



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

May 3, 2010

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

**Re: NERC Notice of Penalty regarding Sacramento Municipal Utility District
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Sacramento Municipal Utility District (SMUD),² NERC Registry ID# NCR05368,³ 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)).⁴

On the dates noted as follows, SMUD self-reported possible violations of NERC Reliability Standards to Western Electricity Coordinating Council (WECC). On December 18, 2008, SMUD self-reported a possible violation of TOP-002-2 Requirement (R) 16; on January 9, 2009, SMUD self-reported a possible violation of BAL-002-0 R4; on January 23, 2009, SMUD self-

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 (2010). *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 On October 14, 2009, NERC submitted an Omnibus filing which addressed violations for certain registered entities including SMUD. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty. On December 30, 2009, NERC submitted a Notice of Penalty for SMUD regarding certain alleged violations. On January 29, 2010, FERC issued an order stating it would not engage in further review of the violations addressed in the December 30, 2009 Notice of Penalty.

³ WECC confirmed that SMUD was included on the NERC Compliance Registry as a Balancing Authority, Transmission Service Provider, Load Serving Entity, Distribution Provider, Transmission Owner, Resource Planner, Transmission Planner, Transmission Operator, Purchasing-Selling Entity, Generator Operator, Planning Authority and Generator Owner on June 17, 2007. As a Balancing Authority, Transmission Operator, Generator Operator, Load Serving Entity and Transmission Service Provider, SMUD was subject to the requirements of NERC Reliability Standard TOP-002-2 R16. As a Balancing Authority, SMUD was subject to the requirements of BAL-002-0 R4. As a Balancing Authority, Transmission Operator, Transmission Service Provider, Transmission Owner, Generator Owner, Generator Operator and Load Serving Entity, SMUD was subject to the requirements of IRO-004-1 R4. As a Transmission Operator, Balancing Authority and Load Serving Entity, SMUD was subject to the requirements of IRO-STD-006-0 WR1.

⁴ See 18 C.F.R. § 39.7(c)(2).

reported a possible violation of IRO-004-1 R4; and on June 28, 2009, through an Exception Report,⁵ WECC identified a possible violation of IRO-STD-006-0 WR1. The details of these violations are discussed below.

This Notice of Penalty is being filed with the Commission because WECC and SMUD have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in WECC's determination and findings of the enforceable alleged violations of Reliability Standards TOP-002-2 R16.1, BAL-002-0 R4, IRO-004-1 R4 and IRO-STD-006-0 WR1. According to the Settlement Agreement the violations are Confirmed Violations, and SMUD neither admits nor denies the violations of TOP-002-2 R16.1, BAL-002-0 R4, IRO-004-1 R4 and IRO-STD-006-0 WR1, but has agreed to the proposed penalty of nine thousand nine hundred dollars (\$9,900) to be assessed to SMUD, 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 WECC200801235, WECC 200901494, WECC 200901294 and WECC 200901659 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 January 29, 2010, by and between WECC and SMUD, 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 (2010), 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 (\$)
WECC	Sacramento Municipal Utility District	NOC-475	WECC200801235	TOP-002-2	16.1	High ⁶	9,900
			WECC 200901494	BAL-002-0	4	Medium	
			WECC 200901294	IRO-004-1	4	High	
			WECC 200901659	IRO-STD-006-0	WR1	N/A	

⁵ As defined in 1.1.10 of the CMEP, Exception Reporting includes "information provided to the Compliance Enforcement Authority by a Registered Entity indicating that violations of a Reliability Standard have occurred." In the Western Interconnection, electronic transactions are tagged and tracked using webSAS software that collects data provided by Registered Entities. This software identifies system and path operating limits, including dates, times, and transactions related to Unscheduled Flow Events. When such events result in possible violations, webSAS is able to generate an Exception Report.

⁶ TOP-002-2 R16 has a "Medium" Violation Risk Factor (VRF); R16.1 and R16.2 each have a "High" VRF.

TOP-002-2

The purpose of TOP-002-2 is to recognize that current operations plans and procedures are essential to being prepared for reliable operations, including response for unplanned events.

TOP-002-2 R16 requires each Transmission Operator, such as SMUD, subject to standards of conduct and confidentiality agreements, to, without any intentional time delay, notify its Reliability Coordinator and Balancing Authority of changes in capabilities and characteristics including but not limited to (R16.1) changes in transmission facility status and (R16.2) Changes in transmission facility rating. TOP-002-2 R16.1 has a “High” VRF⁷

On December 3, 2008, SMUD conducted an internal investigation after a line opened during scheduled relay testing on December 2, 2008. During this investigation, SMUD determined it failed to notify its Reliability Coordinator of an outage that resulted from the line opening, as required by the Standard. As a result, SMUD self-reported a possible violation of TOP-002-2 R16, specifically R16.1, on December 18, 2008.

WECC subject matter experts (WECC SMEs) reviewed the Self-Report on December 22, 2008. The WECC SMEs noted the outage occurred on December 2, 2008 and the investigation of the outage took place on December 3, 2008. The WECC SMEs confirmed SMUD scheduled a relay test, the relay test triggered a nine-minute outage, and SMUD did not notify its Reliability Coordinator of this change in transmission facility status. Accordingly, the WECC SME concluded SMUD was in possible violation of TOP-002-2 R16, specifically R16.1.

The WECC Compliance Enforcement Department (Enforcement) reviewed the Self-Report and the WECC SMEs’ findings and determined that SMUD had a violation of TOP-002-2 R16.1 because it did not notify its Reliability Coordinator of a change in SMUD's transmission facility status. WECC determined the duration of the violation to be from December 2, 2008, the date of the violation, through December 18, 2008, when SMUD completed its Mitigation Plan. In this case, SMUD's violation resulted from a single event on one day, wherein SMUD took 22 minutes to return its Area Control Error (ACE) to zero.

WECC determined that the violation of TOP-002-2 R16.1 did not pose a serious or substantial risk to the bulk power system (BPS) because SMUD scheduled the relay test in advance, and the Reliability Coordinator, although not notified by SMUD directly, had visible (virtual) indication of any outage on the line. Additionally, because SMUD scheduled this test in advance, no flow was scheduled on the transmission line.

BAL-002-0

The purpose of BAL-002-0 (the Disturbance Control Standard (DCS)) is to ensure the Balancing Authority, such as SMUD, is able to utilize its Contingency Reserve to balance resources and demand and return Interconnection frequency within defined limits following a Reportable Disturbance. Because generator failures are far more common than significant losses of load and

⁷ The Settlement Agreement notes R16 has a “Medium” VRF, however the violation is directly related to R16.1 which has a “High” VRF.

because Contingency Reserve activation does not typically apply to the loss of load, the application of DCS is limited to the loss of supply and does not apply to the loss of load.

BAL-002-0 R4 requires a Balancing Authority or Reserve Sharing Group to meet the Disturbance Recovery Criterion within the Disturbance Recovery Period for 100% of Reportable Disturbances. The Disturbance Recovery Criteria are:

- R4.1. A Balancing Authority shall return its ACE to zero if its ACE just prior to the Reportable Disturbance was positive or equal to zero. For negative initial ACE values just prior to the Disturbance, the Balancing Authority shall return ACE to its pre-Disturbance value.
- R4.2. The default Disturbance Recovery Period is 15 minutes after the start of a Reportable Disturbance. This period may be adjusted to better suit the needs of an Interconnection based on analysis approved by the NERC Operating Committee.

BAL-002-0 R4 has a “Medium” VRF.

On January 2, 2009, SMUD calculated its disturbance control performance to determine its Disturbance Recovery Criterion for the Fourth Quarter of 2008. SMUD discovered its average recovery was 96.51% of its DCS. However, the Standard requires SMUD to meet 100% of its Discovery Recovery Criterion. As a result, SMUD submitted a Self-Report on January 9, 2009. SMUD's Self-Report stated that a reportable disturbance occurred on November 27, 2008 where SMUD took 22 minutes to return the ACE to zero.

On January 12, 2009, WECC SMEs reviewed the Self-Report. This Standard requires SMUD to achieve 100% of its DCS for the Fourth Quarter of 2008. The November 27, 2008 disturbance, when SMUD took 22 minutes to return its ACE to zero, caused SMUD to meet only 96.51% of its DCS for the Fourth Quarter of 2008. Accordingly, the SMEs determined SMUD was in possible violation of BAL-002-0 R4.

Enforcement reviewed the Self-Report and WECC SMEs' findings and determined that SMUD had a violation of BAL-002-0 R4 because, during the Reportable Disturbance on November 27, 2008, SMUD took 22 minutes to return its ACE to zero and therefore SMUD failed to meet its Disturbance Recovery Criterion within the Disturbance Recovery Period for 100% of SMUD's Reportable Disturbances. WECC determined the duration of the violation to be from November 27, 2008, the date of the violation, through May 1, 2009, when SMUD completed its Mitigation Plan. In this case, SMUD's violation resulted from a single event on one day, wherein SMUD took 22 minutes to return its ACE to zero.

WECC determined that the violation of BAL-002-0 R4 did not pose a serious or substantial risk to the BPS because DCS is limited to the loss of supply and does not apply to the loss of load. SMUD lost 101 MW of generating capability, but it had contingency reserves available to cover the generating loss.

IRO-004-1

The purpose of IRO-004-1 is to require each Reliability Coordinator to conduct next-day reliability analyses for its Reliability Coordinator Area to ensure the BPS can be operated reliably in anticipated normal and Contingency conditions. System studies must be conducted to highlight potential interface and other operating limits, including overloaded transmission lines and transformers, voltage and stability limits, *etc.* Plans must be developed to alleviate System Operating Limit (SOL) and Interconnection Reliability Operating Limit (IROL) violations.

IRO-004-1 R4 requires each Transmission Operator, Balancing Authority, Transmission Owner, Generator Owner, Generator Operator, and Load Serving Entity in the Reliability Coordinator Area to provide information required for system studies, such as critical facility status, Load, generation, operating reserve projections, and known Interchange Transactions. This information shall be available by 1200 Central Standard Time for the Eastern Interconnection and 1200 Pacific Standard Time for the Western Interconnection.

IRO-004-1 R4 has a “High” VRF.

On January 23, 2009, following an internal review on January 5, 2009, SMUD submitted a Self-Report addressing a possible violation with IRO-004-1 R4. SMUD’s internal review found that on January 5, 2009 SMUD did not provide the data requested by the WECC Vancouver Reliability Coordination Office (RC) by 1200 PST as required by IRO-004-1 R4. SMUD provided the required data to the RC at 1243 PST (43 minutes past due). SMUD identified the cause of this noncompliance as failure of employees to follow SMUD’s existing procedures that require the employees to submit the data by 1200 PST.

On February 10, 2009, a WECC SME reviewed SMUD’s Self-Report. The WECC SME concluded that SMUD failed to provide information required for system studies, such as critical facility status, Load, generation, operating reserve projections, and known Interchange Transactions, by 1200 PST. Accordingly, the WECC SME concluded SMUD had a possible violation of IRO-004-1 R4.

Enforcement reviewed SMUD’s Self-Report and the WECC SMEs’ findings and determined that SMUD had a violation of IRO-004-1 R4 because, on January 5, 2009, SMUD did not provide the necessary information to the WECC Vancouver Reliability Coordinator by 1200 PST. The information was 43 minutes late. WECC determined the duration of the violation to be from January 5, 2009, the date of the violation, through January 7, 2009, when SMUD completed its Mitigation Plan.

WECC determined that the violation of IRO-004-1 R4 did not pose a serious or substantial risk to the BPS because SMUD provided the information to the RC on the day it was required, even though it was 43 minutes late.

IRO-STD-006-0

The purpose of IRO-STD-006-0 is to mitigate transmission overloads due to unscheduled line flow on Qualified Paths.

IRO-STD-006-0 WR1 (Curtailment of Contributing Schedules) WECC's Unscheduled Flow Mitigation Plan (Plan), which is on file with FERC and has been accepted by FERC, requires that each member, such as SMUD, comply with requests from (Qualified) Transfer Path Operators to take actions that will reduce unscheduled flow on the Qualified Path in accordance with the table entitled "WECC Unscheduled Flow Procedure Summary of Curtailment Actions," which is located in Attachment 1 of the Plan. IRO-STD-006-0 WR1 does not have an assigned VRF.

According to WECC's violation review worksheet, WECC's Unscheduled Flow Mitigation Plan specifies that "after [an Unscheduled Flow] Event is declared, a transaction with greater than a 5% Transfer Distribution Factor (TDF) on the Qualified Path in the qualified direction will be considered a 'Restricted Transaction.' Changes to Restricted Transactions, other than the specific curtailments used to comply with relief obligations, cannot be made unless some alternative action is taken to compensate for the full impact on the Qualified Path."

WECC discovered this violation through SMUD's Exception Report, which stated that SMUD had modified a Restricted Transaction for 2 hours, without taking any alternative action to compensate for the impact of the transaction, on June 28, 2009. On June 28, 2009, the Path Operator for Path 66 issued an Unscheduled Flow (USF) Procedure Step 5 from 1400 to 1900 Pacific Prevailing Time. On October 1, 2009, a WECC SME reviewed the Exception Report. The webSAS application identified the following tag as a transaction that required relief for hour-ending 1600 and hour-ending 1900: Transaction Tag AZPS_SMUD01SMK1161_SMUD.

The WECC SME determined SMUD implemented this tag from 1200 on June 28, 2009 until 0000 on June 29, 2009. For hour-ending 1600, SMUD modified this tag from 0 MW to 35 MW. The webSAS application calculated that this modification contributed an additional 5.6 MW on the constrained path, for which SMUD failed to provide alternative actions to provide equivalent relief. For hour-ending 1900, SMUD again modified this tag from 0 MW to 35 MW. The webSAS application calculated that this modification contributed an additional 5.6 MW on the constrained path. SMUD did not provide alternative actions to provide equivalent relief.

Based on a review of the Exception Report, the WECC SME determined SMUD modified a USF Event declared on Path 66 in effect from 1400 to 1900 Pacific Time. Specifically, SMUD modified a restricted transaction for two hours without taking any alternative action to compensate for the impact of the transaction. The WECC SME determined SMUD's failure to provide the required relief in this instance resulted in a possible violation of IRO-STD-006-0 WR1.

Enforcement reviewed SMUD's Exception Report and the WECC SME's findings and determined SMUD had a violation of IRO-STD-006-0 WR1 because, once the Path Operator issued an Unscheduled Flow (USF) Procedure Step 5 on Path 66, SMUD could not modify its Restricted Transaction without providing equivalent relief by some other means, but SMUD modified its Restricted Transaction, thus contributing power to a constrained path. Additionally, SMUD did not provide alternative actions to provide equivalent relief. WECC determined the

duration of the violation to be from June 28, 2009, the date of the violation, through July 23, 2009, when SMUD completed its Mitigation Plan.

WECC determined that the violation of IRO-STD-006-0 WR1 did not pose a serious or substantial risk to the BPS because the Path Rating for Path 66 is 4,800 MW and SMUD contributed less than 0.2% of the Path Rating. The Transmission Operator continued to have the option of curtailing transactions that were directly scheduled on the Qualified Path to reduce loading in the event of an imminent overload

Regional Entity's Basis for Penalty

In this instance, WECC determined that a penalty of nine thousand nine hundred dollars (\$9,900) was appropriate for the referenced violations. WECC considered the following factors to reach an agreement with SMUD regarding the assessed penalty: (1) the violations addressed by this Agreement are SMUD's first assessed non-compliance with the Reliability Standards addressed herein; (2) SMUD was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process; (3) each of the violations addressed herein was either self-reported⁸ by SMUD or identified an Exception report; and (4) these violations did not create a serious or substantial risk to the BPS as discussed above.

Finally, WECC evaluated SMUD's Internal Compliance Program (ICP). WECC determined that (1) SMUD identifies and staffs an ICP oversight position; (2) SMUD's senior management reviews periodic reports from the ICP and ensures SMUD takes corrective actions when necessary; (3) SMUD's ICP oversight position is supervised by an Officer-level position, with direct access to SMUD's Board of Directors; (4) SMUD allocates budgeted resources to its ICP; (5) SMUD reviews its ICP on an annual cycle; (6) SMUD's ICP includes provisions for training employees that have direct responsibility for compliance with Reliability Standards; (7) SMUD conducts self-auditing on an annual cycle for compliance with Reliability Standards; and (8) SMUD's ICP includes provisions to take disciplinary actions against employees involved in violations of Reliability Standards. Based on these findings, WECC concluded that SMUD is developing an effective compliance culture.

Status of Mitigation Plans⁹

TOP-002-2 R16.1

SMUD's Mitigation Plan to address its violation of TOP-002-2 R16.1 was submitted to WECC on September 22, 2009 stating that it was completed on December 18, 2008. The Mitigation Plan was accepted by WECC on November 11, 2009, and approved by NERC on November 23, 2009. The Mitigation Plan for this violation is designated as MIT-08-2144 and was submitted as non-public information to FERC on November 24, 2009 in accordance with FERC orders.

SMUD's Mitigation Plan MIT-08-2144 stated that SMUD had existing procedures in place that were to be followed at all times and the operators are trained on these procedures regularly.

⁸ Although the violation of IRO-STD-006-0 was not reported on WECC's Self-Reporting form, WECC considered SMUD's submittal of its transactions via Exception Reporting consistent with CMEP requirements.

⁹ See 18 C.F.R. § 39.7(d)(7).

SMUD disciplined the one employee involved and conducted two training sessions on the requirements for TOP-002-2 to the Power Systems Operators to prevent future reoccurrences of this event. The Mitigation Plan also noted that the System Operations and Reliability Department will continue to provide this training to SMUD's operators on an ongoing basis.

SMUD certified on September 22, 2009 that its Mitigation Plan was completed as of December 18, 2008. As evidence of completion of its Mitigation Plan, SMUD submitted a SMUD event log entry, training presentations, and a disciplinary action report dated December 18, 2008.

WECC reviewed SMUD's submitted evidence and determined that SMUD took appropriate actions to mitigate the violation. Specifically, WECC determined that SMUD's ongoing training and disciplinary actions were sufficient to mitigate the noncompliance and prevent recurrence of the violation.

On November 11, 2009, after WECC's review of SMUD's submitted evidence, WECC verified that SMUD's Mitigation Plan was completed on December 18, 2008 and notified SMUD in a letter dated November 18, 2009 that it was in compliance with TOP-002-2 R16.1.

BAL-002-0 R4

SMUD's Mitigation Plan to address its violation of BAL-002-0 R4 was submitted to WECC on January 23, 2009 with a proposed completion date of March 31, 2009. WECC rejected this Mitigation Plan on January 29, 2009 because the Mitigation Plan did not required SMUD to increase its Contingency Reserve. SMUD's submitted a new Mitigation Plan on February 3, 2009 with a proposed completion date of May 1, 2009.¹⁰ The Mitigation Plan was accepted by WECC on February 11, 2009, and approved by NERC on August 13, 2009. The Mitigation Plan for this violation is designated as MIT-09-1862 and was submitted as non-public information to FERC on August 13, 2009 in accordance with FERC orders.

SMUD's Mitigation Plan MIT-09-1862 required SMUD, as a Balancing Authority, to:

1. increase its contingency reserve obligation by the Contingency Reserve Adjustment Factor (CRAF) of 1.0349 (3.49%). This change was to be effective from February 1, 2009 through April 30, 2009. SMUD's Operating Procedure PSN-114 and software tool for contingency reserve calculations was to be modified to apply the CRAF during this period;
2. review the incident, the SMUD Operating Procedures and NERC/WECC Reliability Standards related to this incident with all of the NERC Certified SMUD Power System Operators to ensure full understanding of the requirements and the consequences involved for failure to comply;
3. implement refresher training for all the SMUD Power System Operators on NERC Reliability Standard BAL-002, and the associated DCS requirements, as well as the SMUD Operating Procedure PSN-117. This training also focused on crew communications and situational awareness; and

¹⁰ Although section D.2 of the Mitigation Plan states it would be completed by March 31, 2009, section D.3 has mitigating actions that take place until May 1, 2009.

4. discipline individuals involved in the incident per company policy.

SMUD certified on May 7, 2009 that its Mitigation Plan was completed as of May 1, 2009. As evidence of completion of its Mitigation Plan, SMUD submitted the following: Contingency Reserve Spreadsheets; Contingency Reserve Calc Procedure-PSN_114 (CRAF Added); Contingency Reserve Calc Procedure-PSN_114 (CRAF Removed); Contingency Reserve Display (CRAF Added); PI-Process Book Change Notification (CRAF Removed); Procedure Check-off; Lessons Learned, Volume 1, 11/27/08; Class Roster, Learning Activity # MISC-LL-NOVDEC2008, Provider ID: SMUD_001; Penalty Evidence Feb to Apr 2009 (EMS Code Changes).

On May 8, 2009, WECC verified that SMUD's Mitigation Plan was completed on May 1, 2009, and WECC notified SMUD in a letter dated June 2, 2009 that it was in compliance with BAL-002-0 R4.

IRO-004-1

SMUD's Mitigation Plan to address its violation of IRO-004-1 was submitted to WECC on September 22, 2009 stating that it was completed on January 7, 2009.¹¹ The Mitigation Plan was accepted by WECC on November 5, 2009, and approved by NERC on November 12, 2009. The Mitigation Plan for this violation is designated as MIT-09-2127 and was submitted as non-public information to FERC on November 12, 2009 in accordance with FERC orders.

SMUD's Mitigation Plan MIT-09-2127 stated that SMUD had disciplined the employees involved and reminded them of the requirement and the importance to submit this data to the WECC Reliability Coordinator by 1200 PST each day. In addition, daily automatic reminders have been added to SMUD's computer systems, and refresher training has been provided to the employees.

SMUD certified on September 22, 2009 that its Mitigation Plan was completed as of January 7, 2009, one day past its approved completion date. As evidence of completion of its Mitigation Plan, SMUD submitted a Mitigation Plan form noted as complete; a SMUD e-mail documenting and confirming SMUD's actions (dated January 6, 2009), *Day-ahead Trader Set-up Checklist*, *NP15 Scheduler's Checklist*, *Lead Trader's Final Confirmation*, *Automated Computer Screen Reminder Display*. SMUD provided the undated documents listed above with the explanation that the "files are tools used in the daily operations and are not saved, printed, or transmitted as an official record."

WECC reviewed SMUD's submitted evidence and determined that SMUD trained its personnel and set up the necessary reminders and procedures to ensure that SMUD can provide critical facility status, Load, generation, operating reserve, and known interchange transaction information to the Reliability Coordinator daily by 1200 PST. Additionally, WECC verified that, subsequent to the January 5, 2009 incident of noncompliance, SMUD submitted this information to the Reliability Coordinator as requested.

¹¹ The Mitigation Plan incorrectly states that the violation was mitigated on January 6, 2009.

On November 5, 2009, after WECC's review of SMUD's submitted evidence, WECC verified that SMUD's Mitigation Plan was completed on January 7, 2009 and notified SMUD in a letter dated November 18, 2009 that it was in compliance with IRO-004-1.

IRO-STD-006-0

SMUD's Mitigation Plan to address its violation of IRO-STD-006-0 WR1 was submitted to WECC on January 6, 2010 stating that it was completed on July 23, 2009. The Mitigation Plan was accepted by WECC on February 2, 2010, and approved by NERC on February 9, 2010. The Mitigation Plan for this violation is designated as MIT-09-2307 and was submitted as non-public information to FERC on February 9, 2010 in accordance with FERC orders.

SMUD's Mitigation Plan MIT-09-2307 stated that SMUD had:

1. an existing procedure on the Trader/Scheduler desk for providing USF relief;
2. provided coaching for the trader that failed to implement the USF mitigation;
3. provided refresher training to all Real Time Traders/Schedulers, to improve performance and reinforce the concept of loop flow contributions, via an e-mail dated July 23, 2009. The e-mail reminded all Traders of their responsibilities and obligations to mitigate USF, and that the Load Serving Entity is the responsible entity for these types of curtailments. In addition to general awareness, the e-mail called out specific scenarios (*e.g.* the impact on Path 66 of schedules coming from Palo Verde to SMUD) to which close attention should be paid. The e-mail also provided detailed steps on how the webSAS software works, how to drill down and access the required USF actions and included screenprints. The software's tutorial was referenced as a supplement;
4. increased the alarms' volume setting, making them more audible; and
5. required the trader that failed to implement the USF mitigation to provide the refresher training given to the rest of the trading/scheduling staff.

SMUD certified on February 11, 2010 that its Mitigation Plan was completed as of July 23, 2009. As evidence of completion of its Mitigation Plan, SMUD submitted the following: (1) a refresher training e-mail dated July 23, 2009; (2) WECC Unscheduled Flow Mitigation Procedures dated January 11, 2005; (3) the list of USF events that occurred between June 28, 2009 through January 6, 2010; and (4) an e-mail confirmation of USF event review dated February 8, 2010.

On April 29, 2010 after WECC's review of SMUD's submitted evidence, WECC verified that SMUD's Mitigation Plan was completed on July 23, 2009 and notified SMUD in a letter dated April 29, 2010 that it was in compliance with IRO-STD-006-0 WR1.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹²

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,¹³ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on March 10, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty of nine thousand nine hundred dollars (\$9,900) against SMUD 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 are the first violations for SMUD of the referenced NERC Reliability Standards;
- (2) WECC reported that SMUD was cooperative throughout the enforcement process;
- (3) there was no evidence of any attempt or intent to conceal a violation; and
- (4) WECC reported that the violations did not pose 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 nine thousand nine hundred dollars (\$9,900) is appropriate for the violations and circumstances in question, 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.

¹² See 18 C.F.R § 39.7(d)(4).

¹³ *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 part of this Notice of Penalty are the following documents and material:

- a) Settlement Agreement by and between SMUD and WECC entered into as of January 29, 2010, included as Attachment a;
- b) Included as Attachment b for TOP-002-2 R16.1:
 - 1. SMUD's Self-Report dated December 18, 2008;
 - 2. SMUD's Mitigation Plan designated as MIT-08-2144 submitted on September 22, 2009;
 - 3. SMUD's Certification of Completion of the Mitigation Plan dated September 22, 2009; and
 - 4. WECC's Verification of Completion of the Mitigation Plan dated November 18, 2009;
- c) Included as Attachment c for BAL-002-0 R4:
 - 1. SMUD's Self-Report dated January 9, 2009;
 - 2. SMUD's Mitigation Plan designated as MIT-09-1862 submitted on February 3, 2009;
 - 3. SMUD's Certification of Completion of the Mitigation Plan dated May 7, 2009; and
 - 4. WECC's Verification of Completion of the Mitigation Plan dated June 2, 2009;
- d) Included as Attachment d for IRO-004-1 R4:
 - 1. SMUD's Self-Report dated January 23, 2009;
 - 2. SMUD's Mitigation Plan designated as MIT-09-2127 submitted on September 22, 2009;
 - 3. SMUD's Certification of Completion of the Mitigation Plan dated September 22, 2009; and
 - 4. WECC's Verification of Completion of the Mitigation Plan dated November 18, 2009;
- e) Included as Attachment e for IRO-STD-006-0 WR1:
 - 1. SMUD's Exception Report dated October 1, 2009;
 - 2. SMUD's Mitigation Plan designated as MIT-09-2307 and Certification of Completion contained therein submitted on January 6, 2010;
 - 3. SMUD's Certification of Completion submitted on February 11, 2010; and
 - 4. WECC's Verification of Completion of the Mitigation Plan dated April 29, 2010

A Form of Notice Suitable for Publication¹⁴

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

¹⁴ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

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

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>James Leigh-Kendall* Manager, Reliability Compliance and Coordination Sacramento Municipal Utility District 6201 S Street, MS: B305 Sacramento, CA 95817 (916) 732-5357 (916) 732-7527 – facsimile jleighk@smud.org</p> <p>*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>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</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Steven Goodwill* Associate General Counsel Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p>
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Conclusion

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

Respectfully submitted,

/s/ Rebecca J. Michael

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cc: Sacramento Municipal Utility District
Western Electricity Coordinating Council

Attachments

Attachment a

**Settlement Agreement by and between SMUD and
WECC entered into as of January 29, 2010**

SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
SACRAMENTO MUNICIPAL UTILITY DISTRICT

Western Electricity Coordinating Council ("WECC") and Sacramento Municipal Utility District ("SMUD") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 29 day of JAN, 2010.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public assessment of SMUD by WECC that resulted in certain WECC determinations and findings regarding three alleged SMUD violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards" or "Standards"):

WECC200901494	BAL-002-0 R4	<i>Disturbance Control Performance</i>
WECC200901294	IRO-004-1 R4	<i>Reliability Coordination – Operations Planning</i>
WECC200801235	TOP-002-2 R16	<i>Normal Operations Planning</i>
WECC200901659	IRO-STD-006-0 WR1	<i>Qualified Path Unscheduled Flow Relief</i>

B. SMUD is a publicly owned municipal utility district in Sacramento, California. SMUD's corporate headquarters are located in Sacramento, California. SMUD owns 473 circuit miles of transmission lines and 9,784 circuit miles of distribution lines. SMUD owns facilities within WECC defined paths but is not a path operator. On April 10, 2007, SMUD entered the NERC Compliance Registry as a Balancing Authority, Transmission Operator, Transmission Owner, Generator Operator, Generator Owner, Distribution Provider, Load-Serving Entity, Transmission Service Provider, Purchasing-Selling Entity, Planning Authority, Transmission Planner, and Resource Planner.

C. WECC was formed on April 18, 2002 by the merger of the Western Systems Coordinating Council, Southwest Regional Transmission Association and Western Regional Transmission Association. WECC is one of eight Regional Entities in the United States responsible for coordinating and promoting electric system reliability and enforcing the mandatory Reliability Standards created by NERC under the authority granted in Section 215 of the Federal Power Act. In addition, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access

among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members. WECC's region encompasses a vast area of nearly 1.8 million square miles extending from Canada to Mexico and includes 14 western states. It is the largest and most diverse of the eight Regional Entities in the United States.

D. The Parties are entering into this Agreement to settle all issues arising from the alleged violations identified above. It is in the Parties' and the public's best interests to resolve this matter efficiently without the delay and burden associated with a contested proceeding. Nothing contained in this Agreement shall be construed as an admission or waiver of either party's rights. Nothing in this Agreement shall limit or prevent WECC from evaluating SMUD for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action can include assessing penalties against SMUD for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure.

NOW, THEREFORE, in consideration of the terms set forth herein, including in the Recitals, WECC and SMUD hereby agree and stipulate to the following:

I. Representations of the Parties

SMUD neither admits nor denies the alleged violations, but, in order to settle this matter and for purposes of this Agreement, SMUD stipulates to the facts contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that SMUD has Confirmed Violations as this term is defined in the WECC Compliance and Monitoring Enforcement Program ("CMEP"), of the Reliability Standards described below in detail.

II. Confirmed Violations

A. NERC Reliability Standard BAL-002-0, Requirement 4

R4. *A Balancing Authority or Reserve Sharing Group shall meet the Disturbance Recovery Criterion within the Disturbance Recovery Period for 100% of Reportable Disturbances. The Disturbance Recovery Criterion is:*

R4.1. *A Balancing Authority shall return its ACE to zero if its ACE just prior to the Reportable Disturbance was positive or equal to zero. For negative initial ACE values just prior to the Disturbance, the Balancing Authority shall return ACE to its pre-Disturbance value.*

R4.2. *The default Disturbance Recovery Period is 15 minutes after the start of a Reportable Disturbance. This period may be adjusted to better suit the needs of an Interconnection based on analysis approved by the NERC Operating Committee.*

SMUD is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Balancing Authority. On January 2, 2009, SMUD calculated its disturbance control performance to determine its Disturbance Recovery Criterion for the Fourth Quarter of 2008. SMUD discovered its average recovery was 96.51% of its Disturbance Control Standard ("DCS"). SMUD is required to meet 100% of its Disturbance Recovery Criterion (as defined in the sub-requirements of this Standard). As a result, SMUD submitted a Self-Reporting Form ("Self-Report") on January 9, 2009. SMUD's Self-Report stated a "reportable disturbance occurred on November 27, 2008 where SMUD...took 22 minutes to return the ACE to zero."

On January 12, 2009, WECC subject matter experts ("SME") reviewed the Self-Report. This Standard requires SMUD to achieve 100% of its DCS for the Fourth Quarter of 2008. The November 27, 2008 disturbance, when SMUD took 22 minutes to return its ACE to zero, caused SMUD to meet only 96.51% of its DCS for the Fourth Quarter of 2008. Accordingly, the SMEs determined SMUD was in possible violation of BAL-002-0 R4.

The WECC Compliance Enforcement Department ("Enforcement") reviewed the Self-Report and WECC SMEs' findings and concluded that during the Reportable Disturbance on November 27, 2008, SMUD took 22 minutes to return the ACE to zero. However, in this instance the Disturbance Recovery Period specified by the Standard was 15 minutes. Therefore, SMUD failed to meet its Disturbance Recovery Criterion within the Disturbance Recovery Period for 100% of SMUD's Reportable Disturbances. Accordingly, Enforcement confirmed SMUD had an Alleged Violation of BAL-002-0 R4.

On January 23, 2009, SMUD submitted a mitigation plan to address this violation. This mitigation plan had an expected completion date of March 31, 2009. The mitigation plan stated SMUD conducted a root cause analysis, planned to discipline individuals involved in the incident, planned to retrain system operators on BAL-002, including SMUD's operating procedure, and planned on conducting a "Lessons Learned" session.

BAL-002 states that each Balancing Authority not meeting the DCS during a given calendar quarter shall increase its Contingency Reserve obligation for the calendar quarter *following the evaluation by NERC or Compliance Monitor*. On January 23, 2009, before filing its self-report, SMUD contacted WECC SMEs via telephone and e-mail to determine if WECC had made a determination as to whether SMUD should increase its Contingency Reserve Obligation. WECC did not complete its evaluation until after SMUD submitted its mitigation plan. Accordingly, SMUD's mitigation plan did not include a requirement that SMUD increase its Contingency Reserve obligation.

On January 29, 2009, a WECC SME contacted a SMUD representative via telephone and notified the representative that, based on SMUD's 96.51% DCS, SMUD was required to increase its Contingency Reserve obligation by 3.49% to comply with this Standard. WECC therefore rejected the mitigation plan on January 29, 2009.

On February 3, 2009, SMUD submitted a new mitigation plan. The new mitigation plan had an expected completion date of May 1, 2009. The new mitigation plan included the mitigating activities from the original plan and the addition of activating the "contingency reserve factor for 3-month period." WECC reviewed this new mitigation plan on February 11, 2009. The new mitigation plan included a reasonable completion date and appropriate steps to mitigate the violation. Therefore, WECC accepted the new mitigation plan on February 11, 2009.

On May 7, 2009, SMUD submitted a revised mitigation plan certifying it completed all mitigating activities by May 1, 2009. On May 8, 2009, WECC reviewed the completed mitigation plan and confirmed that SMUD had increased its Contingency Reserve obligation by 3.49%. SMUD carried the increased Contingency Reserve from February 1, 2009 to April 30, 2009. SMUD's NERC-certified Power System Operators also reviewed SMUD's Operating Procedures. Additionally, SMUD provided "refresher training" to its Power System Operators. WECC confirmed SMUD completed the appropriate mitigating activities by May 1, 2009. Accordingly, WECC accepted the completed mitigation plan on May 8, 2009. Based on these facts, WECC determined that the event resulting in SMUD's non-compliance lasted only 7 minutes because SMUD took 22 minutes, instead of 15 minutes, to return ACE to zero. WECC found that the violation period ran from the date of the violation (November 27, 2008) until the date of completion of the mitigation plan (May 1, 2009).

B. NERC Reliability Standard IRO-004-1, Requirement 4

R4: Each Transmission Operator, Balancing Authority, Transmission Owner, Generator Owner, Generator Operator, and Load-Serving Entity in the Reliability Coordinator Area shall provide information required for system studies, such as critical facility status, Load, generation, operating reserve projections, and known Interchange Transactions. This information shall be available by 1200 Central Standard Time for the Eastern Interconnection and 1200 Pacific Standard Time for the Western Interconnection.

SMUD is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Transmission Operator, Balancing Authority, Transmission Owner, Generator Owner, Generator Operator, and Load-Serving Entity. On January 5, 2009, SMUD conducted an internal review and discovered possible noncompliance with this Standard. On January 23, 2009, SMUD submitted a Self-Report addressing a possible violation of this Standard.

SMUD's internal review found that on January 5, 2009 SMUD did not provide the data requested by the WECC Vancouver Reliability Coordination Office ("RC") by 1200 PST as required by IRO-004-1 Requirement 4. SMUD provided the required data to the RC at 1243 PST (43 minutes past due). SMUD identified the cause of this non-compliance as failure of employees to follow existing procedures that require the employees to submit the data by 1200 PST.

On February 10, 2009, a WECC SME reviewed SMUD's Self-Report. The SME concluded SMUD failed to provide information required for system studies, such as critical facility status, Load, generation, operating reserve projections, and known Interchange Transactions, by 1200 Pacific Standard Time. Accordingly, the SME concluded SMUD had a possible violation of IRO-004-1 R4.

Enforcement reviewed SMUD's Self-Report and the SME's findings. SMUD is required to provide information to the RC required for system studies, such as critical facility status, Load, generation, operating reserve projections, and known Interchange Transactions. Enforcement determined that in this instance SMUD did not provide the necessary information to the WECC Vancouver Reliability Coordinator by 1200 PST. The information was 43 minutes late. Accordingly, Enforcement concluded SMUD had an Alleged Violation of IRO-004-1 R4.

On September 22, 2009, SMUD submitted a mitigation plan and completed mitigation plan addressing this violation. SMUD's mitigation plan stated that "SMUD did not file a Mitigation Plan with the self-report since the cause of the non-compliance was an administrative error with only one event noted since the new WECC RC went Operational on January 1, 2009." Nonetheless, to mitigate this violation, SMUD disciplined the employees involved in the incident and "stressed the importance to submit [the required] data to the WECC RC by 1200 PST." Further, SMUD added daily automated reminders to its computer systems to ensure continued compliance with this Standard. Finally, SMUD provided refresher training to its employees and further reminded its employees that SMUD must follow the actions outlined in this Standard and requirement. On September 22, 2009, SMUD certified the mitigation plan's completion as of January 7, 2009.

On November 5, 2009, WECC reviewed the mitigation plan and completed mitigation plan, as well as the evidence that SMUD provided with the completed mitigation plan. Specifically, WECC reviewed a SMUD E-mail documenting and confirming SMUD's actions (dated January 6, 2009), *Day-ahead Trader Set-up Checklist*, *NP15 Scheduler's Checklist*, *Lead Trader's Final Confirmation*, *Automated Computer Screen Reminder Display*. SMUD provided the undated documents listed above with the explanation that the "files are tools used in the daily operations and are not saved, printed, or transmitted as an official record."

WECC determined that SMUD trained its personnel and set up the necessary reminders and procedures to ensure that SMUD can provide critical facility status, load, generation, operating reserve, and known interchange transaction information to the Reliability Coordinator daily by 1200 PST. Additionally, WECC verified that, subsequent to the January 5, 2009 incident of noncompliance, SMUD submitted this information to the Reliability Coordinator as requested. Accordingly, on November 5, 2009, WECC accepted the mitigation plan and completed mitigation plan. In accepting the completed mitigation plan, WECC verified SMUD completed the actions outlined in the mitigation plan by January 7, 2009. WECC determined that the event resulting in SMUD's non-compliance last only 43 minutes. WECC found that the violation period ran from the

date of violation (January 5, 2009) to the date that SMUD completed its mitigation plan (January 7, 2009).

C. NERC Reliability Standard TOP-002-2, Requirement 16

R16: Subject to standards of conduct and confidentiality agreements, Transmission Operators shall, without any intentional time delay, notify their Reliability Coordinator and Balancing Authority of changes in capabilities and characteristics including but not limited to:

R16.1: Changes in transmission facility status

R16.2: Changes in transmission facility rating

SMUD is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Balancing Authority, Transmission Operator, Generator Operator, Distribution Provider, and Load-Serving Entity.

On December 3, 2008, SMUD conducted an internal investigation after a line opened during scheduled relay testing. During this investigation, SMUD determined it failed to notify its Reliability Coordinator of an outage (a result of the line opening). SMUD is required to notify the Reliability Coordinator of a change in SMUD's transmission facility status. As a result, SMUD self-reported a possible violation on December 18, 2008.

A WECC SME reviewed the Self-Report on December 22, 2008. The WECC SME noted the outage occurred on December 2, 2008 and the investigation of the outage took place on December 3, 2008. The SME confirmed SMUD scheduled a relay test, the relay test triggered a nine-minute outage, and SMUD did not notify its Reliability Coordinator of this change in transmission facility status. Accordingly, the WECC SME confirmed SMUD was in possible violation of TOP-002-2 R16, specifically R16.1.

Enforcement reviewed the Self-Report and the SME's findings and concluded SMUD did not notify its Reliability Coordinator of a change in SMUD's transmission facility status. SMUD's failure to notify the Reliability Coordinator in this instance resulted in an Alleged Violation of TOP-002-2 R16, specifically R16.1.

On September 22, 2009, SMUD submitted a mitigation plan and completed mitigation plan addressing this violation. SMUD stated in the mitigation plan that it disciplined the employee involved in this incident of noncompliance, that SMUD "has existing procedures in place," and that SMUD reiterated these procedures to its operating personnel to prevent recurrence of this violation. Additionally, SMUD "will continue to provide this training to SMUD's operators on an ongoing basis." SMUD certified it completed the actions outlined in the mitigation plan by December 18, 2008.

On November 11, 2009, WECC reviewed the mitigation plan and completed mitigation plan. WECC reviewed a SMUD event log entry, training presentations, and a disciplinary action report dated December 18, 2008. WECC determined that from December 3, 2008 to the present SMUD has notified its Reliability Coordinator, without intentional time delay, of changes in capabilities and characteristics on SMUD's transmission facilities. WECC determined that SMUD took appropriate actions to mitigate the violation. Specifically, WECC determined that SMUD's ongoing training and disciplinary actions were sufficient to mitigate the noncompliance and prevent recurrence of the violation. Accordingly, WECC accepted the mitigation plan and completed mitigation plan on November 11, 2009. In accepting the completed mitigation plan, WECC verified SMUD completed the actions outlined in the mitigation plan by December 18, 2008. WECC found that the violation period ran from the date of the violation (December 2, 2008) until the date that SMUD completed its mitigation plan (December 18, 2008).

D. NERC Reliability Standard IRO-STD-006-0, Requirement WR1

WR1: Curtailment of Contributing Schedules

WECC's Unscheduled Flow Mitigation Plan (Plan), which is on file with FERC and has been accepted by FERC (most recently prior to the date hereof on November 20, 2001 in Docket No. ER01-3085-000), specifies that members shall comply with requests from (Qualified) Transfer Path Operators to take actions that will reduce unscheduled flow on the Qualified Path in accordance with the table entitled "WECC Unscheduled Flow Procedure Summary of Curtailment Actions," which is located in Attachment 1 of the Plan.

Plan Section 11:

11.1 When USF Accommodation, as specified in Section 7, together with coordinated operation of the Qualified Controllable Devices, as specified in Section 9, are insufficient to reduce the Actual Flow on the Qualified Transfer Path to below the Transfer Limit, the Transfer Path Operator shall request curtailments in Schedules that contribute to the USF through the Qualified Transfer Path according to the USF Reduction Procedure.

11.2 Responsible Entities shall comply in a timely manner with a Transfer Path Operator's request for Schedule Curtailments.

Plan Attachment 1 Section 9:

h. Upon receipt of a curtailment request, Contributing Schedules which are subject to curtailments will be reduced (or equivalent alternative schedule adjustments will be effected) in accordance with the following procedures:

i. *Receivers of Contributing Schedules will initiate the requested schedule reductions unless an otherwise agreed upon procedure for schedule reduction achieving the equivalent effect on the Qualified Transfer Path is established by the Receiver and/or the Sender.*

ii. *Responsible Entities may arrange among themselves to make curtailments called for by this USF Reduction Procedure in a manner other than prescribed provided that the arrangements are as effective as the identified schedule curtailment in reducing USF across the Qualified Transfer Path. Responsible Entities may make bilateral arrangements, which will enable a Responsible Entity with schedules on the affected Qualified Transfer Path to make the required curtailments in lieu of making larger curtailments in schedules over other parallel paths. Where alternative schedule adjustments are utilized, it is the Receiver's responsibility to cause schedule adjustments to be effected which provide the same reduction in flow across the Qualified Transfer Path as would have been achieved by the prescribed reduction in the Contributing Schedule.*

iii. *The total amount of requested schedule reduction may be apportioned to the applicable schedules at the discretion of the Receiver subject to item iv below.*

iv. *Irrespective of the schedules altered or the manner in which they are altered, each Responsible Entity's overall net reduction in Actual Flow across the constrained Qualified Transfer Path must be equivalent to or greater than the reduction which would have been achieved had the identified schedule reduction occurred as requested.*

v. *System dispatchers or real-time schedulers should identify in advance those schedules that qualify for curtailment requests for all Qualified Transfer Paths. This will expedite implementation of this USF Reduction Procedure when requested.*

vi. *While this USF Reduction Procedure does not expect receivers to curtail schedules which would result in loss of firm load, nothing in this USF Reduction Procedure shall relieve the receiver of the obligation to achieve the required reduction in USF across the constrained Qualified Transfer Path." Contributing Schedule curtailments apply to schedules in place before initiation of the USF Procedure at Step 4 (First level Contributing Schedule Curtailment) or higher step. At the time a Step 4 Level 1 USF Action or higher step is initiated, Schedules are established by the existence of an "Implemented" NERC Transaction Tag.*

Restricted Transactions:

After the USF Event is declared, a transaction with greater than a 5% Transfer Distribution Factor (TDF) on the Qualified Path in the

qualified direction will be considered a "Restricted Transaction." Changes to Restricted Transactions, other than the specific curtailments used to comply with relief obligations, cannot be made unless some alternative action is taken to compensate for the full impact on the Qualified Path. This applies to: New transaction, and Extensions or Adjustments to existing transaction." If two or more Qualified Paths become simultaneously constrained to the point where the curtailment of contributing schedules is necessary, schedule curtailments which relieve USF on one path but increase USF on any other curtailed path shall not be made, unless specific procedures or methods are provided to address this condition. The entity shall be compliant with this standard although the required curtailments were not made.

[1] Capitalized terms used in this section, unless separately defined in this standard, shall have the meaning specified in the plan.

[2] Reliability Standard will apply to all Responsible Entities within the Western Interconnection.

SMUD is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Load-Serving Entity. WECC discovered this violation through an Exception Report. WECC's Unscheduled Flow Mitigation Plan specifies that "after [an Unscheduled Flow] Event is declared, a transaction with greater than a 5% Transfer Distribution Factor on the Qualified Path in the qualified direction will be considered a 'Restricted Transaction.' Changes to Restricted Transactions, other than the specific curtailments used to comply with relief obligations, cannot be made unless some alternative action is taken to compensate for the full impact on the Qualified Path."

On June 28, 2009, the Path Operator for Path 66 issued an Unscheduled Flow ("USF") Procedure Step 5 from 1400 to 1900 Pacific Prevailing Time. On October 1, 2009, a WECC SME reviewed the Exception Report. The webSAS application identified the following tag as a transaction that required relief for hour ending 1600 and hour ending 1900:

Transaction Tag AZPS_SMUD01SMK1161_SMUD

The SME determined SMUD implemented this tag from 1200 June 28, 2009 until 0000 June 29, 2009. For hour ending 1600, SMUD modified this tag from 0 MW to 35 MW. The webSAS application calculated that this modification contributed an additional 5.6 MW on the constrained path. SMUD failed to provide alternative actions to provide equivalent relief.

For hour ending 1900, SMUD modified this tag from 0 MW to 35 MW. The webSAS application calculated that this modification contributed an additional 5.6 MW

on the constrained path. SMUD failed to provide alternative actions to provide equivalent relief.

Based on a review of the Exception Report, the SME determined SMUD modified a USF Event declared on Path 66 in effect from 1400 to 1900 Pacific Time. Specifically, SMUD modified a restricted transaction for two hours without taking any alternative action to compensate for the impact of the transaction. The SME determined SMUD's failure to provide the required relief in this instance resulted in a possible violation of IRO-STD-006-0 WR1. The SME forwarded the SME's findings to Enforcement.

Enforcement determined that once the Path Operator issued an Unscheduled Flow ("USF") Procedure Step 5 on Path 66, SMUD could not modify its Restricted Transaction without providing equivalent relief by some other means. SMUD modified its Restricted Transaction, thus contributing power to a constrained path. SMUD did not provide alternative actions to provide equivalent relief. Thus, Enforcement determined that SMUD's modification of a Restricted Transactions was an Alleged Violation of IRO-STD-006-0 WR1.

SMUD has not filed a mitigation plan to address this violation. The Parties agree this Agreement is contingent on SMUD completing a mitigation plan to address this violation.

III. Settlement Terms

A. Payment. To settle this matter, SMUD hereby agrees to pay \$9,900 to WECC via wire transfer or cashier's check. SMUD shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to SMUD upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). SMUD shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment Due.

The terms of this Agreement, including the agreed upon payment, are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Agreement, NERC will file a Notice of Penalty with FERC. If FERC approves the Agreement, NERC will post the Agreement publicly. If either NERC or FERC rejects the Agreement, then WECC will attempt to negotiate a revised settlement agreement with SMUD that includes any changes to the Agreement specified by NERC or FERC. If the Parties cannot reach a settlement agreement, the CMEP governs the enforcement process.

B. Settlement Rationale. WECC's determination of penalties in an enforcement action is guided by the statutory requirement codified at 16 U.S.C. §824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of such user, owner, or operator to remedy the violation in a timely manner." Additionally, WECC considers the guidance provided by the NERC Sanction Guidelines and by FERC in Order No. 693 and in its July 3, 2008 Guidance Order on Reliability Notices of Penalty.

Specifically, to determine penalty assessment, WECC considers the following factors: (1) the seriousness of the violation, including the applicable Violation Risk Factor ("VRF") and Violation Severity Level, and the risk to the reliability of the BPS; (2) the violation's duration; (3) the Registered Entity's compliance history; (4) the Registered Entity's self-reports and voluntary corrective action; (5) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (6) the quality of the Registered Entity's compliance program; (7) any attempt by the Registered Entity to conceal the violation or any related information; (8) whether the violation was intentional; (9) any other relevant information or extenuating circumstances; and (10) the Registered Entity's ability to pay a penalty.

The following circumstances apply to SMUD's Alleged Violations. WECC assessed the VRFs herein in accordance with NERC's VRF Matrix dated February 3, 2009:

1. The violation of BAL-002-0 R4 has a "Medium" VRF. DCS is limited to the loss of supply and does not apply to the loss of load. SMUD lost 101 MW of generating capability; however SMUD had contingency reserves available to cover the generating loss. In this case, SMUD's violation resulted from a single event on one day, wherein SMUD took 22 minutes to return its ACE to zero. For these reasons, WECC determined this violation posed minimal risk to the reliability of the BPS.
2. The violation of IRO-004-1 R4 has a "High" VRF. SMUD had been providing the necessary data and information as requested by the Reliability Coordinator for a number of years. In this instance, SMUD was 43 minutes late on one day in submitting the information to the RC. SMUD identified its noncompliance and reported it to WECC. For these reasons, WECC determined this violation posed minimal risk to the reliability of the BPS.
3. The violation of TOP-002-2 R16 has a "Medium" VRF. SMUD scheduled, in advance, a relay test. The line was open for nine minutes. The RC, although not notified by SMUD directly, had visible (virtual) indication of any outage on the line. In this case, SMUD's violation resulted from a single event on one day, wherein SMUD had a change in transmission status for nine minutes. Additionally, because SMUD scheduled this test in advance, no electricity was scheduled on the transmission line. For these reasons, WECC determined this violation posed minimal risk to the reliability of the BPS.
4. The violation of IRO-STD-006-0 WR1 does not have a Violation Risk Factor. However, WECC determined this violation resulted in a Level 1 Level of Non-compliance. The Path Rating for Path 66 is 4800 MW. In this case, SMUD contributed less than 0.2% of the Path Rating. The transmission operator continued to have the option of curtailing transactions that were directly scheduled on the Qualified Path to reduce loading in the event of an imminent overload. For these reasons, WECC determined this violation posed minimal risk to the reliability of the BPS.

In addition to the factors listed above, WECC considered several mitigating factors to reach an agreement with SMUD regarding the payment amount. First, the Alleged Violations addressed by this Agreement are SMUD's first assessed noncompliance with the Reliability Standards addressed herein. Second, SMUD mitigated all of the violations. Third, SMUD was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process. Fourth, SMUD self-reported each of the violations addressed herein.

Finally, WECC evaluated SMUD's Internal Compliance Program ("ICP"). WECC determined that (1) SMUD identifies and staffs an ICP oversight position (2) SMUD's senior management reviews periodic reports from the ICP and ensures SMUD takes corrective actions when necessary (3) SMUD's ICP oversight position is supervised by an Officer-level position, with direct access to SMUD's Board of Directors (4) SMUD allocates budgeted resources to its ICP (5) SMUD reviews its ICP on an annual cycle (6) SMUD's ICP includes provisions for training employees that have direct responsibility for compliance with Reliability Standards (6) SMUD conducts self-auditing on an annual cycle for compliance with Reliability Standards, and (7) SMUD's ICP includes provisions to take disciplinary actions against employees involved in violations of Reliability Standards. Based on these findings, WECC concluded that SMUD has an effective compliance culture.

In reaching this Agreement, WECC considered that there were no aggravating factors warranting a higher payment amount. Specifically, SMUD did not have any negative compliance history. There was no failure by SMUD to comply with applicable compliance directives, nor any evidence of an attempt by SMUD to conceal a violation. Finally, there was no evidence that SMUD's violations were intentional.

IV. Additional Terms

A. Authority. The undersigned representative of each party warrants that he or she is authorized to represent and bind the designated party.

B. Representations. The undersigned representative of each party affirms that he or she has read the Agreement, that all matters set forth in the Agreement are true and correct to the best of his or her knowledge, information, or belief, and that he or she understands that the Agreement is entered into by each party in express reliance on the representations set forth herein.

C. Review. Each party agrees that it has had the opportunity to consult with legal counsel regarding the Agreement and to review it carefully. Each party enters the Agreement voluntarily. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. No tender, offer, or promise of any kind outside the terms of the

Agreement by any member, employee, officer, director, agent, or representative of SMUD or WECC has been made to induce the signatories or the Parties to enter into the Agreement. No oral representations shall be considered a part of the Agreement.

E. Effective Date. The Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law.

F. Waiver of Right to Further Proceedings. The Parties agree that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. SMUD waives its right to further hearings and appeal, unless and only to the extent that SMUD contends that any NERC or FERC action concerning the Agreement contains one or more material modifications to the Agreement. WECC agrees that the settlement resolves all potential violations of the above-referenced standards for the violation period.

G. Reservation of Rights. WECC reserves all of its rights to initiate enforcement, penalty or sanction actions against SMUD in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that SMUD fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against SMUD up to the maximum penalty allowed by the NERC Rules of Procedure. SMUD shall retain all of its rights to defend against such enforcement actions in accordance with the CMEP and the NERC Rules of Procedure. Failure by WECC to enforce any provision hereof on occasion shall not constitute a waiver by WECC of its enforcement rights or be binding on WECC on any other occasion.

H. Consent. SMUD consents to the use of WECC'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 Registered Entity 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 WECC, nor does SMUD consent to the use of this Agreement by any other party in any other action or proceeding.

I. Amendments. Any amendments to the Agreement shall be in writing. No amendment to the Agreement shall be effective unless it is in writing and executed by the Parties.

J. Successors and Assigns. The Agreement shall be binding on successors or assigns of the Parties.

K. Governing Law. The Agreement shall be governed by and construed under the laws of the State of Utah.

L. Captions. The Agreement's titles, headings and captions are for the purpose of convenience only and in no way define, describe or limit the scope or intent of the Agreement.

M. Counterparts and Facsimiles/.PDF. The Agreement may be executed in counterparts, in which case each of the counterparts shall be deemed to be an original. Also, the Agreement may be executed via facsimile or .pdf transmission, in which case a facsimile or .pdf transmission shall be deemed to be an original.

***[Remainder of page intentionally left blank -
signatures affixed to following page]***

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

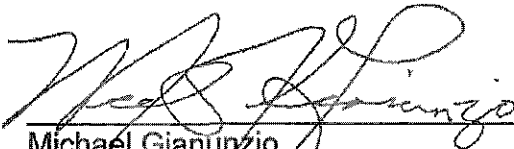


Constance B. White
Vice President of Compliance

1/28/10

Date

SACRAMENTO MUNICIPAL UTILITY DISTRICT



Michael Gianunzio
Chief Legislative and
Regulatory Affairs Officer

Date

off
(leg)

Attachment b

Documents for TOP-002-2 R16.1:

- 1. SMUD's Self-Report dated December 18, 2008**
- 2. SMUD's Mitigation Plan designated as MIT-08-2144 submitted on September 22, 2009**
- 3. SMUD's Certification of Completion of the Mitigation Plan dated September 22, 2009**
- 4. WECC's Verification of Completion of the Mitigation Plan dated November 18, 2009**



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Compliance Violation Self-Reporting Form

Please complete an **individual** Self-Reporting Form for each NERC Reliability Standard that indicates any level(s) of non-compliance and submit via the WECC Compliance Web Portal File Upload

Registered Entity Name: Sacramento Municipal Utility District

Contact Name: James Leigh-Kendall

Contact Phone: 916-732-5357

Contact email: jleighk@smud.org

Date noncompliance was discovered: December 3, 2008

Date noncompliance was reported: December 18, 2008

Standard Title: Normal Operations Planning

Standard Number: TOP-002

Requirement Number(s)¹: **R16**

How was the noncompliance found? (e.g. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

This noncompliance was found as a result of a Self Evaluation and internal investigation of the operating procedures that were followed after a line opened during scheduled relay testing on December 2, 2008.

***Submit a Mitigation Plan in conjunction with this form to show that corrective steps are being taken within ten (10) business days. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

The Reliability Coordinator was not directly notified by the SMUD Power System Operator of an outage that occurred during a scheduled relay test, as required by the SMUD operating procedures and as specified in TOP-002 R16. Although the CMRC had constructive notice of the outage, as explained below, SMUD self-reports this violation out of an abundance of caution.

¹ Violations are on a per requirement basis.

As noted above, the outage occurred during a scheduled relay test on the line. The Power System Operator notified the CAISO and PG&E of the outage directly by telephone. The CAISO and CMRC currently share the same floor space and presumably the CMRC receives the same information as the CAISO. In addition, the CMRC has electronic status visibility of the line directly. There were no transactions scheduled on the line during the test. Consequently, there were no actual or potential reliability issues in play. The duration of outage was only 9 minutes. The senior PSO considered it unnecessary to make another call report to the CMRC for all of these reasons. Notwithstanding the circumstances described above:

- The TOP R16 states that Transmission Operators shall notify the Reliability Coordinator of changes in facility status.
- SMUD Operating Procedures state that SMUD Operators will notify the CMRC of any outage.
- SMUD has always directly called the CMRC and notified them in the past of any changes in facility status.
- SMUD did not directly call the CMRC with respect to the outage on December 2nd.

Describe the reliability impact of this non-compliance:

None. There were no schedules on the tie line during the scheduled relay testing, the outage lasted 9 minutes, neighboring TOP's and BA's (PG&E and the CAISO) were properly notified. This non-compliance had no effect on Reliability.

Expected date of Mitigation Plan submittal:

Not applicable. SMUD has existing procedures in place that are to be followed at all times and the operators are trained on these procedures regularly. The CMRC notification requirements for TOP-002 have been reiterated to the Power Systems Operators to prevent future reoccurrences of this event. The System Operations and Reliability Department will continue to provide this training to SMUD's operators on an ongoing basis.



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: September 22, 2009

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: December 18, 2008

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Appendix A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Sacramento Municipal Utility District
Registered Entity Address: 6201 S Street Sacramento, CA 95817
NERC Compliance Registry ID: NCR05368

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: James Leigh-Kendall
Title: Manager, Reliability Compliance And Coordination
Email: jleighk@smud.org
Phone: 916-732-5357

¹ A copy of the WECC CMEP is posted on WECC's website at:

<http://compliance.wecc.biz/Application/Documents/Home/20090101%20-%20CMEP.pdf>.

Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



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

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: TOP-002-2
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R16	Medium	12/02/08	Self-report

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use .

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

This noncompliance was found as a result of a Self Evaluation and internal investigation of the operating procedures that were followed after a line opened during scheduled relay testing on December 2, 2008.

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

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

The Reliability Coordinator was not directly notified by the SMUD Power System Operator of an outage that occurred during a scheduled relay test, as required by the SMUD operating procedures and as specified in TOP-002-2



R16. Although the CMRC had constructive notice of the outage, as explained below, SMUD self-reports this violation out of an abundance of caution.

As noted above, the outage occurred during a scheduled relay test on the line. The Power System Operator notified the CAISO and PG&E of the outage directly by telephone. The CAISO and CMRC currently share the same floor space and presumably the CMRC receives the same information as the CAISO. In addition, the CMRC has electronic status visibility of the line directly. There were no transactions scheduled on the line during the test. Consequently, there were no actual or potential reliability issues in play. The duration of outage was 9 minutes. The senior PSO considered it unnecessary to make another call report to the CMRC for all of these reasons. Notwithstanding the circumstances described above:

- The reliability standard TOP-002-2, R16 states that Transmission Operators shall notify the Reliability Coordinator of changes in facility status.
- SMUD Operating Procedures state that SMUD Operators will notify the CMRC of any outage.
- SMUD has always directly called the CMRC and notified them in the past of any changes in facility status.
- SMUD did not directly call the CMRC with respect to the outage on December 2nd, 2008.

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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

SMUD has existing procedures in place that are to be followed at all times and the operators are trained on these procedures regularly. The CMRC notification requirements for TOP-002-2 have been reiterated to the Power Systems Operators to prevent future reoccurrences of this event. The System Operations and Reliability Department will continue to provide this training to SMUD's



Western Electricity Coordinating Council



operators on an ongoing basis.
 [Provide your response here; additional detailed information may be provided as an attachment as necessary]

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

Mitigation Plan Timeline and Milestones

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

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Discipline Employee	12/18/08

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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

Additional Relevant Information (Optional)

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

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



Section E: Interim and Future Reliability Risk

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

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

There were no schedules on the tie line during the scheduled relay testing, the outage lasted 9 minutes, and neighboring TOP's and BA's (PG&E and the CAISO) were properly notified. This non-compliance had no effect on Reliability.

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

Prevention of Future BPS Reliability Risk

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

SMUD has existing procedures in place that are to be followed at all times and the operators are trained on these procedures regularly. The CMRC notification requirements for TOP-002 have been reiterated to the Power Systems Operators to prevent future reoccurrences of this event. The System Operations and Reliability Department will continue to provide this training to SMUD's operators on an ongoing basis.

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



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

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Director of Legislative and Regulatory Affairs of Sacramento Municipal Utility District (SMUD).
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Sacramento Municipal Utility District (SMUD).
 3. I understand Sacramento Municipal Utility District (SMUD) obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Sacramento Municipal Utility District (SMUD) agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: 

(Electronic signatures are acceptable, see CMEP Section 3.0)

Name (Print): Michael Gianunzio

Title: Director, Legislative and Regulatory Affairs

Date: September 22, 2009



Section G: Comments and Additional Information

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

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

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the WECC Compliance Website at:

<http://compliance.wecc.biz/Application/Documents/Forms/WECC%20Compliance%20Data%20Submittal%20Policy.pdf>



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (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 may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



Western Electricity Coordinating Council



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC 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: Sacramento Municipal Utility District

NERC Registry ID: NCR05368

Date of Submittal of Certification: September 22, 2009

NERC Violation ID No(s) (if known):

Standard: TOP-002-2

Requirement(s): R16

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan:

Date Mitigation Plan was actually completed: December 18, 2008

Additional Comments (or List of Documents Attached):

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

Name: Michael Gianunzio

Title: Director, Legislative and Regulatory Affairs

Email: mgianun@smud.org

Phone: 916-732-6613

Authorized Signature:

Date: September 22, 2009

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Laura Scholl
Managing Director - Compliance

(801) 819-7619
Lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

November 18, 2009

James Leigh-Kendall
Manager, Reliability Compliance and Coordination
Sacramento Municipal Utility District
6201 S Street, MS: B305
Sacramento, California 95817

NERC Registration ID: NCR05368

Subject: Certification of Completion Response Letter

Dear James,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Sacramento Municipal Utility District (SMUD) on 9/24/2009 for the alleged violation of Reliability Standard TOP-002-2 Requirement 16.

WECC has accepted the Certification of Completion for Requirement 16 of the Reliability Standard TOP-002-2 and has found this requirement to be fully mitigated. No further mitigation of this requirement will be required at this time.

If you have any questions or concerns, please contact Mike Wells at mike@wecc.biz. Thank you for your assistance in this effort.

Sincerely,



Laura Scholl
Managing Director of Compliance

LS:rh

cc: Bethany Wright, SMUD Regulatory Compliance Analyst
Lisa Milanese, WECC Manager of Compliance Program Administration
Mike Wells, WECC Senior Compliance Engineer

Attachment c

Documents for BAL-002-0 R4:

- 1. SMUD's Self-Report dated January 9, 2009**
- 2. SMUD's Mitigation Plan designated as MIT-09-1862 submitted on February 3, 2009**
- 3. SMUD's Certification of Completion of the Mitigation Plan dated May 7, 2009**
- 4. WECC's Verification of Completion of the Mitigation Plan dated June 2, 2009**



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Compliance Violation Self-Reporting Form

Please complete an **individual** Self-Reporting Form for each NERC Reliability Standard that indicates any level(s) of non-compliance and submit via the WECC Compliance Web Portal File Upload

Registered Entity Name: Sacramento Municipal Utility District

Contact Name: James Leigh-Kendall

Contact Phone: 916-732-5357

Contact email: jleighk@smud.org

Date noncompliance was discovered: January 2, 2009

Date noncompliance was reported: January 9, 2009

Standard Title: Disturbance Control Performance

Standard Number: BAL-002-0

Requirement Number(s)¹: **R4.2**

How was the noncompliance found? (e.g. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

This non-compliance was found after calculations were performed to determine the average percent recovery for the 4th quarter, 2008. The average percent recovery for this period is 96.51%.

***Submit a Mitigation Plan in conjunction with this form to show that corrective steps are being taken within ten (10) business days. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

A reportable disturbance occurred on November 27, 2008 where SMUD Power System Operators took 22 minutes to return the ACE to zero. The parameters for this disturbance are as follows: MW_{LOSS} = 101 MW, ACE_A = +24 MW, ACE_M = -17.6 MW, R_i = 82.57%.

Describe the reliability impact of this non-compliance:

¹ Violations are on a per requirement basis.

The reliability impact of this non-compliance is minimal as SMUD had more than enough contingency reserves to account for the 101 MW disturbance. This disturbance was greater than 35%, but less than 80% of our most severe single contingency and was reported to WECC on November 28, 2008 in accordance with the RMS guidelines. At the time of the event, SMUD recognized that the percentage recovery values for November and the 4th quarter of 2008 would be less than 100% and would have to self-report this violation in January 2009.

Expected date of Mitigation Plan submittal: January 19, 2009



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: February 3, 2009

If this Mitigation Plan has already been completed:

- Check this box ☐
- Provide the Date of Completion of the Mitigation Plan:
- Evidence supporting full compliance must be submitted along with this Mitigation Plan Submittal Form

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" to this form. **Review Attachment A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Sacramento Municipal Utility District
Registered Entity Address: 6201 S Street, Sacramento CA 95817
NERC Compliance Registry ID: NCR05368

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: Mark Willis
Title: Supervisor, Power Operations Engineering

¹ A copy of the WECC CMEP is posted on WECC's website at <http://www.wecc.biz/documents/library/compliance/manuals/Att%20A%20-%20WECC%20CMEP.pdf>. Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



Western Electricity Coordinating Council

Email: mwillis@smud.org

Phone: 916-732-5451



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

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: BAL-002-0

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

C.2 Requirement(s) violated and violation dates:

[Enter information in the following Table]

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R4.2	-	01/09/09	Self-Report

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use .

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

The SMUD Power System Operator failed to take necessary and timely action to deploy the operating reserves.

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

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

N/A

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



Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

A formal investigation to determine the root cause of the incident and corrective actions to be taken was completed on December 24, 2008. It was determined that the SMUD Balancing Authority met the operating reserve requirements. The SMUD Power System Operator failed to take necessary and timely action to deploy the operating reserves.

Actions to be taken:

SMUD Balancing Authority will increase its contingency reserve obligation by the Contingency Reserve Adjustment Factor (CRAF) of 1.0349 (3.49%). This change will be effective from February 1, 2009 through April 30, 2009. SMUD's Operating Procedure PSN-114 and software tool for contingency reserve calculations will be modified to apply the CRAF during this period.

Review the incident and mandated SMUD Operating Procedures and NERC/WECC Reliability Standards related to this incident with all of the NERC Certified SMUD Power System Operators to ensure full understanding of the requirements and the consequences involved for failure to comply.

Implement refresher training for all the SMUD Power System Operators on NERC Reliability Standard BAL-002, and the associated DCS requirements, as well as the SMUD Operating Procedure PSN-117. This training will also focus on crew communications and situational awareness.

Individuals involved in the incident will be disciplined per company policy.



Western Electricity Coordinating Council



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

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

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: 3/31/2009

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Root cause analysis - completed	12/24/2008
- Disciplinary action to individuals involved.	- 1/30/2009
- Implement Contingency Reserve Adjustment Factor for 3-month period.	- 2/1/2009
Refresher training given to all NERC Certified SMUD Power System Operators on NERC Reliability Standard BAL-002 and SMUD Operating Procedure PSN-117	2/15/2009
- Lessons learned given to all SMUD Power System Operators.	- 3/31/2009
- Deactivation of Contingency Reserve Adjustment Factor for 3-month period.	- 5/1/2009

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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



Western Electricity Coordinating Council



Additional Relevant Information (Optional)

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

N/A

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



Section E: Interim and Future Reliability Risk

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

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

Informal discussions have taken place among the Power System Operator shifts regarding this event. Contingency reserves were increased on February 1, 2009 by the Contingency Reserve Adjustment Factor (CRAF) of 1.0349 (3.49%). This increase will be in effect through April 30, 2009.

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

Prevention of Future BPS Reliability Risk

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

With the refresher training and lessons learned outlined above, SMUD expects to minimize further violations of the same or similar reliability standards requirements in the future.

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

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or



Western Electricity Coordinating Council



similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

N/A

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Director of Legislative and Regulatory Affairs of Sacramento Municipal Utility District (SMUD).
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of SMUD.
 3. I understand SMUD's obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. SMUD agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature:

A handwritten electronic signature in black ink, appearing to read 'Michael Gianunzio', is written over a horizontal line.

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Michael Gianunzio

Title: Director, Legislative and Regulatory Affairs

Date: February 3, 2009



Section G: Comments and Additional Information

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

This new Mitigation Plan is being submitted to address the "January 16, 2009 Mitigation Plan Submittal for BAL-002-0 R4" rejection requirements outlined in WECC's Rejected Mitigation Plan Response Letter dated January 30, 2009. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the Compliance Manuals website as Manual 2.12:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (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 may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



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- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.



Mitigation Plan Submittal Form

New ☐ or Revised ☒

Date of submittal: 7 May 2009

If this Mitigation Plan is complete:

- Check this box ☒
- Provide the Date of the Mitigation Plan Completion: 1 May 2009
- In order for the Mitigation Plan to be accepted for review the following items must be submitted along with this Mitigation Plan Submittal Form:
 - Evidence supporting full compliance
 - Sections A, B, C, D.1, E.2, E.3, and F must be completed in their entirety

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" to this form. **Review Attachment A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Sacramento Municipal Utility District
Registered Entity Address: 6201 S Street, Sacramento, CA 95817
NERC Compliance Registry ID: NCR05368

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

¹ A copy of the WECC CMEP is posted on WECC's website at [http://compliance.wecc.biz/Documents/Forms/03.06%20-%20WECC%20Mitigaton%20Plan%](http://compliance.wecc.biz/Documents/Forms/03.06%20-%20WECC%20Mitigaton%20Plan%20) Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



Name: Mark Willis
 Title: Supervisor, Power Operations Engineering
 Email: mwillis@smud.org
 Phone: 916-732-5451

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

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: BAL-002-0
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R4.2	-	01/09/09	Self-Report

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use.

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

The SMUD Power System Operator failed to take necessary and timely action to deploy the operating reserves.

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



Western Electricity Coordinating Council



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

N/A

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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

A formal investigation to determine the root cause of the incident and corrective actions to be taken was completed on December 24, 2008. It was determined that the SMUD Balancing Authority met the operating reserve requirements. The SMUD Power System Operator failed to take the necessary and timely action to deploy the operating reserves.

SMUD completed the following Corrective Actions:

SMUD Balancing Authority increased its contingency reserve obligation by the Contingency Reserve Adjustment Factor (CRAF) of 1.0349 (3.49%). This change was effective from February 1, 2009 through April 30, 2009. SMUD's Operating Procedure PSN-114 and software tool for contingency reserve calculations were modified to apply the CRAF during this period.

This event and mandated SMUD Operating Procedures and NERC/WECC Reliability Standards related to this event were reviewed with all of the NERC Certified SMUD Power System Operators to ensure full understanding of the requirements and the consequences involved for failure to comply.

Refresher training was conducted for all SMUD Power System Operators on NERC Reliability Standard BAL-002, and the associated Disturbance Control Standard requirements, as well as the SMUD Operating Procedure PSN-117. This training also focused on crew communications and situational awareness.

Individuals involved in the incident were disciplined per company policy.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Western Electricity Coordinating Council



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

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: N/A

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
N/A	N/A

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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

Additional Relevant Information (Optional)

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

N/A

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



Section E: Interim and Future Reliability Risk

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

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

N/A

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

Prevention of Future BPS Reliability Risk

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

With the disciplinary action, refresher training and lessons learned outlined above, SMUD expects to prevent or minimize further violations of the same or similar reliability standards requirements in the future.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

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



Western Electricity Coordinating Council



N/A

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Director of Legislative and Regulatory Affairs of Sacramento Municipal Utility District (SMUD).
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of SMUD.
 3. I understand SMUD's obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. SMUD agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature:


(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Michael Gianunzio

Title: Director, Legislative and Regulatory Affairs

Date: May 7, 2009



Section G: Comments and Additional Information

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

SMUD submitted an original Mitigation Plan to WECC on January 23, 2009, which included a completion date of March 31, 2009. WECC rejected this Mitigation Plan in a letter to SMUD dated January 30, 2009 because it did not include the required step of increasing the contingency reserve obligation for the following three month period (off-set by one month).

SMUD submitted a revised Mitigation Plan to WECC on February 3, 2009 which added actions and milestones to increase SMUD's contingency reserves by the necessary Contingency Reserve Adjustment Factor (CRAF) for the period of February 1, 2009 through April 30, 2009. This revised Mitigation Plan was accepted by WECC on February 24, 2009.

The additional milestone of removing the CRAF on May 1, 2009 (added to the revised Mitigation Plan) is the last action necessary to complete the revised Mitigation Plan. SMUD removed the CRAF on schedule and completed the revised Mitigation Plan on May 1, 2009. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the Compliance Manuals website as Manual 2.12:

<http://compliance.wecc.biz/Application/Documents/Forms/WECC%20Compliance%20Data%20Submittal%20Policy.pdf>



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (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 may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



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- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

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Western Electricity Coordinating Council

Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

June 2, 2009

James Leigh-Kendall
Manager, Reliability Compliance and Coordination
Sacramento Municipal Utility District
6201 S Street, M.S. B303
Sacramento, California 95817

NERC Registration ID: NCR05368

Subject: Certification of Completion Response Letter

Dear James Leigh-Kendall,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Sacramento Municipal Utility District (SMUD) on 5/7/2009 for the alleged violation of Reliability Standard BAL-002-0 and Requirement(s) 4. Listed below is the outcome of WECC's official review.

WECC has accepted the Certification of Completion for Requirement(s) 4 of the Reliability Standard BAL-002-0 and have found these requirements to be fully mitigated. No further mitigation of these requirements will be required at this time.

If you have any questions or concerns, please contact Phil O'Donnell at podonnell@wecc.biz. Thank you for your assistance in this effort.

Sincerely,

Laura Scholl

Laura Scholl
Managing Director of Compliance

LS:cm

cc: Michael Gianunzio, SMUD Director, Legislative and Regulatory
Lisa Milanes, WECC Manager of Compliance Program Administration
Phil O'Donnell, WECC Acting Manager of Audits

Attachment d

Documents for IRO-004-1 R4:

- 1. SMUD's Self-Report dated January 23, 2009**
- 2. SMUD's Mitigation Plan designated as MIT-09-2127 submitted on September 22, 2009**
- 3. SMUD's Certification of Completion of the Mitigation Plan dated September 22, 2009**
- 4. WECC's Verification of Completion of the Mitigation Plan dated November 18, 2009**



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Compliance Violation Self-Reporting Form

Please complete an **individual** Self-Reporting Form for each NERC Reliability Standard that indicates any level(s) of non-compliance and submit via the WECC Compliance Web Portal File Upload

Registered Entity Name: Sacramento Municipal Utility District

Contact Name: James Leigh-Kendall

Contact Phone: 916-732-5357

Contact email: jleighk@smud.org

Date noncompliance was discovered: January 5, 2009

Date noncompliance was reported: January 23, 2009

Standard Title: Reliability Coordination – Operations Planning

Standard Number: IRO-004-1

Requirement Number(s)¹: **R4**

How was the noncompliance found? (e.g. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

This non-compliance was found through a SMUD internal review that the 1200 PST timeline to submit daily data to the WECC Reliability Coordinator (RC) per IRO-004-1 R4 had been missed.

The January 5, 2009 data was provided to the WECC RC for the next-day system studies at 1243 PST, which is past the 1200 PST deadline stated in the NERC Reliability Standard IRO-004-1, Requirement 4.

***Submit a Mitigation Plan in conjunction with this form to show that corrective steps are being taken within ten (10) business days. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

This non-compliance was caused by employees not following existing procedures that require them to submit the data by 1200 PST. Software tools already exist to help employees collect the

¹ Violations are on a per requirement basis.

data quickly and submit it to the WECC RC. All of the information was sent to the WECC RC at 1243 PST.

The WECC RC has recently requested SMUD to provide the data by 1200 PST starting January 1, 2009. Prior to the date of this request, SMUD provided the California Mexico Reliability Coordinator (CMRC) (the RC through December 31, 2008) data each day per the CMRC requirements, however a review of all past submittals from June 17, 2007 through December 31, 2008 found that SMUD missed the 1200 PST deadline by one minute or more, a total of 46 times out of 564 days.

Describe the reliability impact of this non-compliance:

The reliability impact for this non-compliance is minimal since all of the data was provided to the WECC RC by 1243 PST, and the WECC RC did not have to contact SMUD to request the data to complete their studies.

Expected date of Mitigation Plan submittal:

No Mitigation Plan will be submitted since the cause of the non-compliance was an administrative error with only one event noted since the new WECC RC went Operational on January 1, 2009. The employees involved have already been reminded of the requirement and importance to submit this data to the WECC RC by 1200 PST each day. In addition, daily automatic reminders have been added to their computer systems, and refresher training will be provided to the employees.



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: September 22, 2009

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: January 6, 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 "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Appendix A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Sacramento Municipal Utility District
Registered Entity Address: 6201 S Street Sacramento, CA 95817
NERC Compliance Registry ID: NCR05368

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: James Leigh-Kendall
Title: Manager, Reliability Compliance And Coordination
Email: jleighk@smud.org
Phone: 916-732-5357

¹ A copy of the WECC CMEP is posted on WECC's website at:

<http://compliance.wecc.biz/Application/Documents/Home/20090101%20-%20CMEP.pdf>.

Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



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

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: IRO-004-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R4		01/05/09	Self-report

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use .

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

This non-compliance was found through a SMUD internal review that the 1200 PST timeline to submit daily data to the WECC Reliability Coordinator (RC) per IRO-004-1 R4 had been missed.

The January 5, 2009 data was provided to the WECC RC for the next-day system studies at 1243 PST, which is past the 1200 PST deadline stated in the NERC Reliability Standard IRO-004-1, Requirement 4.

This non-compliance was caused by employees not following existing procedures that require them to submit the data by 1200 PST. Software tools already exist to help employees collect the data quickly and submit it to the



Western Electricity Coordinating Council



WECC RC. All of the information, as required by R4, was sent to the WECC RC at 1243 PST.

The WECC RC had recently requested SMUD to provide the data by 1200 PST starting January 1, 2009. Prior to the date of this request, SMUD provided the California Mexico Reliability Coordinator (CMRC) (the RC through December 31, 2008) data each day per the CMRC requirements.

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

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

Initially, SMUD did not file a Mitigation Plan with the self report since the cause of the non-compliance was an administrative error with only one event noted since the new WECC RC went Operational on January 1, 2009, and no further mitigation measures were needed. As stated in the self report that was submitted on January 23, 2009, the employees involved had already been reminded of the requirement and importance to submit this data to the WECC RC by 1200 PST each day. In addition, daily automatic reminders have been added to their computer systems, and refresher training has been provided to the employees.

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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

The employees involved were reminded of the requirement and importance to submit this data to the WECC RC by 1200 PST each day. In addition, daily automatic reminders have been added to their computer systems, and refresher training has been provided to the



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employees.

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

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

Mitigation Plan Timeline and Milestones

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

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Add additional Automatic Reminders to the computer screens	January 6, 2009

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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

Additional Relevant Information (Optional)

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

The cause of the non-compliance was an administrative error with only one event noted since the new WECC RC went Operational on January 1, 2009.



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The employees involved have already been reminded of the requirement and importance to submit this data to the WECC RC by 1200 PST each day. In addition, daily automatic reminders have been added to their computer systems, and refresher training has been provided to the employees. [Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section E: Interim and Future Reliability Risk

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

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

The reliability impact for this non-compliance is minimal since all of the data was provided to the WECC RC by 1243 PST, and the WECC RC did not have to contact SMUD to request the data to complete their studies.

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

Prevention of Future BPS Reliability Risk

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

The computer generated automatic reminders of this task are expected to minimize the risk of reoccurrence.

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

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability



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standards. If so, identify and describe any such action, including milestones and completion dates:

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Director of Legislative and Regulatory Affairs of Sacramento Municipal Utility District (SMUD).
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Sacramento Municipal Utility District (SMUD).
 3. I understand Sacramento Municipal Utility District (SMUD) obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Sacramento Municipal Utility District (SMUD) agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature:

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Michael Gianunzio

Title: Director, Legislative and Regulatory Affairs

Date: September 22, 2009



Section G: Comments and Additional Information

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

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

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the WECC Compliance Website at:

<http://compliance.wecc.biz/Application/Documents/Forms/WECC%20Compliance%20Data%20Submittal%20Policy.pdf>



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (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 may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



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- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC 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: Sacramento Municipal Utility District

NERC Registry ID: NCR05368

Date of Submittal of Certification: September 22, 2009

NERC Violation ID No(s) (if known):

Standard: IRO-004-1

Requirement(s): R4

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan:

Date Mitigation Plan was actually completed: January 7, 2009

Additional Comments (or List of Documents Attached):

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

Name: Michael Gianunzio

Title: Director, Legislative and Regulatory Affairs

Email: mgianun@smud.org

Phone: 916-732-6613

Authorized Signature:

A handwritten signature in black ink, appearing to read 'Michael Gianunzio', is written over the 'Authorized Signature:' label.

Date: September 22, 2009

CONFIDENTIAL



Laura Scholl
Managing Director - Compliance

(801) 819-7619
Lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

November 18, 2009

James Leigh-Kendall
Manager, Reliability Compliance and Coordination
Sacramento Municipal Utility District
6201 S Street, MS: B305
Sacramento, California 95817

NERC Registration ID: NCR05368

Subject: Certification of Completion Response Letter

Dear James,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Sacramento Municipal Utility District (SMUD) on 9/25/2009 for the alleged violation of Reliability Standard IRO-004-1 Requirement 4.

WECC has accepted the Certification of Completion for Requirement 4 of the Reliability Standard IRO-004-1 and has found this requirement to be fully mitigated. No further mitigation of these requirement will be required at this time.

If you have any questions or concerns, please contact Mike Wells at mike@wecc.biz. Thank you for your assistance in this effort.

Sincerely,



Laura Scholl
Managing Director of Compliance

LS:rh

cc: Bethany Wright, SMUD Regulatory Compliance Analyst
Lisa Milanese, WECC Manager of Compliance Program Administration
Mike Wells, WECC Senior Compliance Engineer

Attachment e

Documents for IRO-STD-006-0 WR1:

- 1. SMUD's Exception Report dated October 1, 2009**
- 2. SMUD's Mitigation Plan designated as MIT-09-2307 and Certification of Completion contained therein submitted on January 6, 2010**
- 3. SMUD's Certification of Completion submitted on February 11, 2010**
- 4. WECC's Verification of Completion of the Mitigation Plan dated DATE**

Compliance Report for Path 66 - COI at Effective Time: Level 5

USF Procedure Compliance Report - Agent: WECC

TERMINATED Qualified Path:Path 66 - COI				
USF Step:	5	On-Path		
Path Limit:	3037.0 MW	Schedule Limit	2885.1 MW	
Path Actual:	2768.0 MW	Schedule	2752.0 MW	
Accommodation:	151.9 MW	Unfulfilled		
		Accommodation	0.0 MW	
Pre-Schedule Time:	2009-06-28 13:29 PPT	Off-Path		
Execute Time:	2009-06-28 14:26 PPT			
Confirm Time:	2009-06-28 14:29 PPT	Schedule		
Effective Time:	2009-06-28 15:00 PPT	Contribution	765.0 MW	
Terminate Time:	2009-06-28 15:28 PPT	Relief Available	238.9 MW	
Comments:	Path 66 is continuing to experience USF constraints and is now invoking USF Curtailment Procedure Step 5, Level Two Curtailment of contributing schedules.			

On Path Tags

The Agent is not the Path Operator

Off Path Tags

Agent	Receiver	Tag	TDF (%)	Execution Time		Effective Time		Relief
				Schedule	Path MW	Schedule	Path MW	
PSE.SMUD01	SMUD01	AZPS_SMUD01SMK1161_SMUD	16	35	5.6	35	5.6	0
PSE.SMUD01	SMUD01	AZPS_SMUD01SMK1163_SMUD	16	0	0	0	0	0
PSE.SMUD01	SMUD01	CISO_SMUD01SMK0115_SMUD	0	150	0	150	0	0
PSE.SMUD01	SMUD01	CISO_SMUD01SMK1154_SMUD	0	50	0	50	0	0
PSE.SMUD01	SMUD01	CISO_SMUD01SMK1157_SMUD	0	0	0	0	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1102_SMUD	0	303	0	303	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1103_SMUD	0	10	0	10	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1104_SMUD	0	2	0	2	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1106_SMUD	0	1	0	1	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1107_SMUD	0	269	0	269	0	0
Off Path Summary for Agent PSE.SMUD01				820	5.6	820	5.6	0.0(5.6)

Alternative Actions

No alternative actions were found

Procedure Calculation

Path	Effective Time (PPT)	Run Time (PPT)	PreEvent Time (PPT)
Path 66 - COI	6/28/2009 15:00	6/28/2009 14:26	6/28/2009 13:29

Receiver: SMUD01 (PSE)

Tag	Zones		TDF	Schedule For 1500		Contribution For 1500		Curtailment Contributions			
	Source	Sink		PreEvent (@1329)	Current (@1426)	PreEvent (@1329)	Current (@1426)	%	MW	Provided	Required
CISO_SMUD01SMK0115_SMUD	ISON	SMUD	0	150	150	0	0	0	0	0	0
CISO_SMUD01SMK1154_SMUD	ISON	SMUD	0	50	50	0	0	0	0	0	0
CISO_SMUD01SMK1157_SMUD	ISON	SMUD	0	0	0	0	0	0	0	0	0
Totals For Zones: ISON<->SMUD						0	0			0	0
AZPS_SMUD01SMK1161_SMUD	PVAREA	SMUD	16	0	35	0	5.6	0	0	-5.6	5.6
AZPS_SMUD01SMK1163_SMUD	PVAREA	SMUD	16	0	0	0	0	0	0	0	0
Totals For Zones: PVAREA<->SMUD						0	5.6			-5.6	5.6
SMUD_SMUD01SMK1102_SMUD	SMUD	SMUD	0	303	303	0	0	0	0	0	0
SMUD_SMUD01SMK1103_SMUD	SMUD	SMUD	0	10	10	0	0	0	0	0	0
SMUD_SMUD01SMK1104_SMUD	SMUD	SMUD	0	2	2	0	0	0	0	0	0
SMUD_SMUD01SMK1106_SMUD	SMUD	SMUD	0	1	1	0	0	0	0	0	0
SMUD_SMUD01SMK1107_SMUD	SMUD	SMUD	0	269	269	0	0	0	0	0	0
Totals For Zones: SMUD<->SMUD						0	0			0	0
Totals For Receiver: SMUD01 (PSE)						0	5.6			-5.6	5.6

Compliance Report for Path 66 - COI at Effective Time: Level 5

USF Procedure Compliance Report - Agent: WECC

TERMINATED Qualified Path:Path 66 - COI					
USF Step: 5		On-Path			
Path Limit: 3035.0 MW		Schedule Limit		2883.3 MW	
Path Actual: 2783.0 MW		Schedule		2747.0 MW	
Accommodation: 151.8 MW		Unfulfilled			
		Accommodation		0.0 MW	
Pre-Schedule Time: 2009-06-28 13:29 PPT					
Execute Time: 2009-06-28 17:27 PPT		Off-Path			
Confirm Time: 2009-06-28 17:28 PPT		Schedule			
Effective Time: 2009-06-28 18:00 PPT		Contribution		655.7 MW	
Terminate Time: 2009-06-28 18:24 PPT		Relief Available		170.0 MW	
Comments:		Path 66 is continuing to experience USF constraints and is now invoking USF Curtailment Procedure Step 5, Level Two Curtailment of contributing schedules.			

On Path Tags

The Agent is not the Path Operator

Off Path Tags

Agent	Receiver	Tag	TDF (%)	Execution Time		Effective Time		Relief
				Schedule	Path MW	Schedule	Path MW	
PSE.SMUD01	SMUD01	AZPS_SMUD01SMK1161_SMUD	16	35	5.6	35	5.6	0
PSE.SMUD01	SMUD01	AZPS_SMUD01SMK1163_SMUD	16	0	0	0	0	0
PSE.SMUD01	SMUD01	CISO_SMUD01SMK0115_SMUD	0	150	0	150	0	0
PSE.SMUD01	SMUD01	CISO_SMUD01SMK1154_SMUD	0	50	0	50	0	0
PSE.SMUD01	SMUD01	CISO_SMUD01SMK1155_SMUD	0	90	0	90	0	0
PSE.SMUD01	SMUD01	CISO_SMUD01SMK1157_SMUD	0	0	0	0	0	0
PSE.SMUD01	SMUD01	CISO_SMUD01SMK1174_SMUD	0	125	0	125	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1102_SMUD	0	303	0	303	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1103_SMUD	0	10	0	10	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1104_SMUD	0	2	0	2	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1106_SMUD	0	1	0	1	0	0
PSE.SMUD01	SMUD01	SMUD_SMUD01SMK1107_SMUD	0	243	0	243	0	0
Off Path Summary for Agent PSE.SMUD01				1009	5.6	1009	5.6	0.0(5.6)

Alternative Actions

No alternative actions were found

Procedure Calculation

Path	Effective Time (PPT)	Run Time (PPT)	PreEvent Time (PPT)
Path 66 - COI	6/28/2009 18:00	6/28/2009 17:27	6/28/2009 13:29

Receiver: SMUD01 (PSE)

Tag	Zones		TDF	Schedule For 1800		Contribution For 1800		Curtailment Contributions			
	Source	Sink		PreEvent (@1329)	Current (@1727)	PreEvent (@1329)	Current (@1727)	%	MW	Provided	Required
CISO_SMUD01SMK0115_SMUD	ISON	SMUD	0	150	150	0	0	0	0	0	0
CISO_SMUD01SMK1154_SMUD	ISON	SMUD	0	50	50	0	0	0	0	0	0
CISO_SMUD01SMK1155_SMUD	ISON	SMUD	0	90	90	0	0	0	0	0	0
CISO_SMUD01SMK1157_SMUD	ISON	SMUD	0	0	0	0	0	0	0	0	0
CISO_SMUD01SMK1174_SMUD	ISON	SMUD	0	0	125	0	0	0	0	0	0
Totals For Zones: ISON<->SMUD						0	0			0	0
AZPS_SMUD01SMK1161_SMUD	PVAREA	SMUD	16	0	35	0	5.6	0	0	-5.6	5.6
AZPS_SMUD01SMK1163_SMUD	PVAREA	SMUD	16	0	0	0	0	0	0	0	0
Totals For Zones: PVAREA<->SMUD						0	5.6			0	-5.6
SMUD_SMUD01SMK1102_SMUD	SMUD	SMUD	0	303	303	0	0	0	0	0	0
SMUD_SMUD01SMK1103_SMUD	SMUD	SMUD	0	10	10	0	0	0	0	0	0
SMUD_SMUD01SMK1104_SMUD	SMUD	SMUD	0	2	2	0	0	0	0	0	0
SMUD_SMUD01SMK1106_SMUD	SMUD	SMUD	0	1	1	0	0	0	0	0	0
SMUD_SMUD01SMK1107_SMUD	SMUD	SMUD	0	243	243	0	0	0	0	0	0
Totals For Zones: SMUD<->SMUD						0	0			0	0
Totals For Receiver: SMUD01 (PSE)						0	5.6			0	-5.6

Tag Displayed: **AZPS_SMUD01SMK1161_SMU****Tag Information**

PSE SMUD01
LSE SMUD01
GCA AZPS
LCA SMUD
Source PALOVERDE
Sink SMUDSYS
Start Time 2009-06-28 12:00 PPT
Stop Time 2009-06-29 00:00 PPT

WebSAS Information**SASSource:** PALOVERDE

Source			Sink		
Name	Zone	Mapping	Name	Zone	Mapping
PALOVERDE	PVAREA	Source Zone	SMUDSYS	SMUD	Sink Zone

SASSink: SMUDSYS**Transmission Path**

Record	TP	POR	POD	Product	OASIS
1	PNM	PALOVERDE500	PALOVERDE500	7-F	PNMMPVGEN
2	CISO	PALOVERDE500	PVWEST	7-F	SMUD_PVWEST_I_F_0005
3	CISO	PVWEST	SP15	7-F	NOR
4	CISO	SP15	NP15	7-F	NOR
5	CISO	NP15	RanchoSeco	7-F	SMUD_RANCHOSEC0_E_F_
6	SMD1	RanchoSeco	SMUD.System	7-F	RAN-SMUD

2009-10-01 18:55:03 PPT

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Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 01/06/10

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: 07/23/09

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" to this form. **Review Attachment A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Sacramento Municipal Utility District
Registered Entity Address: 6201 S Street, Sacramento, CA 95817
NERC Compliance Registry ID: NRC05368

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: Kevin Hart
Title: Supervisor, Energy Trading
Email: khart@smud.org
Phone: 916-732-7048

¹ A copy of the WECC CMEP is posted on WECC's website at:

<http://compliance.wecc.biz/Application/Documents/Home/20090101%20-%20CMEP.pdf>.

Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



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

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: IRO-STD-006-0
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		WR1		06/28/09	WECC's review of an Exception Report

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use .

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

On June 28, 2009, CAISO, the Path Operator for Path 66 issued an Unscheduled Flow ("USF") Procedure Step 5 from HE 16 to HE 19 Pacific Prevailing Time. The violation occurred because SMUD made a real time change to increase a schedule across a contributing path (Palo Verde to SMUD) without making alternative arrangements that would be as effective in reducing the USF on the affected path (Path 66). Specifically, SMUD was sinking a 35 MW schedule from Palo Verde to SMUD. In these 4 hours, CAISO issued a USF, step 5 notification where SMUD was obligated to either curtail the schedule to zero or provide 5.6 MW of equivalent USF relief on Path 66. The CAISO curtailed the



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schedule from 35MW to 0MW at HE 18. However, no other action was taken by SMUD, CAISO, or the WECC RC. While webSAS alarms sounded to alert SMUD to implement mitigation, appropriate action was not taken. As a result, SMUD's contribution on Path 66 was not reduced per the USF scheduling agreements.

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

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

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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

SMUD has an existing procedure on the Trader/Scheduler desk for providing USF relief. Once the cause of the violation was determined, the supervisor had a coaching moment with the trader that failed to implement the USF mitigation. To improve performance, and reinforce the concept of loop flow contributions, refresher training was provided to all Real Time Traders/Schedulers via an email dated 07/23/09. The email reminded all Traders of their responsibilities and obligations to mitigate USF, and that the LSE is the responsible entity for these type of curtailments. In addition to general awareness, it called out specific scenarios (e.g. the impact on Path 66 of schedules coming from Palo Verde to SMUD) to pay close attention to. It provided detailed steps on how the webSAS software works, how to drill down and access the required USF actions and included screenprints. The software's tutorial was referenced as a supplement. In addition, the alarm's volume setting was increased, making them more audible. Per the supervisor's assignment, the trader that failed to implement the USF mitigation was required to provide the refresher training given to the rest of the trading / scheduling staff.

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



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

Mitigation Plan Timeline and Milestones

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

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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

Additional Relevant Information (Optional)

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

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



Section E: Interim and Future Reliability Risk

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

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

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

Prevention of Future BPS Reliability Risk

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

The refresher training on SMUD's internal procedures to mitigate USF and adjustments to the webSAS audible alarm system will help prevent and minimize further violations of the same or similar reliability standards requirements in the future.

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

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



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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am the Chief Legislative & Regulatory Affairs Officer of the Sacramento Municipal Utility District (SMUD).
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of the Sacramento Municipal Utility District.
 3. I understand the Sacramento Municipal Utility District's obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. The Sacramento Municipal Utility District agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: 

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Michael Gianunzio

Title: Chief Legislative & Regulatory Affairs Officer

Date: 01/06/10



Section G: Comments and Additional Information

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

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

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the WECC Compliance Website at:

<http://compliance.wecc.biz/Application/Documents/Forms/WECC%20Compliance%20Data%20Submittal%20Policy.pdf>



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (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 may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



Western Electricity Coordinating Council



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC 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: Sacramento Municipal Utility District (SMUD)

NERC Registry ID: NRC05368

Date of Submittal of Certification: 02/11/10

NERC Violation ID No(s) (if known):

Standard: IRO-STD-006-0

Requirement(s): WR1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: 07/23/09

Date Mitigation Plan was actually completed: 07/23/09

Additional Comments (or List of Documents Attached):

1. Refresher training email (07/23/09),
2. WECC Unscheduled Flow Mitigation Procedures (01/11/05),
3. List of USF events that occurred between 06/28/09 to 01/06/10, and
4. Email confirmation of USF event review (02/08/10).

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

Name: Michael Gianunzio

Title: Chief, Legislative and Regulatory Affairs Officer

Email: mgianun@smud.org

Phone: 916-732-6613

Authorized Signature:

Date: February 11, 2010

CONFIDENTIAL



Western Electricity Coordinating Council

Laura Scholl
Managing Director of Compliance

801-819-7619
lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

April 29, 2010

James Leigh-Kendall
Manager, Reliability Compliance and Coordination
Sacramento Municipal Utility District
6201 S Street MS B305
Sacramento, CA 95817

NERC Registration ID: NCR05368
NERC Violation ID: WECC200901659

Subject: Notice of Completed Mitigation Plan Acceptance
Reliability Standard IRO-STD-006-0 Requirement WR1

Dear James,

The Western Electricity Coordinating Council (WECC) has received the Certification of Completion and supporting evidence submitted by Sacramento Municipal Utility District (SMUD) on 2/11/2010 for the alleged violation of Reliability Standard IRO-STD-006-0 Requirement WR1.

WECC has accepted the Certification of Completion for Requirement WR1 of the Reliability Standard IRO-STD-006-0 and has found this requirement to be fully mitigated. No further mitigation of this requirement will be required at this time.

If you have any questions or concerns, please contact Phil O'Donnell at podonnell@wecc.biz. Thank you for your assistance in this effort.

Sincerely,

Laura Scholl
Managing Director of Compliance

LS:rph

cc: Bethany Wright, SMUD Regulatory Compliance Analyst
John McGhee, WECC Director of Audits and Investigations
Chris Luras, WECC Manager of Compliance Enforcement
Phil O'Donnell, WECC Senior Compliance Engineer

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Sacramento Municipal Utility District

Docket No. NP10-____-000

NOTICE OF FILING
May 3, 2010

Take notice that on May 3, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Sacramento Municipal Utility District in the Western Electricity Coordinating Council 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