

132 FERC ¶ 62,021
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer To:
Office of Enforcement
Docket No. NP10-20-000
July 6, 2010

Jeffrey M. Trepel
Associate General Counsel and Managing Attorney
Duke Energy Corporation
EC03T/P.O. Box 1006
Charlotte, NC 28201-1006

Dear Mr. Trepel:

1. On December 30, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty in Docket No. NP10-20-000, regarding a \$100,000 penalty that ReliabilityFirst Corporation (RFC) assessed to Duke Energy Corporation (Duke). In the absence of Commission action within thirty (30) days, the penalty would have been affirmed by operation of law.¹
2. The Commission has extended the time period for its consideration of this Notice of Penalty until August 31, 2010.² If no further action is taken by the Commission by that date, the penalty will be deemed affirmed by operation of law.

¹ 18 C.F.R. § 39.7(e) (1) (2010).

² See *North American Electric Reliability Corp.*, 130 FERC ¶ 62,111 (2010) (extension of time for consideration until March 15, 2010, with data requests to NERC and ReliabilityFirst Corporation concerning Docket No. NP10-20-000); *North American Electric Reliability Corp.*, 130 FERC ¶ 61,177 (further extension of time for consideration until April 30, 2010); *North American Electric Reliability Corp.*, 131 FERC ¶ 61,094 (2010) (further extension of time for consideration until August 31, 2010).

3. To facilitate this consideration, pursuant to section 39.2(d) of the Commission's regulations,³ and to authorization by the Commission, I direct Duke to file responses to the enclosed requests for data and documents by August 6, 2010. As appropriate, Duke may seek non-public treatment of information in the responses pursuant to sections 388.112 or 388.113 of the Commission's regulations, 18 C.F.R. §§ 388.112, 388.113 (2010).

4. If you have any questions, please contact Roger Morie at (202) 502-8446.

Sincerely,

Norman C. Bay
Director
Office of Enforcement

Enclosure

cc: Rebecca J. Michael, NERC
Holly A. Hawkins, NERC
Raymond J. Palmieri, ReliabilityFirst Corporation

³ 18 C.F.R. § 39.2(d) (2010).

Enclosure

Data and Document Request to: Duke Energy Corporation

Regarding FERC Docket No. NP10-20-000, the Commission staff requests the following information and documents from Duke Energy Corporation (Duke) concerning each phase of Duke's evaluation of facility clearances described in or pursuant to Paragraphs 31(a) and 31(b) of the Duke-ReliabilityFirst Corporation (RFC) settlement agreement (the Evaluation) and related matters:

1. For all circuits studied in Phases 1, 2, or 3 (the Circuits), please provide:
 - a. the methodology for each phase of Duke's Evaluation.
 - b. an explanation how and why Duke decided to perform this Evaluation, including whether it was in response to RFC's compliance efforts following the vegetation-related sustained outage on circuit 23015 or on circuit 34516; please describe the decision making process, Duke staff levels involved in the decision, and provide all documents related to this decision.
2. State the date on which Duke first budgeted for the Evaluation; also provide documents showing the amount budgeted and the amount spent for any activity related to the evaluation during each fiscal quarter, beginning with the initial quarter.
3. This matter was settled for \$100,000 with RFC. In the April 21, 2010 NERC/RFC Supplemental Filing, Public Version, p. 2, NERC and RFC state, "This penalty reflects Duke Energy's commitment to take actions that not only correct any and all potential FAC-009-1, R1 violations in Duke Energy's System, but also significantly enhance the reliability of Duke Energy's System, and as a result, the Bulk Electric System ("BES")." Please state whether Duke has sought to, or reserved the right or opportunity to, pass through to any of its ratepayers in any jurisdiction any cost or expense related to Duke's Evaluation. If so, please provide documents relating to any such passthrough effort or any such reservation.
4. Relating to circuit 23015, please:
 - a. State whether any employee, consultant or contractor of Duke or Cinergy identified any potential clearance or facility rating issue or any discrepancy between design or as-built facilities for circuit 23015 prior to the 2007 vegetation-related sustained outage that occurred on it. If so, please provide all documents relating to each such identification or any efforts resulting from it. If not, explain why not.

- b. Provide any and all line surveys that would indicate the actual capability or rating of circuit 23015 and any studies or work plans related to clearances on that circuit, conducted either by or for Cinergy or Duke.
5. Relating to circuit 34516, please:
 - a. State when Circuit 34516 was originally built.
 - b. State whether any employee, consultant or contractor of Duke or Cinergy identified any potential clearance or facility rating issue or any discrepancy between design or as-built facilities for circuit 34516 prior to the 2007 vegetation-related sustained outage that occurred on it. If so, please provide all documents relating to each such identification or any efforts resulting from it. If not, explain why not.
 - c. Provide any and all line surveys that would indicate the actual capability or rating of circuit 34516 and any studies or work plans related to clearances on that circuit, conducted either by or for Cinergy or Duke.
 - d. State whether an engineering review was conducted in 2005 related to a proposed increase of operating temperature of the conductor on this line. If so,
 - i. Please describe any increase in operating temperature that was proposed.
 - ii. Please explain the process Duke (or Cinergy) used in 2005 to consider an increase in the thermal rating of a transmission line.
 - iii. Please state whether Duke (or Cinergy) surveyed circuit 34516 as part of the process of considering an increase in its thermal rating. If not, please state why not.
 - iv. Please describe each issue that Duke (or Cinergy) identified as requiring resolution before any increase in the thermal rating of circuit 34516 could be implemented.
 - e. With respect to the area of the 34516 circuit where the 2007 vegetation-related outage occurred, please state (i) the change in elevation to which Duke graded mine spoils, and (ii) the height of the soil and the height of any other material that Duke removed to attain this change in elevation.
 - f. Please state whether Duke found any other clearance issues on circuit 34516 as part of the process to verify the conductor to ground clearances for this line after the vegetation touch (LiDAR Survey). If so, please identify each such issue and state what was required to correct it.
6. For the period from June 18, 2007, with respect to the process for line inspections Duke used previous to its use of LiDAR as set forth in Paragraph 30(a) of the Duke-RFC settlement:

