

July 28, 2016

VIA ELECTRONIC FILING

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

**Re: NERC Full Notice of Penalty regarding Virginia Electric and Power Company (DP, TO),
FERC Docket No. NP16-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Virginia Electric and Power Company (DP, TO) (VEP-Trans), NERC Registry ID# NCR01214,² with information and details regarding the nature and resolution of the violation³ discussed in detail in the Settlement Agreement attached hereto (Attachment A), in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations, and orders, as well as NERC's Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).⁴

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 (2016). *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 VEP-Trans was included on the NERC Compliance Registry as a Distribution Provider and Transmission Owner (TO) on May 31, 2007.

³ For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

⁴ See 18 C.F.R § 39.7(c)(2) and 18 C.F.R § 39.7(d).

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

NERC Notice of Penalty
Virginia Electric and Power Company (DP, TO)
July 28, 2016
Page 2

NERC is filing this Notice of Penalty with the Commission because SERC Reliability Corporation (SERC) and VEP-Trans have entered into a Settlement Agreement to resolve the outstanding issues that arose from SERC’s determination and findings of the violation of FAC-009-1.

According to the Settlement Agreement, VEP-Trans neither admits nor denies the violation, but has agreed to the assessed penalty of one hundred ten thousand dollars (\$110,000), in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement, by and between SERC and VEP-Trans. 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 (2016), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement. Further information on the subject violation is set forth in the Settlement Agreement.

*SR = Self-Report / SC = Self-Certification / CA = Compliance Audit / SPC = Spot Check / CI = Compliance Investigation

NERC Violation ID	Standard	Req	VRF/ VSL	Applicable Function(s)	Discovery Method* Date	Violation Start-End Date	Penalty Amount
SERC2014014142	FAC-009-1	R1	Medium/High	TO	SR 7/18/2014	6/18/2007- 9/1/2015	\$110,000

SERC2014014142 FAC-009-1 R1 - OVERVIEW

SERC determined that VEP-Trans did not establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology. This violation spanned FAC-009-1 R1 and FAC-008-3 R6.⁵ Attachment B provides details on the violation, including the facts and circumstances related to the derating of 62 Facilities among the 102 with incorrect Facility Ratings.

⁵ FAC-008-3 R6 replaced FAC-009-1 R1 on January 1, 2013. This violation occurred from June 18, 2007 through September 1, 2015. Therefore, this violation spanned both versions.

NERC Notice of Penalty
Virginia Electric and Power Company (DP, TO)
July 28, 2016
Page 3

The root cause of this violation was a combination of weak internal controls that led to several different failures. In a few cases, VEP-Trans project managers mistakenly closed out projects where a switch was not installed as designed. In other cases, one-line diagrams inaccurately reflected rating information or electric transmission planning did not recognize all changes on updated operating one-line diagrams. Finally, in some cases, electric transmission planning entered incorrect content into the VEP-Trans Facility Ratings database or omitted breaker or line leads in the Facility Ratings database.

SERC determined that this violation posed a moderate and not serious or substantial risk to the reliability of the bulk power system (BPS). Attachment B includes the facts regarding the violation that SERC considered in its risk assessment.

VEP-Trans submitted its Mitigation Plan designated SERCMIT011498 to address the referenced violation on September 2, 2014. Attachment B includes a description of the mitigation activities VEP-Trans took to address this violation. A copy of the Mitigation Plan is included as Attachment C2.

SERC verified on September 18, 2015 that VEP-Trans had completed all mitigation activities on September 1, 2015. Attachment B provides specific information on SERC's verification of VEP-Trans's completion of the activities.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, SERC has assessed a penalty of one hundred ten thousand dollars (\$110,000) for the referenced violation. In reaching this determination, SERC considered the following factors:

1. SERC determined the compliance history should not serve as an aggravating factor for the reasons detailed in Attachment B;⁶
2. VEP-Trans had an internal compliance program at the time of the violation which SERC considered a mitigating factor, as discussed in Attachment B;
3. VEP-Trans self-reported the violation, although the initial Self-Report identified only a single Facility. As part of the Mitigation Plan, which VEP-Trans completed slightly over a year after the Self-Report, VEP-Trans performed a system-wide analysis which led it to report the expanded

⁶ VEP-Trans's relevant prior noncompliance with FAC-008-1 and FAC-009-1 includes: NERC Violation ID SERC2011007878 and SERC2012011536.

NERC Notice of Penalty
Virginia Electric and Power Company (DP, TO)
July 28, 2016
Page 4

scope of the violation to include 101 additional Facilities.⁷ As a result, SERC applied minimal self-reporting credit;

4. VEP-Trans was cooperative throughout the compliance enforcement process;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. the violation posed a moderate and not a serious or substantial risk to the reliability of the BPS, as discussed in Attachment B; and
7. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, SERC determined that, in this instance, the penalty amount of one hundred ten thousand dollars (\$110,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violation.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁸

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,⁹ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on July 14, 2016 and approved 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 violation at issue.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of one hundred ten thousand dollars (\$110,000) is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

⁷ VEP-Trans submitted its Self-Report on July 7, 2014, its Mitigation Plan on September 2, 2014 (completed on September 1, 2015), and the expansion of scope on September 15, 2015.

⁸ See 18 C.F.R. § 39.7(d)(4).

⁹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

NERC Notice of Penalty
Virginia Electric and Power Company (DP, TO)
July 28, 2016
Page 5

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

Attachments to be Included as Part of this Notice of Penalty

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

- a) Settlement Agreement by and between SERC and VEP-Trans executed April 11, 2016, included as Attachment A;
- b) SERC's Disposition of Violation Document for FAC-009-1 R1 dated May 17, 2016, included as Attachment B;
- c) Record documents for the violation of FAC-009-1 R1, included as Attachment C:
 1. VEP-Trans's Self-Report dated July 18, 2014;
 2. VEP-Trans's Mitigation Plan designated as SERCMIT011498 submitted September 2, 2014;
 3. VEP-Trans's Certification of Mitigation Plan Completion dated September 9, 2015; and
 4. SERC's Verification of Mitigation Plan Completion *see Disposition of Violation Document Attachment B.*

NERC Notice of Penalty
 Virginia Electric and Power Company (DP, TO)
 July 28, 2016
 Page 6

