , Revision 1, dated September 7, 2010.	<b>PRC-005-1, R2</b>
5.	<i>Relay Test Activity and Last Test Results Reports</i> , dated September 8-30, 2010.	<b>PRC-005-1, R2</b>

**B. Verification of Mitigation Plan Completion.**

PRC-005-1, Requirement 2 states:

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

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

**Emails between Commonwealth Chesapeake and NAES Corporation, regarding the *NERC Self Report and Mitigation Plan*, dated September 24, 2010 and October 29, 2010.**

With these documents, Commonwealth Chesapeake demonstrates that it worked with its plant operating company, NAES Corporation, to develop the Self Report and Mitigation Plan associated with the alleged violation of PRC-005-1, R2.

***Work Requests for switching operations, dated September 2, 2010.***

With these documents, Commonwealth Chesapeake demonstrates that it coordinated with its Transmission Operator to perform the necessary testing on the 31 Protection System relays associated with the alleged violation of PRC-005-1, R2.

***Work Order 1000002495, completion date September 6, 2010.***

With this work order, Commonwealth Chesapeake demonstrates it completed a system drawings review in order to ensure it did not overlook the maintenance and testing for additional Protection System devices.

***Commonwealth Chesapeake, Co., LLC - Protection System Maintenance and Testing Program - Protection System Device Summary, Revision 1, dated September 7, 2010.***

With this Maintenance and Testing Program, Commonwealth Chesapeake demonstrates it included the 31 Protection System relays associated with the alleged violation of PRC-005-1, R2, in its Maintenance and Testing Program.

***Relay Test Activity and Last Test Results Reports, dated September 8-30, 2010.***

With these documents, Commonwealth Chesapeake demonstrates it contacted a relay maintenance vendor, and that in September 2010, the vendor scheduled and completed maintenance and testing on the 31 Protection System relays associated with the alleged violation of PRC-005-1, R2.

**III. CONCLUSION**

ReliabilityFirst reviewed the evidence Commonwealth Chesapeake submitted in support of its certification of completion. ReliabilityFirst determined this evidence demonstrated Commonwealth Chesapeake successfully completed the mitigating activities in the mitigation plan associated with PRC-005-1, R2.

ReliabilityFirst hereby verifies that Commonwealth Chesapeake completed the mitigation plan associated with the alleged violation of the aforementioned Reliability Standard in accordance with its terms and conditions.

**Accepted:**

A handwritten signature in black ink, appearing to read 'David J. Coyle', is written over a horizontal line.

David J. Coyle  
Compliance Specialist  
ReliabilityFirst Corporation

Date: June 23, 2011

**Approved:**

A handwritten signature in black ink, reading "Robert K. Wargo". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

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

Date: June 28, 2011

# Attachment E



## Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: September 13, 2011

### **Section A: Compliance Notices & Mitigation Plan Requirements**

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements."
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 ☒ I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

### **Section B: Registered Entity Information**

- B.1 Identify your organization.

Company Name: Commonwealth Chesapeake Company, LLC

Company Address: 3415 White Oak Way, New Church, VA 23415

NERC Compliance Registry ID: NCR10229

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

Name: Tony Alvelo

Title: Lead Operator

Email: talvelo@cccplant.com

Phone: (757) 824-3340 Ext. 23





**Section C: Identification of Alleged or Confirmed Violation(s)  
Associated with this Mitigation Plan**

C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

NERC Violation ID No. (RFC Docket No.)	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date <sup>(*)</sup>	Method of Detection (e.g., Audit, Self-report, Investigation)
201000676	PRC-005	R1		March 11, 2008	Audit

(\*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.

Chesapeake allegedly did not have maintenance and testing intervals for 100% of its voltage and current sensing devices pursuant to PRC-005-1, R1.1. Specifically, Chesapeake required maintenance and testing of voltage and current sensing devices only during installation or after it identified a problem with the voltage and current sensing devices.

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

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



## **Section D: Details of Proposed Mitigation Plan**

### **Mitigation Plan Contents**

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.

Following identification of the possible violation regarding CT's and PT's, Commonwealth Chesapeake immediately began looking into scheduling testing of the relevant components. Testing of this circuitry requires planning and coordination with vendors and the relevant transmission entities during an outage. A plan has been developed to ensure that the testing can be accomplished in a timely manner while minimizing any disruptions to the Bulk Electric System. The plan includes an update of the procedure for testing the CT's and PT' and testing of the CT's and PT's.

### **Mitigation Plan Timeline and Milestones**

- D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

June 11, 2012

- D.3 Enter Key Milestone Activities (with due dates) that can be used to track and indicate progress towards timely and successful completion of this Mitigation Plan.

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
Develop maintenance and testing procedures for CT's and PT's.	December 11, 2011
Have contractor perform required testing on CT's and PT's during next plant outage.	March 11, 2012

# RELIABILITY *FIRST*

Gather test documents from the contractor and enter relevant data into the Protection System Maintenance and Testing Program.	June 11, 2012
-------------------------------------------------------------------------------------------------------------------------------	---------------

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

# RELIABILITY **FIRST**

## **Section E: Interim and Future Reliability Risk**

### **Abatement of Interim BPS Reliability Risk**

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.

CT's and PT's are monitored remotely via the plant DCS, and a failure in any CT/PT would result in an alarm in the control room which is manned 24 hours a day. Commonwealth Chesapeake Operator's are trained to respond to any incoming alarms in an efficient and timely manner.

### **Prevention of Future BPS Reliability Risk**

- E.2 Describe how successful completion of this Mitigation Plan by your organization will prevent or minimize the probability that the reliability of the BPS incurs further risk of similar violations in the future. Additional detailed information may be provided as an attachment.

The implementation of procedures regarding Protection System component maintenance will ensure that future violations of a similar nature are avoided.



## Section F: Authorization

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

- a) Submits this Mitigation Plan for acceptance by ReliabilityFirst and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
  - 1. I am Chief Financial Officer of Tyr Energy, Inc.
  - 2. I am qualified to sign this Mitigation Plan on behalf of Commonwealth Chesapeake Company, LLC.
  - 3. I have read and am familiar with the contents of this Mitigation Plan.
  - 4. Commonwealth Chesapeake Company, LLC agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature

A handwritten signature in blue ink, appearing to read "Garrick Venteicher", written over a horizontal line.

Name (Print): Garrick Venteicher  
Title: Chief Financial Officer  
Date: September 13, 2011

## Section G: Regional Entity Contact

Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address [mitigationplan@rfirst.org](mailto:mitigationplan@rfirst.org). Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.

## **Attachment A – Compliance Notices & Mitigation Plan Requirements**

- I. Section 6.2 of the CMEP<sup>1</sup> sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan.
  - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
  - (3) The cause of the Alleged or Confirmed Violation(s).
  - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
  - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
  - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
  - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
  - (8) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
  - (9) Any other information deemed necessary or appropriate.
  - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. This Mitigation Plan is submitted to ReliabilityFirst and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

---

<sup>1</sup> "North American Electric Reliability Corporation Compliance Monitoring and Enforcement Program Appendix 4C To The Rules of Procedure Effective January 1, 2011", a copy of the current version approved by the Federal Energy Regulatory Commission is posted on the ReliabilityFirst website.

# RELIABILITY *FIRST*

mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by Reliability*First* and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Reliability*First* or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.



## DOCUMENT CONTROL

**Title:** Mitigation Plan Submittal Form  
**Issue:** Version 3.0  
**Date:** 22 February 2011  
**Distribution:** Public  
**Filename:** ReliabilityFirst Mitigation Plan Submittal Form - Ver 3.DOC  
**Control:** Reissue as complete document only

## DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Director	Raymond J. Palmieri Vice President	<i>Raymond J. Palmieri</i>	2/22/11

## DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue – Replaces “Proposed Mitigation Plan” Form	1/2/08
2.0	Tony Purgar	Revised email address from <a href="mailto:compliance@rfirst.org">compliance@rfirst.org</a> to <a href="mailto:mitigationplan@rfirst.org">mitigationplan@rfirst.org</a>	7/11/08
3.0	Dave Coyle	Revised CMEP	2/22/11



## Attachment b

**Reliability***First's* Source Document for PRC-  
005-1 R1 dated GYdhYa VYf`+ž&\$%\$



## ***Summary for Possible Violation (PV)***

---

**Registered Entity:** Commonwealth Chesapeake Company, LLC.

**NERC ID#:** NCR #10229

**Compliance Monitoring Process:** Compliance Audits

**Standard and Requirement:** PRC-005-1, R1, Sub-Req. R1.1

**Registered Function(s) in Violation:** Generation Owner

**Initial PV Date (Actual Date Discovered):** 9/7/2010

**Date for Determination of Penalty/Sanction (Beginning Date of Violation):** 6/18/2007

**Violation Risk Factor:** VRF - High

**Violation Severity Level:** VSL - Level 1

**Violation Reported By:** Audit Team

---

**Basis for the PV:** Previous M & T Documentation prior to 9/7/10 did not contain a basis and interval for back-up (Secondary) DC Control Circuitry. Also, there were no provisions for maintenance and testing within their procedure for CT testing.

**Facts and Evidence pertaining to the PV:** While the current procedure, dated 9/7/10, does include a maintenance and testing (M & T) basis and interval for back-up (Secondary) DC Control Circuitry, previous documentation from 6/18/07 to 9/7/10 did not contain a basis and interval for back-up (Secondary) DC Control Circuitry. While Commonwealth Chesapeake provided emails from the manufacturer's representatives that CT testing was not needed except for cause, the audit team determined that both manufacturers documents did list tests to be performed, however, neither stated that no testing was required under any conditions, just no maintenance was required.

**Potential Impact to Bulk Electrical System (BES):** High

- **Provide Explanation for Potential Impact to BES: No maintenance and testing was performed on the back-up DC Control Circuitry from 6/18/07 to 9/7/10, however primary DC control circuitry is trip-tested with every generator shut down. Back-up (Secondary) DC Control Circuitry testing was not addressed in their procedures. No CT testing was performed during the audit period.**

### REVISION HISTORY

Revision	Prepared By	Approved By	Date	Comments
Rev. 0	Renata Fellmeth	Gary Campbell	7/1/2009	New Document
Rev. 1	Renata Fellmeth	Gary Campbell	9/3/2009	Changed PAV to PV. Removed the word "Alleged."
Rev. 2	Renata Fellmeth	Gary Campbell	5/14/2010	Added word "Potential" to sentences, 'Impact to Bulk Electrical System (BES)' and 'Provide Explanation for Impact to BES.' Added clarification in brackets after the following sentences: 'Initial PV Date' and 'Date for Determination of Penalty/Sanction.'
Rev. 3	Renata Fellmeth	Gary Campbell	6/15/2010	Unlocked form so that the form is user friendly – cutting and pasting.
Rev. 4	Renata Fellmeth	Gary Campbell	9/15/2010	Added Vimarie Luna to the distribution list.

**Attachment c**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Commonwealth Chesapeake Company, LLC

Docket No. NP12-\_\_\_\_-000

NOTICE OF FILING  
February 29, 2012

Take notice that on February 29, 2012, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Commonwealth Chesapeake Company, LLC in the Reliability *First* Corporation region.

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

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

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

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary