NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

March 31, 2010

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

Re: NERC Notice of Penalty regarding Ebensburg Power Company
FERC Docket No. NP10-_-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty[1] regarding Ebensburg Power Company (Ebensburg), NERC Registry ID NCR08051,[2] in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).[3]

During a scheduled off-site Compliance Audit from October 13, 2008 through October 22, 2008 (Audit), Reliability*First* Corporation (Reliability*First)* found a possible violation of PRC-005-1 Requirement (R) 2, specifically R2.1, because of Ebensburg's failure to conduct battery testing within defined intervals for five months during the period from June 2007 through May 2008. This Notice of Penalty is being filed with the Commission because, based on information from Reliability*First*, Reliability*First* and Ebensburg have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in Reliability*First*'s determination and findings of the enforceable alleged violation of PRC-005-1 R2. According to the Settlement Agreement, Ebensburg neither admits nor denies the alleged violation but has agreed to the proposed penalty of five thousand dollars ($5,000) to be assessed to Ebensburg, in addition to other remedies and actions to mitigate the instant alleged violation and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the alleged violation identified as NERC Violation Tracking Identification Number RFC200800094 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

---

[1] *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). *See also* 18 C.F.R. Part 39 (2009). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). *See* 18 C.F.R § 39.7(c)(2).
[2] Reliability*First* Corporation confirmed that Ebensburg was included on the NERC Compliance Registry as a Generator Operator and Generator Owner on August 22, 2007. As a Generator Owner, Ebensburg was subject to the requirements of NERC Reliability Standard PRC-005-1.
[3] *See* 18 C.F.R § 39.7(c)(2).

Statement of Findings Underlying the Alleged Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on November 18, 2009, by and between Reliability*First* and Ebensburg, which is included as Attachment b and the Supplemental Record Information document submitted by Reliability*First* to Ebensburg on November 19, 2009. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying each alleged violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty ($)
Reliability*First* Corporation	Ebensburg Power Company	NOC-422	RFC200800094	PRC-005-1	2	High[4]	5,000

PRC-005-1

The purpose Reliability Standard PRC-005-1 is to ensure that all transmission and generation Protection Systems[5] affecting the reliability of the bulk power system (BPS) are maintained and tested.

> PRC-005-1 R2 requires each Generator Owner, such as Ebensburg, that owns a generation Protection System to provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Entity on request (within 30 calendar days). This documentation must include (R2.1) evidence that Protection System devices were maintained and tested within the defined intervals and (R2.2) the date each Protection System was last tested/maintained. PRC-005-1 R2 has a "Lower" Violation Risk Factor (VRF) and PRC-005-1 R2.1 and R2.2 each have a "High" VRF.

During the Audit, Reliability*First* Compliance Staff verified that batteries were to be tested on a quarterly basis according to Ebensburg's Protection System maintenance and testing program.

[4] PRC-005-1 R2 has a "Lower" Violation Risk Factor (VRF); R2.1 has 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.

[5] *The NERC Glossary of Terms Used in Reliability Standards*, updated April 20, 2009, defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

According to Ebensburg's methodology, Ebensburg tested a group of batteries every month and by the end of the quarter each battery would have been tested.

Ebensburg has two (2) battery banks for a total of 60 battery cells. The monthly battery check involves the basic testing of a "pilot cell." Every month, one (1) out of 60 cells is chosen as the "pilot cell" and is then used as an indicator of the general condition of the entire battery bank (30 batteries connected in a series) with regard to voltage, specific gravity, and temperature. The "pilot cells" also serve as indicators of quarterly voltage and specific gravity readings of the complete bank of batteries. The monthly check requires testing one (1) out of 60 battery cells, or 1.6% of the Ebensburg battery bank. Ebensburg missed monthly tests in June 2007, October 2007, February 2008, March 2008, and May 2008.[6] As a result of Ebensburg missing five (5) months of battery tests, Ebensburg missed five (5) out of 60 battery tests, or 8.3% of the total number of required battery tests.

According to the Settlement Agreement, Ebensburg experienced problems with its maintenance scheduling software and process used to create work orders which resulted in the failure to test batteries within the required intervals for the 5 months. A Preventive Maintenance (PM) Work Order is generated by the facility's Maintenance Management Computer program (Mainsaver) every month to remind the Instrument/Electrical Technician (I/E Tech) to complete the monthly Uninterruptable Power Supply (UPS) System battery checklist. Upon completion of the checklist, the work order is completed and signed by the I/E Tech who then turns the completed work order into the Maintenance Planner. The Maintenance Planner reviews the work order and passes it on to the Maintenance Superintendent. The Maintenance Superintendent will close all completed work orders within the Mainsaver system. Once the work order is closed, the Mainsaver Program will begin timing the generation of the next work order. If for some reason the work order is not closed, the Mainsaver Program will not generate another work order which occurred with respect to the five instances at issue here in this instant Notice of Penalty. This was discovered during a periodic review of open work orders by the Maintenance Superintendent and Maintenance Planner. Due to the misplacement of completed work orders, the generation of future work orders was prevented for the time frame of June 2007, October 2007, February 2008, March 2008 and May 2008.

Ebensburg had a total of 57 total Protection System devices. All of Ebensburg's Protection System devices, not subject to this alleged violation, were in working order and were on schedule with for maintenance and testing intervals. The majority of relays at Ebensburg are on a four-year testing cycle, and Ebensburg based its maintenance and testing intervals on IEEE recommendations.[7] These intervals were laid out in Ebensburg's Protective Relay Testing and Maintenance Plan as required by Reliability Standard PRC-005-1 R1. Ebensburg submitted documentation pertaining to all relay protective devices and this documentation provided the most recent testing dates, testing intervals, relay names and device numbers. In addition, for

[6] The Settlement Agreement inadvertently left out October 2007 of the referenced monthly tests missed.
[7] Ebensburg tests its Group A and B Relays (35 Relays) on a two-year cycle and its UPS system on a yearly basis and tests its 125 VDC batteries, 13.8 kV Bus ducts, line relays and the 15 kV Vacuum Breaker on a yearly basis as well.

each test interval missed on each battery, no abnormalities were found in the battery during the test interval immediately prior to and immediately following the missed test interval.

Reliability*First* determined that Ebensburg had an alleged violation of PRC-005-1 R2 because it missed five months of battery tests and failed to maintain and test its Protection System devices within the defined intervals for those devices. Reliability*First* determined that the violation duration was from August 22, 2007, the date Ebensburg was registered on the NERC Compliance Registry,[8] until June 30, 2008, when Ebensburg corrected its maintenance scheduling software.

Reliability*First* determined that the alleged violation did not pose a serious or substantial risk to the BPS for because although the monthly checks were missed, the battery room was patrolled and monitored by Ebensburg's operations department four times per day. Ebensburg also stated that for each test interval missed on each battery, no abnormalities were found in the battery during the test interval immediately prior to and immediately following the missed test interval. In addition, the conditions of the batteries were monitored by instrumentation that would sound an alarm in the control room should an incident occur. The batteries supply emergency power to the plant control system and turbine DC oil system and only come into play after the plant has disconnected from the grid and the generator breaker has opened.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, Reliability*First* assessed a total penalty of five thousand dollars ($5,000) for the referenced alleged violation. In reaching this determination, Reliability*First* considered the following factors:

(1) The alleged violation constituted Ebensburg's first occurrence violation of NERC Reliability Standards;

(2) Reliability*First* reported that Ebensburg was cooperative throughout the enforcement process;

(3) There was no evidence the alleged violation was misrepresented, concealed or intentional; and

(4) Ebensburg's alleged violation did not create a serious or substantial risk to the BPS, as stated above.

Therefore, after consideration of the above factors, Reliability*First* determined that, in this instance, the penalty amount of five thousand dollars ($5,000) is appropriate and bears a reasonable relation to the seriousness and duration of the alleged violation.

[8] Although battery tests were missed in June 2007, Ebensburg was not yet included on the NERC Compliance Registry. Therefore, the duration began on August 22, 2007, when Ebensburg was included on the NERC Compliance Registry and not in June 2007 (no specific date), as stated in the Settlement Agreement.

Status of Mitigation Plan[9]

PRC-005-1 R2.1
Ebensburg's Mitigation Plan to address its alleged violation of PRC-005-1 R2 was submitted to Reliability*First* on January 19, 2009 stating that it had already been completed. The Mitigation Plan was accepted by Reliability*First* on February 18, 2009 and approved by NERC on February 25, 2009. The Mitigation Plan for this alleged violation is designated as MIT-08-1419 and was submitted as non-public information to FERC on February 27, 2009 in accordance with FERC orders.

Ebensburg's Mitigation Plan required the following actions to ensure appropriate staff was aware of work orders for the completion of monthly battery checks, their frequency and to track their completion status:

- After receiving additional instructions regarding the importance of closing and generating work orders, the Maintenance Planner is being more alert and will ensure all work orders are closed and generated properly – completed June 2008
- A repeating shared task was placed in the Outlook file of all technicians responsible for performing the check – completed January 8, 2009
- A sign-off sheet was established requiring technicians to date and initial when the monthly checks are completed – completed January 8, 2009

Ebensburg certified in its Mitigation Plan submitted on January 19, 2009 that its Mitigation Plan was completed on January 8, 2009. Subsequently, Ebensburg submitted the following evidence to show that its Mitigation Plan was completed:

- Its response to a request for information by Reliability*First* dated March 26, 2009 that further detailed the actions from the Mitigation Plan:
    - A repeating task has been placed in Outlook. Whenever the I/E Techs open their email, all tasks that are due are displayed on the front home page. Once the task is completed the I/E can check off the task checkbox. Each I/E Tech will have the task, so they will be required to communicate with one another to determine when the checklist is complete. This procedure acts as a constant reminder of when the job is required.
    - A sign off sheet has been established to display the date of each completion of the monthly checks. The I/E Tech is required to initial the sign off sheet when the monthly battery checks are completed. The sheet is displayed in a conspicuous location to act as a reminder to the I/E Techs.
- Battery work orders from June 2008 through March 2009 as evidence that Ebensburg's battery Protection System devices were being maintained and tested within their defined intervals, showing their due dates and actual completion dates.

[9] *See* 18 C.F.R § 39.7(d)(7).

On August 10, 2009, after reviewing Ebensburg's submitted evidence, Reliability*First* verified that the Mitigation Plan was completed on January 8, 2009 and that Ebensburg was compliant with PRC-005-1 R2.1.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed[10]

Basis for Determination

Taking into consideration the Commission's direction in Orders No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,[11] the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on February 10, 2010. The NERC BOTCC approved the Settlement Agreement, including Reliability*First*'s imposition of a financial penalty, assessing a penalty of five thousand dollars ($5,000) against Ebensburg 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 alleged violation at issue.

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

(1) The alleged violation constituted Ebensburg's first occurrence of violation of NERC Reliability Standards;
(2) Reliability*First* reported that Ebensburg was cooperative throughout the enforcement process;
(3) There was no evidence the alleged violation was misrepresented, concealed or intentional; and
(4) Ebensburg's alleged violation did not create a serious or substantial risk to the BPS, as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of five thousand dollars ($5,000) is appropriate for the alleged violation and circumstances, and consistent with NERC's goal to promote and ensure reliability of the BPS.

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

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

Attachments to be included as Part of this Notice of Penalty

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

a) Reliability*First*'s Compliance Audit Report – Public Version for Ebensburg dated December 15, 2008, included as Attachment a;

b) Settlement Agreement by and between Reliability*First* and Ebensburg executed November 18, 2009, included as Attachment b with included attachments listed below;

   i. Ebensburg's Mitigation Plan designated as MIT-08-1419 for PRC-005-1 R2.1 submitted January 19, 2009 and Certification of Completion therein, included in the Settlement Agreement as Attachment a; and

   ii. Reliability*First*'s Verification of Completion of the Mitigation Plan for PRC-005-1 R2.1 dated August 10, 2009, included in the Settlement Agreement as Attachment b.

A Form of Notice Suitable for Publication[12]

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

[12] *See* 18 C.F.R § 39.7(d)(6).