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

<p>Cheri Yochelson* Senior Counsel Dominion Resources Services, Inc. 120 Tredegar Street; Riverside Bldg - 2 Richmond, VA 23219 (804) 819-2691 (804) 819-2183 – facsimile cheri.m.yochelson@dom.com</p> <p>Lou Oberski* Director NERC Reliability Compliance & NERC Policy Dominion Resources Services, Inc. 701 E. Cary Street; OJRP - 4 Richmond, VA 23219 (804) 771-3931 (804) 775-5280 – facsimile lou.oberski@dom.com</p> <p>Scott Miller* Vice President Transmission Dominion Virginia Power 120 Tredegar Street; Riverside Bldg - 5 Richmond, VA 23219 (804) 819-2432 (804) 819-2766 – facsimile scott.miller@dom.com</p>	<p>Sonia C. Mendonça* Vice President of Enforcement and Deputy General Counsel North American Electric Reliability Corporation 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile sonia.mendonca@nerc.net</p> <p>Edwin G. Kichline* Senior Counsel and Associate Director, Enforcement North American Electric Reliability Corporation 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile edwin.kichline@nerc.net</p> <p>Gizelle Wray* Associate Counsel North American Electric Reliability Corporation 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile gizelle.wray@nerc.net</p>
---	---

NERC Notice of Penalty
Virginia Electric and Power Company (DP, TO)
July 28, 2016
Page 7

<p>James M. McGrane* Managing Counsel – Enforcement SERC Reliability Corporation 3701 Arco Corporate Drive, Suite 300 Charlotte, NC 28273 (704) 494-7787 (704) 357-7914 – facsimile jmcgrane@serc1.org</p> <p>Drew R. Slabaugh* Legal Counsel SERC Reliability Corporation 3701 Arco Corporate Drive, Suite 300 Charlotte, NC 28273 (704) 414-5244 (704) 357-7914 – facsimile dslabaugh@serc1.org</p>	<p>Gary Taylor* President and Chief Executive Officer SERC Reliability Corporation 3701 Arco Corporate Drive, Suite 300 Charlotte, NC 28273 (704) 940-8205 (704) 357-7914 – facsimile gtaylor@serc1.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>
---	---

NERC Notice of Penalty
Virginia Electric and Power Company (DP, TO)
July 28, 2016
Page 8

Conclusion

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

Respectfully submitted,

/s/ Edwin G. Kichline

Sonia C. Mendonça
Vice President of Enforcement and Deputy
General Counsel
Edwin G. Kichline*
Senior Counsel and Associate Director,
Enforcement
Gizelle Wray*
Associate Counsel
North American Electric Reliability
Corporation
1325 G Street N.W.
Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 - facsimile
sonia.mendonca@nerc.net
edwin.kichline@nerc.net
gizelle.wray@nerc.net

cc: Virginia Electric and Power Company (DP, TO)
SERC Reliability Corporation

Attachments

Attachment A

a) Settlement Agreement by and between SERC and VEP-Trans executed April 11, 2016.

SETTLEMENT AGREEMENT

OF

SERC RELIABILITY CORPORATION

AND

VIRGINIA ELECTRIC AND POWER COMPANY (DP, TO)

I. INTRODUCTION

1. SERC Reliability Corporation (SERC) and Virginia Electric and Power Company (DP, TO) (VEP-Trans) enter into this Settlement Agreement (Settlement Agreement) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC's determination and findings, pursuant to the North American Electric Reliability Corporation (NERC) Rules of Procedure, of one confirmed violation.

Reliability Standard	Requirement	SERC Tracking No.	NERC Tracking No.
FAC-009-1	R1	SERC2014-402077	SERC2014014142

2. VEP-Trans neither admits nor denies the one violation and has agreed to the proposed penalty of **\$110,000** in addition to other remedies and actions to mitigate the instant violation and to ensure future compliance under the terms and conditions of the Settlement Agreement.

II. STIPULATION

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

Background

4. See Section I of the Disposition document (Attachment A) for a description of VEP-Trans.

Violation of NERC Reliability Standards

5. See Section II of the Disposition document (Attachment A) for the description of the violation.

III. PARTIES' SEPARATE REPRESENTATIONS

Statement of SERC and Summary of Findings

6. SERC determined that VEP-Trans was in violation of FAC-009-1 R1 because VEP-Trans failed to establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology. There was one violation included in the Disposition document, Attachment A.
7. SERC agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk power system reliability.

Statement of VEP-Trans

8. VEP-Trans neither admits nor denies the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute a violation of the Standard and Requirement listed in the table above.
9. VEP-Trans has agreed to enter into this Settlement Agreement with SERC to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. VEP-Trans agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of BPS reliability.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

10. SERC and VEP-Trans agree that VEP-Trans has completed the mitigating actions and SERC has verified the completion of the mitigating actions set forth in Section IV of the Disposition document identified as Attachment A. The Mitigating Actions, Remedies and Sanctions are discussed in detail in the Disposition document (Attachments A).
11. SERC staff also considered the specific facts and circumstances of the violation and VEP-Trans's actions in response to the violation in determining a proposed penalty that meets the requirement in Section 215 of the Federal Power Act that "[a]ny penalty imposed under this section shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of an entity to remedy the violation in a timely manner."¹ The factors considered by SERC staff in the

¹ 16 U.S.C. § 824o(e)(6).

determination of the appropriate penalty are set forth in Section V of the Disposition document.

12. Based on the above factors, as well as the mitigation actions and preventative measures taken, VEP-Trans shall pay **\$110,000** to SERC as set forth in this Settlement Agreement. VEP-Trans shall remit the payment to SERC via check, or by wire transfer to an account to be identified by SERC within thirty days after the Agreement is either approved by the Federal Energy Regulatory Commission (Commission) or by operation of law. SERC shall notify NERC, and NERC shall notify the Commission, if the payment is not timely received. If VEP-Trans does not remit the payment by the required date, interest payable to SERC will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date that payment is due, and shall be payable in addition to the payment.
13. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement shall be deemed to be either the same alleged violations that initiated this Settlement Agreement and/or additional violations and may subject VEP-Trans to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. VEP-Trans shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.

V. ADDITIONAL TERMS

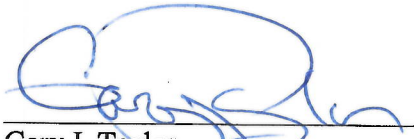
14. The signatories to the Settlement Agreement agree that they enter into the Settlement Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of SERC or VEP-Trans has been made to induce the signatories or any other party to enter into the Settlement Agreement. The signatories agree that the terms and conditions of this Settlement Agreement are consistent with the Commission's regulations and orders, and NERC's Rules of Procedure.
15. SERC shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify SERC and VEP-Trans of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and SERC will attempt to negotiate a revised settlement agreement with VEP-Trans including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post this Settlement Agreement.

16. This Settlement Agreement shall become effective upon the Commission's approval of the Settlement Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
17. VEP-Trans agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and VEP-Trans waives its right to further hearings and appeal, unless and only to the extent that VEP-Trans contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. SERC reserves all rights to initiate enforcement, penalty or sanction actions against VEP-Trans in accordance with the NERC Rules of Procedure in the event that VEP-Trans does not comply with the Mitigation Plans and compliance program agreed to in this Settlement Agreement. In the event VEP-Trans fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, SERC will initiate enforcement, penalty, or sanction actions against VEP-Trans to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. Except as otherwise specified in this Settlement Agreement, VEP-Trans shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
18. VEP-Trans consents to the use of SERC's determinations, findings, and conclusions set forth in this Settlement 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 VEP-Trans does not consent to the use of the specific acts set forth in this Settlement Agreement as the sole basis for any other action or proceeding brought by NERC and/or SERC, nor does VEP-Trans consent to the use of this Settlement Agreement by any other party in any other action or proceeding.
19. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Settlement Agreement on the entity's behalf.
20. The undersigned representative of each party affirms that he or she has read the Settlement Agreement, that all of the matters set forth in the Settlement Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Settlement Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Settlement Agreement.
21. The Settlement Agreement may be signed in counterparts.

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

*Remainder of page intentionally blank.
Signatures to be affixed to the following page.*

Agreed to and accepted:



Gary J. Taylor
Interim President and Chief Executive Officer
SERC RELIABILITY CORPORATION

5/17/2016
Date



Scott Miller
Vice President – Electric Transmission
**VIRGINIA ELECTRIC AND POWER
COMPANY (DP, TO)**

5/12/2016
Date

Attachment B

- b) SERC's Disposition of Violation Document for FAC-009-1 R1 dated May 17, 2016.**
-

DISPOSITION OF VIOLATION¹
Dated May 17, 2016

NERC TRACKING NO. SERC TRACKING NO.
SERC2014014142 SERC2014-402077

NOC#
NOC-2490

REGISTERED ENTITY
Virginia Electric and Power Company (DP, TO)

NERC REGISTRY ID
NCR01214

REGIONAL ENTITY
SERC Reliability Corporation (SERC)

I. REGISTRATION INFORMATION

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

BA	DP	GO	GOP	PA	RC	RP	RSG	TO	TOP	TP	TSP
	X							X			
	5/31/07							5/31/07			

* VIOLATION(S) APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

Dominion Resources, Inc. (DRI) is a public utility holding company under the Public Utility Holding Company Act of 2005. DRI is parent of numerous affiliates, including Dominion Virginia Power, registered as Virginia Electric and Power Company (DP, TO) (VEP-Trans). Virginia Electric and Power Company does business as Dominion Virginia Power. Dominion Virginia Power has a portfolio of approximately 24,900 megawatts of generation, 10,900 miles of natural gas transmission, gathering and storage pipeline and 6,400 miles of electric transmission lines. Dominion Virginia Power has over 57,000 miles of distribution lines and 6,400 miles of transmission lines in Virginia, North Carolina and West Virginia, at voltages ranging from 69 kV to 500 kV. These facilities are integrated into PJM, LLC. Dominion Virginia Power serves 2.5 million franchise customers in Virginia and North Carolina.

IS THERE A SETTLEMENT AGREEMENT YES NO

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

¹ For purposes of this document and attachments hereto, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

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

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
FAC-009-1	R1		Medium	High²

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of FAC-009-1 provides:

To ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology or methodologies.

FAC-009-1 R1³ provides:

R1. The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.

VIOLATION DESCRIPTION

On July 18, 2014, Virginia Electric and Power Company (DP, LSE, TO) (VEP-Trans) submitted a Self-Report stating that, as a Transmission Owner, it was in violation of FAC-009-1 R1. VEP-Trans failed to establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology. This violation spanned FAC-009-1 R1 and FAC-008-3 R6.

² SERC assessed a Violation Severity Level (VSL) of “High” in accordance with the August 5, 2014 VSL Matrix because VEP-Trans failed to establish Facility Ratings consistent with the associated Facility Ratings methodology or documentation for determining the Facility Ratings for more than 10% up to (and including) 15% of its solely owned and jointly owned Facilities.

³ FAC-009-1 R1 was retired on December 31, 2012. The requirement contained within FAC-009-1 R1 moved to FAC-008-3 R6, effective January 1, 2013, and reads as follows:

R6. Each Transmission Owner and Generator Owner shall have Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings.

From late 2008 until early 2009, VEP-Trans performed a project to uprate a 115 kV transmission line (Line # 42) and associated equipment in the substations at both ends of the line (Peninsula, Shellbank) as well as a substation in the middle of the line (Magruder). The uprate consisted of line reconductoring, and the replacement of 1,200 Amp wave traps (Peninsula, Shellbank) and 1,200 Amp switches (all three substations) with 2,000 Amp wave traps and switches.

On January 6, 2009, a system protection engineer misinterpreted an email from the project manager, and assumed the project was complete. Consequently, VEP-Trans prematurely released final relay load limits to PJM on February 3, 2009. In addition, the project manager prematurely closed out the project, which triggered the internal process to revise the operating one-line diagrams and Facility Ratings. VEP-Trans completed the project without replacing the 1,200 Amp wave trap and switches at the Peninsula substation with devices rated at 2,000 Amps as intended.

On February 11, 2014, VEP-Trans electric transmission (ET) substation engineering requested that VEP-Trans ET planning review a construction one-line diagram for Peninsula Substation related to the proposed replacement of numerous devices throughout the substation. On February 13, 2014, an ET planning engineer noticed a discrepancy between the proposed construction one-line diagram and the Facility Rating database for the Peninsula substation Line # 42. ET planning noted that the operating one-line diagram already showed the Peninsula substation Line # 42 wave trap in question as a 2,000 Amp device. However, the Line #42 wave trap was a 1,200 Amp device. On February 17, 2014, ET substation engineering notified ET planning which initiated a derate of the Line # 42 Facility Rating. On March 5, 2014, VEP-Trans notified PJM, which decreased the Line # 42 rating to reflect the fact that the 1,200 Amp wave trap was the most limiting element.

On September 15, 2015, VEP-Trans submitted an expansion of scope to SERC. While implementing its Mitigation Plan, which required VEP-Trans to conduct a comprehensive review and comparison of its one-lines, work management database, and Facility Rating database to identify any similar incidents, VEP-Trans found 101 additional Facility Ratings that were not consistent with its Facility Ratings methodology. VEP-Trans found that 61 Facilities required derates from between 1% to 55%, with 15 Facilities requiring derates of more than 25%. VEP-Trans also found that 40 Facilities required uprates from between 0.5% and 82%, with six Facilities requiring uprates of more than 25%. This violation affected 102 Facilities out of 821 Facilities in total (12.4%). The highest voltage class affected by this violation was 500kV.

This violation was not due to a failure to follow NERC's October 2010 Recommendation regarding Facility Ratings, which identified a reliability concern due to Facilities in the field not matching a registered entity's design specifications, which could affect line clearances. The instant violation resulted from a gap in VEP-Trans' process to get accurate data for various current carrying elements entered into a separate Facility Ratings database.

VEP-Trans determined that this violation was caused by several different failures. In a few cases, VEP-Trans project managers mistakenly closed out projects where a switch was not installed as designed. In other cases, one-line diagrams inaccurately reflected rating information or ET planning did not recognize all changes on updated operating one-line diagrams. Finally, in some cases, ET planning entered incorrect content into the VEP-Trans Facility Ratings database or omitted breaker or line leads in the Facility Ratings database.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

This violation posed a moderate risk and did not pose a serious or substantial risk to the reliability of the bulk power system. VEP-Trans’s failure to establish Facility Ratings that were consistent with its Facility Ratings methodology led to the misidentification of the most limiting element at 102 transmission facilities and the establishment of incorrect Facility Ratings. This resulted in the derating of 62 Facilities and the uprating of 40 Facilities. The errors in Facility Ratings could result in erroneous outage planning, violations of System Operating Limits, and damage to Facilities. However, VEP-Trans reviewed the operating records for all the derated Facilities and found that none had operated at loads greater than the revised Facility Ratings. VEP-Trans found that the peak loading for the Facilities that were derated ranged from 18% to 96% of the revised normal Facility Rating and only five of those Facilities operated at a load greater than 90% of the revised normal Facility Rating.

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

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

DURATION DATE(S)

6/18/2007 (when the Standard became mandatory and enforceable) through 9/1/2015 (Mitigation Plan completion)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 7/18/2014⁴

IS THE VIOLATION STILL OCCURRING YES NO
IF YES, EXPLAIN

⁴ VEP-Trans submitted an expansion of scope on September 15, 2015.

REMEDIAL ACTION DIRECTIVE ISSUED	YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>

IV. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	SERCMIT011498
DATE SUBMITTED TO REGIONAL ENTITY	9/2/2014
DATE ACCEPTED BY REGIONAL ENTITY	3/24/2015
DATE APPROVED BY NERC	3/27/2015
DATE PROVIDED TO FERC	3/27/2015

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

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE	9/1/2015
EXTENSIONS GRANTED	N/A
ACTUAL COMPLETION DATE	9/1/2015
DATE OF CERTIFICATION LETTER	9/9/2015
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	9/1/2015
VERIFIED COMPLETE BY REGIONAL ENTITY ON	9/18/2015

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

To mitigate this violation, VEP-Trans:

1. Ensured the Line # 42 Facility Ratings equal the most limiting element;
2. Established and implemented a new project management internal control;
3. Established and implemented new System Protection internal control;
4. Conducted Facility Rating workflow training; and
5. Conducted one line, SAP and Facility Rating database assessment.

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED FOR COMPLETED MILESTONES)

SERC reviewed the following evidence submitted by VEP-Trans to evaluate completion of its Mitigation Plan:

1. A screenshot indicating that the line was rerated;
2. A PowerPoint used to provide training on the process change to ensure accuracy of transmission elements;
3. Reliability Facility Rating workflow training roster;
4. A PowerPoint providing general awareness on the workflow process;

5. Attestation and calendar snapshots showing training with regard to the expansion items; and
6. A spreadsheet that identifies 101 facilities that were rerated as a result of its full evaluation.

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF ONE HUNDRED TEN THOUSAND DOLLARS (\$110,000) FOR ONE VIOLATION OF RELIABILITY STANDARDS.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PREVIOUSLY FILED VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER IN THE SERC REGION

YES NO

LIST VIOLATIONS AND STATUS

SERC considered VEP-Trans's FAC-008-1 R1 and FAC-009-1 R1 compliance history in determining the penalty. VEP-Trans's relevant noncompliance with FAC-008-1 R1 includes: NERC Violation ID SERC2011007878. VEP-Trans's relevant noncompliance with FAC-009-1 R1 includes: NERC Violation ID SERC2012011536.

SERC determined that VEP-Trans's FAC-008-1 R1 and FAC-009-1 R1 compliance history should not serve as a basis for aggravating the penalty. The prior FAC-008-1 R1 issue involved a failure to establish a Facility Ratings methodology for circuit switchers and series compensation devices. The prior FAC-009-1 R1 issue involved a failure at a single Facility to calculate the Facility Rating due to a mistake showing the incorrect piece of equipment as the limiting element. The mitigating actions for both prior noncompliances would not have prevented the instant violation. In addition, the instant violation extended back before the prior noncompliances.

ADDITIONAL COMMENTS

Not applicable.

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER IN THE SERC REGION

YES NO

LIST VIOLATIONS AND STATUS

VEP-Trans had previously filed violations of other NERC Reliability Standards and Requirements in the SERC Region.

A Settlement Agreement covering violations of PRC-005-1 R2 for VEP-Trans' affiliate, Virginia Electric and Power Company - Fossil and Hydro, was filed with FERC under NP10-84-000 on March 31, 2010.⁵ On April 30, 2010, FERC issued an order stating that it would not engage in further review of the Notice of Penalty.

A Find, Fix, Track and Report (FFT) informational filing addressing remediated issues for certain registered entities including noncompliance with NUC-001-2 R4 for VEP-Trans was filed with FERC under RC12-11-000 on April 30, 2012.⁶ The 60 day review period passed on June 29, 2012.

A FFT informational filing addressing remediated issues for certain registered entities including noncompliance with PRC-023-1 R1 for VEP-Trans was filed with FERC under RC13-8-000 on April 30, 2013.⁷ The 60 day review period passed on June 29, 2013.

A FFT informational filing addressing remediated issues for certain registered entities including noncompliance with PRC-008-0 R2 for VEP-Trans was filed with FERC under RC13-9-000 on May 30, 2013.⁸ The 60 day review period passed on July 29, 2013.

A FFT informational filing addressing remediated issues for certain registered entities including noncompliance with VAR-002-1.1b R3 for VEP-Trans' affiliate, Virginia Electric and Power Company – Nuclear, was publicly posted on November 27, 2013.⁹ The 60 day review period passed on January 26, 2014.

A Settlement Agreement covering violations of PRC-005-1 R2 and R1 was filed with FERC under NP15-18-000 on December 30, 2014.¹⁰ On November 29, 2013, FERC issued an order stating that it would not engage in further review of the Notice of Penalty.

A Settlement Agreement covering violations of VAR-002-1 R3 and VAR-002-2b R3 for VEP-Trans' affiliate, Virginia Electric and Power Company - Fossil and Hydro, was filed with FERC under NP14-44-000 on June 26,

⁵ NERC Violation IDs SERC200900270.

⁶ NERC Violation ID SERC2011008221.

⁷ NERC Violation ID SERC2012011535.

⁸ NERC Violation ID SERC2012011322.

⁹ NERC Violation ID SERC2013012944.

¹⁰ NERC Violation IDs SERC2012011323 and SERC2014013349.

2014.¹¹ On July 25, 2014, FERC issued an order stating that it would not engage in further review of the Notice of Penalty.

A FFT informational filing addressing remediated issues for certain registered entities including noncompliance with EOP-004-2 R2 for VEP-Trans was publicly posted on January 28, 2016.¹² The 60 day review period passed on March 28, 2016.

SERC determined that VEP-Trans' compliance history of these previously filed violations should not serve as a basis for aggravating the penalty because the prior violations are unrelated to the FAC-009-1 R1/FAC-008-3 R6 violation at issue in this enforcement action.

ADDITIONAL COMMENTS

Not Applicable

(2) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES NO
IF NO, EXPLAIN

(3) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES NO
EXPLAIN

The ICP is managed on a day-to-day basis by the NERC compliance policy group of VEP-Trans' parent company, Dominion Resources, Inc. The ICP is posted on the NERC compliance policy group's website and can be reviewed at any time. The ICP is overseen by the chief compliance officer of VEP-Trans' parent company, who reports to the senior vice president of law, public policy, and environment, state and federal affairs, who in turn reports to the chief executive officer. This structure allows for direct and independent access to the chief executive officer and the board of directors. Senior management is fully supportive of the ICP. The ICP is reviewed annually and provides for annual NERC awareness training of employees with NERC compliance responsibilities and targeted training as appropriate. Employees also receive annual compliance and ethics training to remind them of their responsibility to report any perceived violation of a NERC Reliability Standard. The ICP also provides for internal mock audits from time-to-time. The ICP allows for discipline of

¹¹ NERC Violation IDs SERC2013012945 and SERC2013013278.

¹² NERC Violation ID SERC2015015157.

employees, pursuant to the discipline policy, for conduct that violates NERC Reliability Standards or a failure to report potential violations of NERC Reliability Standards.

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM, INCLUDING WHETHER SENIOR MANAGEMENT TAKES ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE.

The ICP is managed on a day-to-day basis by the NERC compliance policy group of VEP-Trans' parent company, Dominion Resources, Inc. The ICP is posted on the NERC compliance policy group's website and can be reviewed at any time. The ICP is overseen by the chief compliance officer of VEP-Trans' parent company, who reports to the senior vice president of law, public policy, and environment, state and federal affairs, who in turn reports to the chief executive officer. This structure allows for direct and independent access to the chief executive officer and the board of directors. Senior management is fully supportive of the ICP. The ICP is reviewed annually and provides for annual NERC awareness training of employees with NERC compliance responsibilities and targeted training as appropriate. Employees also receive annual compliance and ethics training to remind them of their responsibility to report any perceived violation of a NERC Reliability Standard. The ICP also provides for internal mock audits from time-to-time. The ICP allows for discipline of employees, pursuant to the discipline policy, for conduct that violates NERC Reliability Standards or a failure to report potential violations of NERC Reliability Standards.

(4) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION(S) OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES NO
IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION(S) WERE INTENTIONAL (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES NO
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES NO
IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES NO
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES NO
IF YES, EXPLAIN

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: April 11, 2016 OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS PENALTY BOTH NO CONTEST

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

EXHIBITS:

SOURCE DOCUMENT

VEP-Trans Self-Report dated July 18, 2014

VEP-Trans expansion of scope dated September 15, 2015

MITIGATION PLAN

VEP-Trans Mitigation Plan submitted on September 2, 2014

CERTIFICATION BY REGISTERED ENTITY

VEP-Trans Certification of Completed Mitigation Plan dated September 9, 2015

VERIFICATION BY REGIONAL ENTITY

This Disposition document serves as SERC's Verification of Mitigation Plan Completion

SETTLEMENT AGREEMENT BETWEEN SERC AND VEP-Trans, executed May 17, 2016

Attachment C

Record documents for the violation of FAC-009-1 R1 (SERC2014014142)

C-1. VEP-Trans's Self-Report dated July 18, 2014;

C-2. VEP-Trans's Mitigation Plan designated as SERCMIT011498 submitted September 2, 2014;

C-3. VEP-Trans's Certification of Mitigation Plan Completion dated September 9, 2015; and

C-4. SERC's Verification of Mitigation Plan Completion *see Disposition of Violation Document Attachment B.*

This item was submitted by Angela Park (angela.park@dom.com) on 7/18/2014

Informational Text Goes HERE.
Another Line goes here.
Click [here](#) for more information.

FORM INFORMATION

Registered Entity: Virginia Electric and Power Company (DP, LSE, TO)

NERC Registry ID: NCR01214

JRO ID:

CFR ID:

Entity Contact Information: Larry Nash

REPORTING INFORMATION

Applicable Standard: FAC-009-1

Applicable Requirement: R1.

Applicable Sub Requirement(s):

Applicable Functions: TO

Has a Possible violation of this standard and requirement previously been reported or discovered: Yes

If yes, provide NERC Violation ID (if known):

SERC2012-401636

Date Reported to Region or Discovered by Region:

12/13/2012

Monitoring Method for previously reported or discovered:

Self-Report

Has the scope of the Possible Violation expanded:

No

Has this Possible Violation previously been reported to other Regions: No

Date Possible Violation was discovered: 2/17/2014

Beginning Date of Possible Violation: 2/3/2009

End or Expected End Date of Possible Violation: 3/5/2014

Is the violation still occurring? No

Provide detailed description and cause of Possible Violation:

NERC Reliability Standard FAC-009-1, R1 (retired December 31, 2012) required that Transmission Owners shall "establish Facility Ratings for their solely and jointly owned Facilities that are consistent with their associated Facility Ratings Methodology". NERC Reliability Standard FAC-008-3, R6 (effective January 1, 2013) contains similar language and states that each Transmission Owner "shall have Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings".

Virginia Electric and Power Company (DP, LSE, TO), hereafter referred to as VEPCO, is Self-Reporting a possible violation of FAC-009-1, R1 and subsequently FAC-008-3, R6 resulting from a transmission line facility rating being inconsistent with the most limiting element in the field.

During the winter of 2008-2009, VEPCO had a project to uprate a 115 kV transmission line (Line # 42) and associated equipment in the substations at both ends of the line (Peninsula, Shellbank) as well as a substation in the middle of the line (Magruder). The uprate consisted of line reconductoring, and the replacement of 1200 Amp wave traps (Peninsula, Shellbank) and 1200A switches (all three substations) with 2000 Amp wave traps and switches.

VEPCO's investigation revealed that this Self-Report is the result of failures in human performance.

On January 6, 2009, a System Protection Engineer misinterpreted an email from the Project Manager, and assumed the project was complete. Consequently, final relay load limits were prematurely released, resulting in the submittal of TERM ticket #235703 to PJM on February 3, 2009. This date marked the beginning of the Potential Violation.

In addition, the Project Manager prematurely closed out the project, which triggered the internal process to revise the operating one-line diagrams and facility ratings. Ultimately, this project was completed with the exception of replacement of the wave trap and switches at Peninsula Substation.

Discovery of Potential Violation

On February 11, 2014 VEPCO Electric Transmission (ET) Substation Engineering contacted VEPCO ET Planning requesting their review of a "construction" one-line diagram for Peninsula Substation related to the proposed replacement of numerous devices throughout the substation, including replacement of the 1200 Amp wave trap with a 1600 Amp wave trap on Line # 42.

On February 13, 2014, a potential compliance issue relating to NERC Reliability Standard FAC-009-1 R1 was identified when an ET Planning engineer noticed a discrepancy between the proposed "construction" one line diagram and the Facility Rating Database for the Peninsula Line # 42. ET Planning noted that the Peninsula Substation Line # 42 wave trap in question was already shown as a 2000 Amp device per the "operating" one-line diagram, which had been incorrectly revised pursuant to the assumed completion of the 2008-2009 uprate project referenced above.

On February 17, 2014 ET Substation Engineering notified ET Planning that the "operating" one-line was incorrect, and that the Line # 42 wave trap currently installed at Peninsula Substation was a 1200 Amp device. As a result, ET Planning initiated a de-rate of the Line # 42 facility rating.

On March 5, 2014 VEPCO communicated to PJM via TERM ticket #586415, which decreased the Line # 42 rating to reflect the 1200 Amp wave trap as the most limiting element. This date marked the end of the Potential Violation.

Are Mitigating Activities in progress or completed? Yes

If Yes, Provide description of Mitigating Activities:

The mitigation of this self report will involve a comprehensive review and assessment of the following actions to determine if similar incidents exist:

1. Compare One Lines to SAP work management database;
2. Compare One Lines to Facility Rating Database; and
3. Field check discrepancies and update one-line, SAP, or Facility Rating Database as appropriate.

If additional issues are discovered as part of this assessment, VEPCO intends to add them to this Self-Report using the new Scope Expansion tool.

VEPCO expects these activities to take a significant amount of time. Consequently, detailed steps and milestones will be included in the Mitigation Plan after collaboration with our SERC Point of Contact (SPOC).

Provide details to prevent recurrence:

1. Develop targeted internal controls for our two human performance issues and
2. Conduct Facility Ratings Workflow Training for all the departments, with enhanced internal controls, to ensure an understanding of their role regarding the Facility Rating process.

Date Mitigating Activities are expected to be completed or were completed:

9/1/2015

Potential Impact to the Bulk Power System:

Minimal

Actual Impact to the Bulk Power System:

Minimal

Provide detailed description of Potential Risk to Bulk Power System:

The highest peak load recorded on Line # 42 during the period covered by this Self-Report was 560 Amps. This occurred on February 5, 2009 and is 47 percent of the wave trap's Normal summer rating of 1200 Amps at 100 degrees F.

Additionally, Real Time Contingency Assessments never identified Line # 42 as being a problem for contingency loading. The highest contingent load calculated for Line # 42 during the period covered by this Self-Report was 911 Amps. Had the contingency occurred, the loading would not have exceeded 76 percent of the wave trap's Normal summer rating of 1200 Amps at 100 degrees F.

Because the highest peak load recorded on Line # 42 never exceeded 47 percent of the wave trap's summer Normal rating, and the Line # 42 contingency loading assessments never exceeded 911 Amps, the resulting Normal, Emergency, and Load Dump ratings of Line # 42 were not impacted by the FAC-009-1, R1/FAC-008-3, R6 facility ratings discrepancy. Consequently, there was no potential risk to the Bulk Power System.

Provide detailed description of Actual Risk to Bulk Power System:

During the period covered by this Self-Report there were no lockouts or fault operations on Line # 42.

Furthermore, the highest peak load recorded on Line # 42 during the period covered by this Self-Report was 560 Amps, which is 47 percent of the wave trap's Normal summer rating of 1200 Amps at 100 degrees F.

Additionally, Real Time Contingency Assessments never identified Line # 42 as being a problem for contingency loading. The highest contingent load calculated for Line # 42 during the period covered by this Self-Report was 911 Amps. Had the contingency occurred, the loading would not have exceeded 76 percent of the wave trap's Normal summer rating of 1200 Amps at 100 degrees F.

Because the highest peak load recorded on Line # 42 never exceeded 47 percent of the wave trap's summer normal rating, and the Line # 42 contingency loading assessments never exceeded 911 Amps, the resulting Normal, Emergency, and Load Dump ratings of Line # 42 were not impacted by the FAC-009-1, R1/FAC-008-3, R6 facility ratings discrepancy. Consequently, there was no actual risk or impact to the Bulk Power System.

Additional Comments:

The Mitigation Plan is under development, and is not being submitted simultaneously with this Self-Report.

VIEW MITIGATION PLAN: FAC-009-1 (REGION REVIEWING MITIGATION PLAN)

This item was signed by John Loftis (john.loftis@dom.com) on 9/2/2014

This item was marked ready for signature by Larry Nash (larry.nash@dom.com) on 9/2/2014

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.

[Yes] A.2 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

SECTION B: REGISTERED ENTITY INFORMATION

B.1 Identify your organization

Company Name: Virginia Electric and Power Company (DP, LSE, TO)

Company Address: P. O. Box 26666

Richmond, Virginia 23261

Compliance Registry ID: NCR01214

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

Name: Larry Nash

SECTION C: IDENTIFICATION OF ALLEGED OR CONFIRMED VIOLATION(S) ASSOCIATED WITH THIS MITIGATION PLAN

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

Standard: FAC-009-1

Table with 4 columns: Requirement, Regional ID, NERC Violation ID, Date Issue Reported. Row 1: R1, SERC2014-402077, SERC2014014142, 7/18/2014

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above:

Virginia Electric and Power Company (DP, LSE, TO), hereafter referred to as VEPCO, Self-Reported a possible violation of FAC-009-1, R1 and subsequently FAC-008-3, R6 resulting from a transmission line facility rating being inconsistent with the most limiting element in the field.

During the winter of 2008-2009, VEPCO had a project to uprate a 115 kV transmission line (Line # 42) and associated equipment in the substations at both ends of the line (Peninsula, Shellbank) as well as a substation in the middle of the line (Magruder). The uprate consisted of line re-conductoring, and the replacement of 1200 amp wave traps (Peninsula, Shellbank) and 1200 amp switches (all three substations) with 2000 amp wave traps and switches.

VEPCO's investigation revealed that this Self-Report is the result of failures in human performance.

On January 6, 2009, an Electric Transmission System Protection Engineer misinterpreted an email from the Project Manager, and assumed the project was complete. Consequently, final relay load limits were prematurely released, resulting in the submittal of Transmission Equipment Ratings Monitor (TERM) ticket #235703 to PJM on February 3, 2009. This date marked the beginning of the Potential Violation.

In addition, the Project Manager prematurely closed out the entire project as complete prior to replacement of the wave trap and switches at Peninsula Substation, which triggered the internal process to revise the operating one-line diagrams and facility ratings at all three substations. The work at Peninsula Substation never got completed. Upon discovery in this Self-Report, the line was derated to reflect the most limiting element (Section D.1, Step 1 below).

Attachments ()

C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this MitigationPlan:

none

Attachments ()

SECTION D: DETAILS OF PROPOSED MITIGATION PLAN

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

1. Ensure 42 Line Facility Ratings equal the most limiting element:

Once it was recognized that the 42 Line Facility Ratings were inconsistent with the most limiting element, a Thermal Equipment Ratings Monitor (TERM) Ticket was submitted to PJM on March 5, 2014 to de-rate the line rating, which corrected the inconsistency. This date marked the end of the Potential Violation.

2. Establish and implement a new Project Management internal control:

The Project Manager (PM) and Field Construction Coordinator (FCC) are to confirm the project is built per latest construction one-line (verifying equipment ratings) post energization. The PM will sign the latest construction one-line title-block confirming the project was built and energized per construction one-line prior to execution of the Systems Applications and Products (SAP) work management Test & Energize (T&E) task.

3. Establish and implement new System Protection internal control:

Upon receipt of the SAP Test & Energize (T&E) completion notification, System Protection will review the status of any outstanding Work Orders and release Final Load Limits to Electric Transmission Planning upon Work Order completion. If no Work Orders were required, System Protection can release Final Load Limits to Electric Transmission Planning upon receipt of the SAP T&E Notification.

4. Conduct Facility Rating Workflow training:

Provide general awareness training to applicable Electric Transmission employees to ensure a better understanding of Electric Transmission's multi-departmental Facility Rating Workflow process.

5. Conduct One Line, SAP and Facility Rating Database assessment:

Conduct a comprehensive review and comparison of One Lines, SAP work management database and Facility Rating Database to determine if similar incidents exist. Perform field checks for any discrepancies and update the appropriate resource. If additional issues are discovered as part of this assessment, VEPCO will report these to SERC as part of this mitigation step.

[Attachments \(\)](#)

D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented:

9/1/2015

D.3 Enter Milestone Activities, with due dates, that your organization is proposing, or has completed, for this Mitigation Plan:

[1. Ensure 42 Line Facility Ratings equal the most limiting element](#)

Milestone Completed (Due: 3/5/2014 and Completed 3/5/2014)

Once it was recognized that the 42 Line Facility Ratings were inconsistent with the most limiting element, a Thermal Equipment Ratings Monitor (TERM) Ticket was submitted to PJM on March 5, 2014 to de-rate the line rating, which corrected the inconsistency. This date marked the end of the Potential Violation..

[2. Establish and implement new Project Management internal control](#)

Milestone Completed (Due: 7/1/2014 and Completed 7/1/2014)

The Project Manager (PM) and Field Construction Coordinator (FCC) are to confirm the project is built per latest construction one-line (verifying equipment ratings) post energization. The PM will sign the latest construction one-line title-block confirming the project was built and energized per construction one-line prior to execution of the Systems Applications and Products (SAP) work management Test & Energize (T&E) task

[3. Establish and implement new System Protection internal control:](#)

Milestone Completed (Due: 8/27/2014 and Completed 8/27/2014)

Upon receipt of the SAP Test & Energize completion notification, System Protection will review the status of any outstanding Work Orders and release Final Load Limits to Electric Transmission Planning upon Work Order completion. If no Work Orders were required, System Protection can release Final Load Limits to Electric Transmission Planning upon receipt of the SAP T&E Notification.

[4. Conduct Facility Rating Workflow training:](#)

Milestone Pending (Due: 10/15/2014)

Provide general awareness training to applicable Electric Transmission employees to ensure a better understanding of Electric Transmission's multi-departmental Facility Rating Workflow process.

[6. Provide update to SERC on status of mitigation plan, step 5.](#)

Milestone Pending (Due: 1/15/2015)

Provide status of mitigation plan, step 5.

[7. Provide update to SERC on status on mitigation plan, step 5.](#)

Milestone Pending (Due: 4/15/2015)

Provide update on status of mitigation plan, step 5.

[8. Provide update to SERC on status of mitigation plan, step 5.](#)

Milestone Pending (Due: 7/15/2015)

Provide update on status of mitigation plan, step 5.

[5. Conduct One Line, SAP and Facility Rating Database assessment:](#)

Milestone Pending (Due: 9/1/2015)

Conduct a comprehensive review and comparison of One Lines, SAP work management database and Facility Rating Database to determine if similar incidents exist. Perform field checks for any discrepancies and update the appropriate resource. If additional issues are discovered as part of this assessment, VEPCO will report these to SERC as part of this mitigation step.

SECTION E: INTERIM AND FUTURE RELIABILITY RISK

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

may be provided as an attachment):

While implementing the mitigation plan for this Self-Report, there is minimal further risk to the BPS. First, the 42 Line Facility Ratings are now consistent with the most limiting element (Step 1). Furthermore, new internal controls have been implemented for the Project Managers and appropriate System Protection employees and training has been completed (Step 2-3).

If additional issues are discovered as part of this assessment, VEPCO will address each situation on a case by case basis and take immediate corrective action, as necessary (Step 5).

[Attachments \(\)](#)

E.2 Prevention of Future BPS Reliability Risk: Describe how successful completion of this Mitigation Plan will prevent or minimize the probability that your organization incurs further risk of Alleged violations of the same or similar reliability standards requirements in the future. (Additional detailed information may be provided as an attachment):

The new internal controls and training associated with the Project Managers and System Protection employees (Steps 2-3) have been completed in order to prevent a recurrence of the issues associated with this Self Report. Additionally, new training developed for applicable Electric Transmission Facility Ratings personnel (Step 4) will raise awareness regarding each department's role in the development and implementation of accurate Facility Ratings for VEPCO's Electric Transmission facilities. Finally, the comprehensive review between our operating One Lines, SAP work management database and Facility Ratings Database (Step 5) aligns all the resources with the field. Implementation of these Mitigation Plan steps will minimize the chance of a future recurrence.

[Attachments \(\)](#)

SECTION F: AUTHORIZATION

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

- a) Submits this Mitigation Plan for acceptance by SERC and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 - I am John Loftis of Virginia Electric and Power Company (DP, LSE, TO)
 - I am qualified to sign this Mitigation Plan on behalf of Virginia Electric and Power Company (DP, LSE, TO)
 - I understand Virginia Electric and Power Company (DP, LSE, TO)'s obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4 (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation (NERC CMEP))
 - I have read and am familiar with the contents of this Mitigation Plan
 - Virginia Electric and Power Company (DP, LSE, TO) agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by SERC and approved by NERC

SECTION G: REGIONAL ENTITY CONTACT

SERC Single Point of Contact (SPOC)

This item was signed by John Loftis (john.loftis@dom.com) on 9/9/2015

This item was marked ready for signature by Larry Nash (larry.nash@dom.com) on 9/9/2015

MEMBER MITIGATION PLAN CLOSURE

All Mitigation Plan Completion Certification submittals shall include data or information sufficient for SERC to verify completion of the Mitigation Plan. SERC may request such additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6) Data or information submitted may become part of a public record upon final disposition of the possible violation, therefore any confidential information contained therein should be marked as such in accordance with the provisions of Section 1500 of the NERC Rules of Procedure.

Name of Registered Entity submitting certification:

Virginia Electric and Power Company (DP, LSE, TO)

Name of Standard of mitigation violation(s):

FAC-009-1

Requirement	Tracking Number	NERC Violation ID
R1.	SERC2014-402077	SERC2014014142

Date of completion of the Mitigation Plan:

9/1/2015

[1. Ensure 42 Line Facility Ratings equal the most limiting element](#)

Milestone Completed (Due: 3/5/2014 and Completed 3/5/2014)

[Attachments \(1\)](#)

Once it was recognized that the 42 Line Facility Ratings were inconsistent with the most limiting element, a Thermal Equipment Ratings Monitor (TERM) Ticket was submitted to PJM on March 5, 2014 to de-rate the line rating, which corrected the inconsistency. This date marked the end of the Potential Violation..

[2. Establish and implement new Project Management internal control](#)

Milestone Completed (Due: 7/1/2014 and Completed 7/1/2014)

[Attachments \(2\)](#)

The Project Manager (PM) and Field Construction Coordinator (FCC) are to confirm the project is built per latest construction one-line (verifying equipment ratings) post energization. The PM will sign the latest construction one-line title-block confirming the project was built and energized per construction one-line prior to execution of the Systems Applications and Products (SAP) work management Test & Energize (T&E) task

[3. Establish and implement new System Protection internal control:](#)

Milestone Completed (Due: 8/27/2014 and Completed 8/27/2014)

[Attachments \(2\)](#)

Upon receipt of the SAP Test & Energize completion notification, System Protection will review the status of any outstanding Work Orders and release Final Load Limits to Electric Transmission Planning upon Work Order completion. If no Work Orders were required, System Protection can release Final Load Limits to Electric Transmission Planning upon receipt of the SAP T&E Notification.

[4. Conduct Facility Rating Workflow training:](#)

Milestone Completed (Due: 10/15/2014 and Completed 9/18/2014)

[Attachments \(2\)](#)

Provide general awareness training to applicable Electric Transmission employees to ensure a better understanding of Electric Transmission's multi-departmental Facility Rating Workflow process.

[6. Provide update to SERC on status of mitigation plan, step 5.](#)

Milestone Completed (Due: 1/15/2015 and Completed 1/7/2015)

[Attachments \(1\)](#)

Provide status of mitigation plan, step 5.

[7. Provide update to SERC on status on mitigation plan, step 5.](#)

Milestone Completed (Due: 4/15/2015 and Completed 4/7/2015)

[Attachments \(1\)](#)

Provide update on status of mitigation plan, step 5.

[8. Provide update to SERC on status of mitigation plan, step 5.](#)

Milestone Completed (Due: 7/15/2015 and Completed 7/7/2015)

[Attachments \(1\)](#)

Provide update on status of mitigation plan, step 5.

5. Conduct One Line, SAP and Facility Rating Database assessment:

Milestone Completed (Due: 9/1/2015 and Completed 9/1/2015)

[Attachments \(6\)](#)

Conduct a comprehensive review and comparison of One Lines, SAP work management database and Facility Rating Database to determine if similar incidents exist. Perform field checks for any discrepancies and update the appropriate resource. If additional issues are discovered as part of this assessment, VEPCO will report these to SERC as part of this mitigation step.

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

Please refer to each step of the mitigation plan shown above. Each step provides a brief description of the corrective actions taken

Description of the information provided to SERC for their evaluation *

The evidence provided is intended to demonstrate:

1. The corrective actions taken to address the root cause associated with the Facility Ratings noncompliance
2. That the additional discrepancies identified, as part of step 5 in our mitigation plan, have been addressed and the correct Facility Rating has been communicated to PJM (TOP) as reflected in the spreadsheet file (Step 5 – FAC-009-1 Expansion of Scope list 8-31-2015.xlsx).

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