- a. Please provide a description of each process (for foot patrols, aerial patrols or any other inspection method used).
 - b. Please describe items that were inspected during each of these inspections.
 - c. Please state how Duke identified clearance issues during each of these inspections and corrected them. Please identify any issue or finding arising during any of these inspections that would trigger the need for a survey to be performed.

7. Please explain how the use of LiDAR for Duke's Vegetation Management Program as described in Paragraph 30(a) of the Duke-RFC settlement has enhanced or will enhance the usefulness and accuracy of Duke's line rating methodology.

8. For each Circuit that Duke de-rated, either temporarily or permanently, as a result of the Evaluation, please provide all documentation (memos, e-mails, work orders, contractor authorizations, contractor logs, etc.) detailing the time of the initial discovery of vegetation, clearance 1 and/or 2, conductor to ground clearance, rating, or grading issues; the corrective activities undertaken, method of verifying completion and their date of completion or expected completion by Duke. Include as found clearance for each phase, final clearance for each phase, and corrective action taken (grading, tower/pole height adjustment, structure additions, vegetation removal, etc.)

9.
 - a. Describe any amendments or changes made to Duke's Facilities Ratings Methodology from June 18, 2007 to the present.
 - b. Produce all versions of Duke's Facilities Ratings Methodology effective from June 18, 2007 to the present.

10. For each de-rated Circuit identified in response to Question 8, please provide the following information:
 - a. Describe the engineering basis for de-rating the Circuit, the specific temperature and MVA to which the Circuit was de-rated, and the timing of the de-rating, and produce all related documents.
 - b. Provide any documents relating to the identification of any potential clearance or facility rating issue(s) prior to Duke's decision to perform the Evaluation.
 - c. Describe the engineering basis for returning the Circuit to its previous rating or, if Duke decided not to return the Circuit to its previous rating, describe the engineering basis for that decision. Produce all documents relating to either decision.
 - d. Describe any engineering analyses concerning whether National Electric Safety Code clearances were or were not maintained; identify the distance of each clearance discrepancy for each phase where National Electric

- Safety Code clearances were not maintained; and produce any documents relating to any such engineering analysis and clearance discrepancies.
- e. Describe all momentary or sustained outages related to vegetation contacts occurring from June 18, 2007 to the present, including any assigned and/or verified cause and specific information regarding span location of the source of any such outage. Provide any document related to any such outage.
 - f. State whether the Circuit exceeded a System Operating Limit (SOL) and the time frame it was exceeded from the date the Circuit was de-rated to the date it was returned to its previous rating or another rating was established. Produce any documents relating to any instance of exceeding an SOL.
 - g. Identify the date that the Circuit was de-rated or, if applicable, de-energized or re-rated, and the date that each de-rating, de-energization or re-rating was communicated to Duke's Reliability Coordinator, RFC, NERC, and/or FERC and produce any documents relating to any such communication.
 - h. Identify all Duke computer models utilized for analyzing and planning system operations prior to, at the time of, and subsequent to any de-rating, de-energization, or re-rating of the Circuit, and produce any documents relating to the accuracy of any of these models with respect to the Circuit.
 - i. Produce documents relating to the Circuit's Available Transfer Capability ratings and/or Available Flowgate Capability ratings reported or represented to or into any Independent System Operator, Regional Transmission Operator, or similar transmission service market from June 18, 2007 to the present.
 - j. If any de-rate or de-energization identified in response to this question required or produced a de-rate or de-energization of any other circuit or facility, identify and produce documents relating to each such circuit's or facility's Available Transfer Capability and/or Available Flowgate Capability ratings reported or represented to or into any Independent System Operator, Regional Transmission Operator, or similar transmission service market.
 - k. State whether Duke or any other person or entity analyzed or inquired whether any possible violations of reliability standards preceded, related to, or were corrected by Duke's evaluation efforts of the Circuit and, if so, provide all documents relating to any such analysis or inquiry.
11. During the period from January 2008 through December 2009, please identify each date on which a representative of Duke communicated to any RFC representative any information relating to a potential or actual clearance or facility rating issue discovered or obtained through the Evaluation or other observations. For each such communication on that date, please:

- a. identify each participant in the communication, the location and means of the communication (such as in-person meeting, telephone communication, or e-mail), the substance of the communication and of any response to it by an RFC representative; and
- b. provide any documents relating to or describing the communication or any response to it by an RFC representative.

12. At page 3 of the April 21, 2010 NERC/RFC Supplemental Filing, Public Version, NERC and RFC state that the results of Phases 1 and 2 of the Evaluation indicate that certain circuits were de-rated as a result of the engineering analysis but that another component was limiting the operation of those circuits, so that the de-rating did not impact the operation of these circuits. Please describe, if not previously stated in response to this data request, the impact that de-rating had on each Circuit for which another component did not so limit the operation of that Circuit.

Document Content(s)

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