Notices and Communications

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

Gerald W. Cauley*
President and Chief Executive Officer
David N. Cook*
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, New Jersey 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
gerry.cauley@nerc.net
david.cook@nerc.net

Stephanie C. Davis*
Compliance Enforcement Specialist
Reliability*First* Corporation
320 Springside Drive, Suite 300
Akron, Ohio 44333
(330) 456-2488
(330) 456-5408 – facsimile
stephanie.davis@rfirst.org

Gary Anderson*
Vice President
B&WEPI
Ebensburg Power Company
2840 New Germany Road
Ebensburg, Pennsylvania 15931-0845
(814) 472-1140
GAnderson@bebensburgpower.com

Carl Dool*
Law Department
Babcock & Wilcox Power Generation Group
20 South Van Buren Avenue
P.O. Box 351
Barberton, Ohio 44203
(330)860-2086
cddool@babcock.com

Rebecca J. Michael*
Assistant General Counsel
Holly A. Hawkins
Attorney*
North American Electric Reliability Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

Timothy R. Gallagher*
President & CEO
Reliability*First* Corporation
320 Springside Drive, Suite 300
Akron, Ohio 44333
(330) 456-2488
(330) 456-5390 – facsimile
tim.gallagher@rfirst.org

Raymond J. Palmieri*
Vice President and Director of Compliance
Reliability*First* Corporation
320 Springside Drive, Suite 300
Akron, Ohio 44333
(330) 456-2488
(330) 456-5408 – facsimile
ray.palmieri@rfirst.org

Robert K. Wargo*
Manager of Compliance Enforcement
Reliability*First* Corporation
320 Springside Drive, Suite 300
Akron, Ohio 44333
(330) 456-2488
(330) 456-5408 – facsimile
bob.wargo@rfirst.org

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

Conclusion

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

Respectfully submitted,

/s/ Rebecca J. Michael

Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
North American Electric Reliability Corporation
1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

Gerald W. Cauley
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
gerry.cauley@nerc.net
david.cook@nerc.net

cc: Ebensburg Power Company
Reliability*First* Corporation

Attachments

NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Attachment a

Reliability*First*'s Compliance Audit Report – Public Version for Ebensburg dated December 15, 2008

Compliance Audit Report
Public Version

Confidential Information (including Privileged and Critical Energy Infrastructure Information) Has Been Removed

Ebensburg Power Company
NCR08051

Date of Audit - October 13 – 22, 2008

Date of Report - December 15, 2008

TABLE OF CONTENTS

Executive Summary

This compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full compliance audit report was submitted to the audited entity and NERC.

As part of the NERC Compliance Monitoring and Enforcement Program (CMEP) Reliability*First* scheduled the Ebensburg Power Company (EPC) for an offsite audit of its compliance to the NERC Reliability Standards and the Reliability*First* Regional Standards that apply to EPC for the generation owner and generation operator functions. Reliability*First* received all necessary information from EPC in response to the 60 day notification requesting data and information as evidence of their compliance to applicable Reliability Standards. The audit team reviewed this material and made a determination of EPC's compliance to these standards.

Forty-four requirements applied to EPC in the 19 NERC Standards which are applicable to the generation owner and generator operator functions that EPC is registered for in the Reliability*First* area. One requirement of one regional standard applies to EPC. Of the 19 NERC standards, three standards and seven associated requirements and the one regional standard was determined to not apply to EPC.

EPC was prepared for the audit and presented its documentation in a complete and concise manner.

After reviewing all of the evidence presented, EPC was found to be compliant with 15 out of 16 of the NERC standards reviewed. EPC was found to have a Possible Alleged Violation (PAV) with NERC Standard PRC-005-1, R2 (Transmission and Generation Protection System Maintenance and Testing). The basis for this finding can be found in the audit findings section. .

This Possible Alleged Violation will be reported to the Reliability*First* Vice President and Director of Compliance and NERC. The PAV will be processed through the Reliability*First*'s NERC Compliance Monitoring and Enforcement Program. EPC will receive notification from Reliability*First* concerning the next steps in the process.

Audit Process

The compliance audit process steps are detailed in the NERC CMEP. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

Objectives

All Registered Entities are subject to audit for compliance with all reliability standards applicable to the functions for which the Registered Entity is registered.[1] The audit objectives are:

- Review EPC's compliance with the requirements of the reliability standards that are applicable to EPC based on EPC's registered functions
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans
- Document EPC's compliance culture
- Validate compliance with other NERC standards outside the 2008 implementation plan as selected by Reliability*First*
- Validate compliance with applicable Reliability*First* reliability standards that apply to EPC

Scope

EPC is subject to auditing by Reliability*First* on a six year basis. The audit scope covers the period June 18, 2007 to the scheduled audit date. This audit was conducted on those standards which were in the 2008 NERC Implementation Plan. Reliability*First* also monitors all applicable Reliability*First* standards, self certifications, and mitigation plans as appropriate. This audit of EPC included one regional standard.

Confidentiality and Conflict of Interest

Confidentiality and Conflict of Interest of the audit team are governed under the Reliability*First* Delegation Agreement with NERC and the NERC Rules of Procedure Section 1500. The audited entity was informed of the Reliability*First* obligations and responsibilities under the agreement and procedures. The work history for each audit team member was provided to the audited entity. The audited entity was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. The audited entity did not submit any objections by the stated fifteen day objection due date and by this action has accepted the audit team member participants without objections. Reliability*First* found no conflict of interest for any of the audit team members.

[1] North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

Off-site Audit

EPC is subject to an audit once at least every six years as provided by the NERC Rules of Procedure. EPC was provided 60 day notification of this scheduled audit and at that time all necessary documents required by the NERC and Reliability*First* audit process were provided. The following documents were provided as part of the notification:

- 60 day Notification letter which contained request for evidence , information, and date submittals
- Audit Survey
- Audit Agenda as applicable
- Internal Compliance Survey
- Audit Team Work History with discussion of objection process
- General Instructions of Data or Information Submittals
- Reliability Standard Auditor Worksheets (RSAWs)
- Reliability Standard Questionnaires

Documents were provided to EPC in both electronic and hardcopy format.

Reliability*First* has discussed with EPC the use of technical experts with the EPC primary compliance contact and indicated that Reliability*First* welcomes the use of technical experts by EPC as it deems necessary to explain their compliance to the standards. EPC has been notified to provide any technical experts or personnel it deems necessary to provide an understanding of the evidence provided to meet compliance.

An audit agenda and/or schedule were provided to EPC in advance to allow the necessary time to prepare for the audit. EPC cooperation and flexibility with the agenda was appreciated by the audit team.

This audit was conducted in the Reliability*First* offices using material provided by EPC. The audit team made additional calls to request additional information or to clarify information previously supplied to the team. The audit team leader requested telephone interviews with EPC employees representing subject matter expertise regarding all registered functions of EPC. These interviews in conjunction with evidence provided, supplied the audit team with a basis for using professional judgment when validating compliance to the reliability standards.

Methodology

The audit team reviewed the evidence provided by EPC for each of the requirements that apply to the functions performed by the company, to determine if the company complied with those standards and associated requirements. The team reviewed each requirement, discussed the levels of compliance and addressed each team member's concerns from the audit to determine its' findings from the review.

Audit Overview

An Opening Briefing was conducted as a conference call/WebEx to discuss the following:

- Introduction of audit team
- Audit Objective and Scope
- Audit Team Expectations
- Discussion of Clarification Calls
- Audit Process
- Exit Briefing and schedule

Audit

The audit was conducted by a ReliabilityFirst staff person as the lead auditor and a contract person. This audit team reviewed each applicable requirement to determine if EPC was compliant to the requirement. The audit followed the agenda closely. EPC provided additional information or clarified existing information during the review of its material with their subject matter experts.

Exit Briefing

The audit team used a web based exit presentation and teleconference to present its preliminary findings to the EPC staff. The team provided a basis for its findings in the audit. The presentation was attended by the following EPC staff:

Title	Organization
Plant Manager	EPC
Plant Engineer/Reliability Compliance Officer	EPC
Instrument, Electrical Technician	EPC

The presentation was open for comments and discussion about the findings. The exit presentation also covered any possible violations and mitigation requirements, the reporting process going forward, and audit feedback.

Company Profile

EPC performs the following NERC functions in the Reliability*First* region and is registered with NERC/Reliability*First* for the following functions:

- Generation Owner (GO)

- Generation Operator (GOP)

EPC owns and operates a single nominal 50 Megawatt generating unit supplying electricity to Pennsylvania Electric Company (Penelec). The unit is base loaded and uses waste coal for fuel. The steam provides heat and hot water to local businesses while the electricity is sold to Penelec. The interconnecting point to Penelec's system is at Cambria Slope substation located in Cambria County. Ebensburg Power Company utilizes approximately 3 miles of radial 115 kV line to connect the generating facility to the interconnect point.

PJM is reliability coordinator, transmission operator, and balancing authority for the Ebensburg plant. The transmission owner serving the plant is the Penelec.

Audit Specifics

The compliance audit was conducted on October 13 to 22, 2008 at the Reliability*First* office in Akron, OH.

Audit Team

Audit Team Role	Title	Company
Lead	Senior Engineer	Reliability*First* Corporation
Member	Consultant	Sander-Reber

EPC Audit Participants

Title	Edison Organization
Plant Manager	EPC
Plant Engineer/Reliability Compliance Officer	EPC
Instrument, Electrical Technician	EPC

Audit Results

EPC did not have any violations or mitigation plans open for review during this audit. After reviewing all of the evidence presented, EPC was found to be compliant with 15 out of 16 of the NERC standards. . EPC is found to have a Possible Alleged Violation (PAV) with NERC Standard PRC-005-1, R2 (Transmission and Generation Protection System Maintenance and Testing). The evidence showed that the EPC did not follow its battery maintenance schedule and testing of its batteries as defined in its battery maintenance program therefore violating R2.1.

Findings

The following table details the summarized auditor findings relating to evidence reviewed for the determination of EPC's compliance with the reliability standards listed in the NERC 2008 Implementation Plan. The table includes details, section and page numbers noted by the auditor relating to the evidence reviewed for compliance to the reliability standard and associated requirements.

EPC Off-site Audit Findings Table

Reliability Standard	Requirement	Finding
BAL-005-0	R1.	Compliant
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-002-2	R1.	Compliant
EOP-004-1	R2.	Compliant
EOP-004-1	R3.	Compliant
EOP-009-0	R1.	NA
EOP-009-0	R2.	NA
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
IRO-001-1	R8.	Compliant
IRO-004-1	R4.	Compliant
MOD-010-0	R1.	Compliant
MOD-010-0	R2.	Compliant
MOD-012-0	R1.	Compliant
MOD-012-0	R2.	Compliant
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Compliant
PRC-005-1	R2.	PAV
PRC-016-0	R1.	NA
PRC-016-0	R2.	NA
PRC-016-0	R3.	NA
PRC-017-0	R1.	NA
PRC-017-0	R2.	NA
TOP-002-2	R3.	Compliant

Reliability Standard	Requirement	Finding
TOP-002-2	R13.	Compliant
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R18.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
VAR-002-1	R1.	Compliant
VAR-002-1	R2.	Compliant
VAR-002-1	R3.	Compliant
VAR-002-1	R4.	Compliant
VAR-002-1	R5.	Compliant
EOP-007-RFC-01	R4.	NA

Compliance Culture

EPC provided documentation to demonstrate its compliance to the requirements of the applicable standards. The documentation was complete and in order such that the audit team could reasonably determine EPC compliance to the applicable requirements. EPC provided additional evidence and clarifications in a timely manner when requested by the audit team. EPC completed the Compliance Audit Questionnaire, individual Pre-Audit Questionnaires for each applicable standard, and the documentation section of the NERC Reliability Standard Audit Worksheets.

EPC provided the *Ebensburg Power Company NERC Compliance Policy and Responsibilities* document. The policy clearly assigns responsibilities for each NERC standard by position. The Plant Manager with the overall plant responsibility is listed for all the applicable standards. The Plant Engineer is named as the Reliability Compliance Manager. Each employee has signed the policy stating that they are committed to complying with EPC procedures developed for compliance to the NERC reliability standards. EPC stated that the policy was developed with input from many key employees.

The Compliance officer reports to the Plant Manager who is the highest management at the plant. The Plant Manager is also a Vice President of Babcock and Wilcox Ebensburg Power, Inc who is the Managing General Partner of EPC.

EPC provided compliance training for its employees including BES relay training, sabotage training, and reliability procedure training.

The supervision by corporate management and training provided strengthen the EPC compliance program.

NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Attachment b

Settlement Agreement by and between Reliability*First* and Ebensburg executed November 18, 2009

IN RE EBENSBURG POWER COMPANY	)	**DOCKET NUMBER**
	)	
	)	
NERC Registry ID # NCR08051	)	**RFC200800094**

SETTLEMENT AGREEMENT OF RELIABILITY*FIRST* CORPORATION AND EBENSBURG POWER COMPANY

I. INTRODUCTION

1. Reliability*First* and Ebensburg Power Company ("Ebensburg") enter into this Settlement Agreement ("Agreement") to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in Reliability*First*'s determination and findings, pursuant to the North American Electric Reliability Corporation ("NERC") Rules of Procedure, of a violation by Ebensburg of the NERC Reliability Standard PRC-005-1, Requirement 2.

II. STIPULATION OF FACTS

2. The facts stipulated herein are stipulated solely for the purpose of resolving between Ebensburg and Reliability*First* the matters discussed herein and do not constitute stipulations or admissions for any other purpose, including in any administrative proceeding. Ebensburg and Reliability*First* hereby stipulate and agree to the following:

A. BACKGROUND

3. Ebensburg owns and operates a single 50 Megawatt (MW) generating unit supplying electricity to Pennsylvania Electric Company (Penelec) and is located in Ebensburg, Pennsylvania. The unit is base loaded and uses waste coal for fuel. Some of the steam from the Ebensburg generating unit is sold to the Ebensburg Center, a state operated facility, for heating purposes. The interconnecting point to Penelec's system is at Cambria Slope substation, located in Cambria County, Pennsylvania.

4. Reliability*First* staff confirmed that Ebensburg is registered on the NERC Compliance Registry as a Generator Owner ("GO") and Generator Operator ("GOP") in the Reliability*First* region with the NERC Registry Identification Number of NCR08051, and is, therefore, subject to compliance with PRC-005-1, Requirement 2.

B. ALLEGED VIOLATION OF PRC-005-1 REQUIREMENT 2 – RFC200800094

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

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

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

6. From October 13, 2008, to October 22, 2008, Ebensburg participated in an off-site Compliance Audit including all NERC Reliability Standards applicable to Generator Owners (GO) and Generator Operators (GOP). Reliability*First* Compliance Staff found a possible violation of PRC-005-1, Requirement 2, Transmission and Generation Protection System Maintenance and Testing. Specifically, Reliability*First* alleges that Ebensburg failed to provide sufficient evidence that Protection System devices were maintained and tested within the defined intervals.

7. Reliability*First* Compliance Staff found, during the Compliance Audit, that batteries were to be tested on a quarterly basis for the period provided. According to Ebensburg's methodology, Ebensburg tested a group of batteries every month and by the end of the quarter each battery would have been tested. However, test completions were not documented for five (5) months (non-consecutive). As noted in a letter from the Ebensburg Plant Manager to Reliability*First* Compliance Staff, Ebensburg experienced problems with their maintenance scheduling software. As a result, several months of tests were missed due to the malfunction of the scheduling software. The program has been corrected to ensure compliance in the future.

8. On February 24, 2009, Reliability*First* submitted a Request for Information ("Information Request") to Ebensburg that requested clarification and additional information regarding the testing and maintenance of batteries and other relay

protective devices. On March 26, 2009, Ebensburg submitted a response to the Information Request.

9. In the response to the Information Request, Ebensburg detailed its monthly battery testing and maintenance procedure. Ebensburg has two (2) battery "banks" for a total of 60 battery cells. The monthly battery check involves the basic testing of a "pilot cell". Every month one (1) out of 60 cells is chosen as the "pilot cell" and is then used as an indicator of the general condition of the entire battery bank (30 batteries connected in a series) with regard to voltage, specific gravity, and temperature. These "pilot cells" also serve as indicators of quarterly voltage and specific gravity readings of the complete bank of batteries. The monthly check requires testing one (1) out of 60 battery cells, or 1.6% of the Ebensburg battery bank. Ebensburg missed monthly tests in June of 2007, February of 2008, March of 2008, and May 2008. As a result of Ebensburg missing five (5) months of battery tests, Ebensburg missed five (5) out of 60 battery tests, or 8.3% of the total number of required battery tests.

10. Ebensburg's responses to the information request also stated that all other relay protective devices were in working order and that Ebensburg was on schedule with its maintenance and testing intervals. These intervals were laid out in the Protective Relay Testing and Maintenance Plan as required by Reliability Standard PRC-005-1 R1. Ebensburg submitted documentation pertaining to all relay protective devices and this documentation provided the most recent testing dates, testing intervals, relay names and device numbers. Ebensburg owns 57 protective system devices. The majority of relays at Ebensburg are on a four-year testing cycle, and Ebensburg based its maintenance and testing intervals on IEEE recommendations[1].

11. Although five (5) months of tests were missed, the battery bank at Ebensburg is Monitored continuously by plant instrumentation (battery voltage meters) that will sound an alarm in the control room if there are any malfunctions. The control room is manned 24 hours a day, seven (7) days a week. The operators in the control room make observations of the battery bank four (4) times a day. Any unusual events would immediately be brought to the attention of the operators through visual observation or through plant alarms. The batteries were in good working condition immediately following the missed testing intervals.

12. Reliability*First* alleges that Ebensburg failed to provide sufficient evidence that Protection System devices were maintained and tested as required by NERC Reliability Standard PRC-005-1, Requirement 2.

---

[1] Ebensburg tests its Group A and B Relays (35 Relays) on a two-year cycle and its UPS system on a yearly basis. 125VDC batteries, 13.8kV Bus ducts, line relays and the 15kV Vacuum Breaker are tested on a yearly basis as well.

III. PARTIES' SEPARATE REPRESENTATIONS

A. STATEMENT OF RELIABILITY*FIRST* AND SUMMARY OF FINDINGS

13. Reliability*First* considers this Agreement as the resolution of all issues with regard to the above captioned docket number and to bind Ebensburg in the commitment to perform actions hereafter enumerated and listed as conditions for this Agreement.

14. The alleged violation of PRC-005-1, Requirement 2 has a VRF of "High," consistent with the Violation Risk Factor Matrix from the NERC December 17, 2007 Compliance Filing. The duration of this alleged violation, for purposes of penalty determination, is from June, 2007, the first monthly test that Ebensburg missed, to June, 2008, when the situation was resolved by making adjustments and/or corrections to the scheduling software. Pursuant to rulings of the Commission, such penalties may be applied on a daily basis for the duration of the violation.

15. Reliability*First* agrees that this settlement agreement is in the best interest of the parties, Reliability*First* and Ebensburg, and in the best interest of bulk power system reliability.

B. STATEMENT OF EBENSBURG POWER COMPANY

16. Ebensburg Power Company neither admits nor denies that the facts set forth and agreed to by the parties for the purposes of this Agreement constitute violations of the NERC Reliability Standard PRC-005-1, *"Transmission and Generation Protection System Maintenance and Testing,"* Requirement 2.

17. Although Ebensburg does not admit to, nor does it deny, the alleged violation, Ebensburg has agreed to enter into this Settlement Agreement with Reliability*First* to avoid the time lost by management on account of, the cost and expenses of, and the uncertainties of extended litigation with respect to the matters described or referred to herein; and to effectuate a complete and final resolution of the issues set forth herein. Ebensburg agrees that this agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

18. On January 19, 2009, Ebensburg submitted to Reliability*First* a Mitigation Plan (NERC Mitigation Plan ID# MIT-08-1419) to address the Possible Alleged Violation set forth in this notice. On February 18, 2009, Reliability*First* accepted the Mitigation Plan. On February 20, 2009, Reliability*First* submitted the Mitigation Plan to NERC. NERC approved the Mitigation Plan on February 25, 2009. Ebensburg effectively certified completion of the Mitigation Plan via the

Mitigation Plan submittal. Since all actions required in the Mitigation Plan had been completed prior to date of submittal, Reliability*First* performed an in-depth review of the evidence Ebensburg submitted in support of its Certification of Mitigation Plan Completion, in order to verify that all actions specified in the Mitigation Plan were successfully completed. On August 10, 2009, Reliability*First* verified that the Revised Mitigation Plan was completed in accordance with its terms.

19. As outlined in the Mitigation Plan, Ebensburg identified the actions taken to correct the Possible Alleged Violation, as well as the necessary, immediate steps to correct the Maintenance Testing issue. All battery tests have been performed and the Maintenance Planner at Ebensburg is more closely following testing schedules to ensure that all work orders are generated and closed properly.

    a. In addition, a repeating task has been placed in the scheduling software program for each Instrumental/Electrical Technician ("I/E Tech"). Every time the I/E Techs open their email, a task checkbox outlining the current task(s) that are due will be displayed on the front home page. Each I/E Tech will be responsible for checking off the task checkbox upon completion of the pertinent task(s). This process will help to ensure that the I/E Techs have time to communicate with one another to determine when the checklist is complete, as well as serving as a constant reminder of when a job is required.

    b. Ebensburg has also established a sign off sheet to display the date of completion for each of the monthly battery checks. This sheet contains an entry field for the I/E Tech to input his/her initials when the monthly battery checks have been completed. This sheet is now displayed in a conspicuous place to serve as a reminder to the I/E Techs of the necessary testing, as well as showing the progress of the monthly checks for the year. This sheet will display a calendar year of monthly checks and will be replaced annually.

20. Ebensburg shall pay a monetary penalty of $5,000 (five thousand dollars) to Reliability*First*. Reliability*First* shall present an invoice to Ebensburg within twenty days after the Agreement is either approved by the Federal Energy Regulatory Commission or by operation of law, Ebensburg shall pay said monetary penalty within thirty days after actual receipt of the Reliability First invoice, and Reliability*First* shall notify the North American Electric Reliability Corporation if the payment is not received within said time, allowing ten business days for mail delivery.

21. It is understood that Reliability*First* staff may audit the progress of any mitigation plans and any other remedies of this Agreement, including, but not limited to, site inspection, interviews, and may request other documentation and any other remedies of this Settlement Agreement; provided, however, that the Parties understand and agree that there are no further actions to be undertaken by Ebensburg.

22. Based on the above actions taken *or t*o be taken by Ebensburg, Ebensburg shall pay $5,000 to Reliability*First* as stated in this Settlement Agreement. However, if Ebensburg fails to complete the actions described above, Reliability*First* reserves the right to reopen this matter and assess and collect additional monetary penalty or otherwise to impose enforcement actions. Ebensburg shall retain all rights to defend against such additional assessment, collection, and/or enforcement actions in accordance with NERC Rules of Procedure.

23. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement, shall be deemed to be either the same alleged violations that initiated this Settlement and/or additional violation(s) and may subject Ebensburg to new or additional enforcement, penalty or sanction actions in accordance with the NERC/FERC Rules of Procedure.

24. If Ebensburg does not make the monetary penalty payment above at the times agreed by the parties, interest payable to Reliability*First* will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.

V. ADDITIONAL TERMS

25. The signatories to the Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of Reliability*First* or Ebensburg has been made to induce the signatories or any other party to enter into the Agreement.

26. Reliability*First* shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify Reliability*First* and Ebensburg of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and Reliability*First* will attempt to negotiate a revised settlement agreement with Ebensburg including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.

27. This Agreement shall become effective upon the Commission's approval of the Agreement by order or operation of law as submitted to it or upon the

Commission's approval of the Agreement by order or operation of law as modified in a manner acceptable to the parties.

28. Ebensburg agrees that this Agreement, when approved by NERC and the Commission as stated above shall represent a final settlement of all matters set forth herein and Ebensburg waives its right to further hearings and appeal, unless and only to the extent that Ebensburg contends that any NERC or Commission action on the Agreement contains one or more material modifications to the Agreement.

29. Reliability*First* reserves all rights to initiate enforcement, penalty or sanction actions against Ebensburg in accordance with the NERC Rules of Procedure in the event that Ebensburg fails to comply with any mitigation plan and compliance program agreed to in this Agreement. Ebensburg shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

30. If this Agreement is approved by NERC, Ebensburg consents to the use of Reliability*First*'s determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however, that Ebensburg does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or any Regional Entity, nor does Ebensburg consent to the use of this Agreement by any other party in any other action or proceeding.

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

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

33. The Agreement may be signed in counterparts.

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

Agreed to and accepted:

Robert K. Wargo (on behalf of Raymond Palmieri) 11/3/2009 Date
Manager of Compliance Enforcement
Reliability*First* Corporation

Gary Anderson 11-16-09 Date
Vice President, Babcock & Wilcox
Ebensburg Power, Inc., Managing General
Partner of:
Ebensburg Power Company, a Pennsylvania
Partnership.

Approved by:

Tim Gallagher 11/18/09 Date
President
Reliability*First* Corporation

Attachment a

Mitigation Plan with Certification of Completion

(RFC200800094, dated January 19, 2009)

Mit Plan ID #:
MIT-08-1419

RELIABILITY FIRST

RFC200800094

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 1/19/2009

Section A: Compliance Notices & Mitigation Plan Requirements

A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements."

A.2 This form must be used to submit required Mitigation Plans for review and acceptance by Reliability*First* and approval by NERC.

A.3 ☒ I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

B.1 Identify your organization.

Company Name:	Ebensburg Power Company
Company Address:	2840 New Germany Road Ebensburg, PA 15931
NERC Compliance Registry ID:	NRC 08051

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

Name:	Gary Anderson
Title:	Plant Manager
Email:	GAnderson@ebensburgpower.com
Phone:	(814) 472-1140 X 303

RELIABILITY FIRST

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

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

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date(*)	Method of Detection (*e.g.*, Audit, Self-report, Investigation)
Na	PRC-005-1	R2	Low	Alleged 06/07	Investigation
Na	PRC-005-1	R2	Low	Alleged 10/07	Investigation
Na	PRC-005-1	R2	Low	Alleged 02/08	Investigation
Na	PRC-005-1	R2	Low	Alleged 03/08	Investigation
Na	PRC-005-1	R2	Low	Alleged 05/08	Investigation

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

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

A Preventive Maintenance (PM) Work Order is generated by the facility's Maintenance Management Computer program (Mainsaver) every month to remind the Instrument/Electrical Technician (I/E Tech) to complete the monthly UPS System battery checklist. Upon completion of the checklist the work order is completed and signed by the I/E Tech who then turns the completed work order into the Maintenance Planner. The Maintenance Planner reviews the work order and passes it on to the Maintenance Superintendent. The Maintenance Superintendent will close all completed work orders within the Mainsaver system.

Once the work order is closed, the Mainsaver Program will start timing the generation of the next work order. If the work order is not closed for any reason (misplaced, accidentally destroyed, etc.) the Mainsaver Program will not generate another work order. On occasions this scenario has occurred. The incidents have been discovered when a review of open work orders was

completed by the Maintenance Superintendent and Maintenance Planner. These open work order reviews are performed periodically throughout the year.

Due to the inadvertent misplacement of the completed work orders, the generation of future work orders was prevented. This occurred for the time frame of June 2007, October 2007, February 2008, March 2008 and May 2008.

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.

Even though the monthly checklist was not completed during the above mentioned time periods, the batteries were still being monitored by instrumentation that will alarm in the control room, which is manned 24/7. Also, the operators make observations of the batteries 4 times a day, twice per shift. Thus, if any unusual events had occurred it would not have gone unnoticed.

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.

1. The Maintenance Planner is being more alert to ensure that all work orders are being closed and generated properly.

2. A repeating task has been placed in the Outlook file of each I/E Tech. Outlook is the program that manages all emails, contact lists, tasks, etc.. Whenever the I/E Techs open their email, any tasks that are due will be displayed on the front home page. Once the task has been completed they can check off the task checkbox. Each I/E Tech will have this task, so they will have to communicate with each other to determine when the

checklist is complete. This will act as a constant reminder of when the job is required.

3. A sign off sheet has also been established to display the date of each completion of the monthly checks. This sheet has a location for the I/E Tech initials when the monthly battery checks have been completed. This sheet is to be displayed in a conspicuous place to act as a reminder to the I/E's and show the progress of the monthly checks for the year. This sheet will display a calendar year of monthly checks and will be replaced annually.

   The Mainsaver program will continue to generate the Preventive Maintenance work orders for the completion of the monthly battery checks. The three (3) above actions are to be used to ensure everyone is aware of the work order frequency and to help track the completion status.

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.

The full implementation of the above listed plan has been completed to assure full compliance with the appropriate procedures. As of June 2008 the facility has been in full compliance with PRC-005-1 R2.

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)
Ensure that PMs are generated in a timely fashion	June 2008
Established tasks within Outlook	Jan 2009
Established sign off sheet	Jan 2009

(*) 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.

These alleged violations posed a very low risk to the Bulk Power System (BPS). Though the monthly checks were missed, the battery room is patrolled and monitored by the operations department a couple of times on each shift. In addition, the conditions of the batteries are monitored by instrumentation that will sound an alarm in the control room should an incident occur. The batteries supply emergency power to the plant control system and turbine DC oil system. These batteries only come into play after the plant has disconnected from the grid and the generator breaker has opened, and since the facility is disconnected from the BPS the risk to the BPS is very low.

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 plan will provide the attention necessary to ensure that the monthly checks are completed. If the work order should fail to generate, there are two (2) fall back methods to remind the I/Es that the monthly checks are due to be completed. They will have to respond to the task list within the Outlook program, and check with each other to determine if the checks have been performed. The sign off sheet will also indicate when the last monthly battery check was successfully completed. These should ensure that no monthly checks will be missed in the future.

RELIABILITY FIRST

Section F: Authorization

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

a) Submits this Mitigation Plan for acceptance by Reliability*First* and approval by NERC, and

b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and

c) Acknowledges:

1. I am Plant Manager of Ebensburg Power Company.

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

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

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

Authorized Individual Signature _____

Name (Print): Gary L. Anderson

Title: Plant Manager

Date: 1-19-2009

Section G: Regional Entity Contact

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

RELIABILITY FIRST

Attachment A – Compliance Notices & Mitigation Plan Requirements

I. Section 6.2 of the CMEP[1] sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

(1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan.

(2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.

(3) The cause of the Alleged or Confirmed Violation(s).

(4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).

(5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).

(6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.

(7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.

(8) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.

(9) Any other information deemed necessary or appropriate.

(10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.

II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by Reliability*First* and approval by NERC.

III. This Mitigation Plan is submitted to Reliability*First* and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

[1] "*Compliance Monitoring and Enforcement Program" of the ReliabilityFirst Corporation*;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on the Reliability*First* website.

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

V. If the Mitigation Plan is accepted by Reliability*First* and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.

VI. Reliability*First* or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.

VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.

RELIABILITY FIRST

DOCUMENT CONTROL

Title: Mitigation Plan Submittal Form

Issue: Version 2.0

Date: 11 July 2008

Distribution: Public

Filename: ReliabilityFirst Mitigation Plan Submittal Form - Ver 2.DOC

Control: Reissue as complete document only

DOCUMENT APPROVAL

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

DOCUMENT CHANGE/REVISION HISTORY

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

Attachment b

Summary and Review of Evidence of Mitigation Plan Completion

(RFC200800094, dated August 10, 2009)

August 10, 2009

Summary and Review of Evidence of Mitigation Plan Completion

NERC Violation ID #:	**RFC200800094**
NERC Plan ID:	**MIT-08-1419**
Registered Entity;	**Ebensburg Power Company**
NERC Registry ID:	**NCR08051**
Standard:	**PRC-005-1**
Requirements:	**R2**
Status:	**Compliant**

A Preventive Maintenance (PM) Work Order is generated by the facility's Maintenance Management Computer program (Mainsaver) every month to remind the Instrument/Electrical Technician (I/E Tech) to complete the monthly Uninterruptable Power Supply (UPS) System battery checklist. Upon completion of the checklist the work order is completed and signed by the I/E Tech who then turns the completed work order into the Maintenance Planner. The Maintenance Planner reviews the work order and passes it on to the Maintenance Superintendent. The Maintenance Superintendent will close all completed work orders within the Mainsaver system. Once the work order is closed, the Mainsaver Program will begin timing the generation of the next work order.

If for some reason the work order is not closed, the Mainsaver Program will not generate another work order which has occurred on various occasions. This was discovered during a periodic review of open work orders by the Maintenance Superintendent and Maintenance Planner.

Due to the misplacement of work completed orders, the generation of future work orders was prevented for the time frame of June 2007, October 2007, February 2008, March 2008 and May 2008.

As a result of an off-site Compliance Audit, Ebensburg Power Company was found to be in violation of NERC Reliability Standard PRC-005-1, Requirement 2 on October 22, 2009. Ebensburg Power Company submitted a Proposed Mitigation Plan to Reliability*First* on January 19, 2009, whereby stating Ebensburg Power Company had completed all mitigating actions as of January, 2009. This Mitigation Plan, designated MIT-08-1419, was accepted by Reliability*First* on February 18, 2009 and approved by NERC on February 25, 2009.

Review Process:

Reliability*First* requested and received evidence of completion for actions taken by Ebensburg Power Company as specified in the Mitigation Plan. Reliability*First*

performed an in-depth review of the information provided to verify that all actions specified in the Mitigation Plan were successfully completed.

PRC-005-1 Requirement 2 states:

> ***R2.*** *Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:*
>
> > ***R2.1.*** *Evidence Protection System devices were maintained and tested within the defined intervals.*
> > ***R2.2.*** *Date each Protection System device was last tested/maintained.*

Evidence Submitted:

<u>Mitigation Plan dated January 19, 2009</u>

<u>Ebensburg Power Company Response to a Request for Information by Reliability*First*, March 26, 2009.</u>

The Mitigation Plan contents describe actions already taken by Ebensburg Power Company to correct the problem. These actions are again described in the letter provided in response to an information request Reliability*First*. These actions are as follows.

- A repeating task has been placed in Outlook. Whenever the I/E Techs open their email, all tasks that are due are displayed on the front home page. Once the task is completed the I/E can check off the task checkbox. Each I/E Tech will have the task, so they will be required to communicate with one another to determine when the checklist is complete. This procedure acts as a constant reminder of when the job is required.
- A sign off sheet has been established to display the date of each completion of the monthly checks. The I/E Tech is required to initial the sign off sheet when the monthly battery checks are completed. The sheet is displayed in a conspicuous location to act as a reminder to the I/E Techs.

The battery bank consists of thirty (30) batteries connected in series and is part of an Uninterrupted Power Supply System (UPS) used to supply power for relay operation as well as other equipment needed for operation under a plant shutdown condition. The battery bank is available as source of power if the primary and secondary power is not available. The monthly check involves testing of one cell out of the sixty (60) cells in the battery bank. The results are used as an indicator of the general condition

of the entire battery bank with regard to voltage, specific gravity, and temperature. The pilot cell reading serves as an indicator between the quarterly readings of the complete battery bank. Ebensburg Power reports that only one (1) of sixty (60) battery cells was not tested as a result of the problem that only 1.6 percent of the cells was not tested. It should be recognized, however, that the one cell represents the entire battery bank and that by not performing the required testing on the one cell, there is no information for the entire battery bank for the months in question. As a result 100% of the batteries were not tested during the five (5) months the problem occurred.

It should be noted that the battery bank is monitored continuously by plant instrumentation in the plant control room which is manned on a 24/7 basis. If the battery voltage were to fall below a specific set point an alarm will sound in the control room.

Battery Work Orders – June 2008 through March 2009

The battery work orders show that the monthly and quarterly Preventive Maintenance work orders are up to date from June 2008 through May 2009. The work orders show the due date of the maintenance as well as the completion date.

Status: Compliant

Review Results:

Reliability*First* Corporation reviewed the evidence Ebensburg Power Company submitted to demonstrate successful completion of its mitigation plan. On August 10, 2009, Reliability*First* verified that the Mitigation Plan was completed in accordance with its terms and has therefore deemed Ebensburg Power Company compliant to the aforementioned NERC Reliability Standard.

Respectfully Submitted,

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

Attachment c

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Ebensburg Power Company Docket No. NP10-___-000

NOTICE OF FILING
March 31, 2010

Take notice that on March 31, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Ebensburg Power Company in the Reliability*First* Corporation region.

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

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

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

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary