



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 31, 2009

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

**Re: NERC Notice of Penalty regarding Pacific Gas and Electric Company, FERC Docket
No. NP09-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Pacific Gas and Electric Company (PG&E),² NERC Registry ID NCR05299,³ 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 of NERC's Compliance Monitoring and Enforcement Program (CMEP).⁴

This Notice of Penalty is being filed with the Commission because, based on information from Western Electricity Coordinating Council (WECC), PG&E does not dispute the alleged violation of FAC-003-1 Requirement (R) 2. WECC and PG&E have entered into a Settlement Agreement in which PG&E has agreed to the proposed penalty of one hundred-thousand dollars (\$100,000) to be assessed to PG&E, in addition to other remedies that include mitigation actions and actions to prevent recurrence and to promote prospective compliance required under the terms and conditions of the Settlement Agreement. WECC and PG&E have entered into the 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 violation at issue in this Notice of Penalty. Accordingly, the alleged violation identified as NERC Violation Tracking Identification Number WECC200800930 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2008). *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).

² PG&E referred to in this filing is registered on the NERC Compliance Registry under the NERC ID # NCR05299, and is registered within the WECC Region.

³ PG&E was included on the NERC Compliance Registry on June 17, 2007 as a Distribution Provider, Generator Owner, Generator Operator, Load-Serving Entity, Purchase-Selling Entity, Resource Planner, Transmission Owner, Transmission Operator and Transmission Planner and is subject to the requirements of the NERC Reliability Standard set forth herein.

⁴ See 18 C.F.R § 39.7(c)(2).

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement (attachment b) executed on April 15, 2009 by and between WECC and PG&E, hereinafter referred to collectively as the “Parties” or singularly as a “Party” and the Supplemental Record Information document issued by WECC to PG&E on July 7, 2009. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying each alleged violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Standard	Req. (R)	VRF	Total (\$) Penalty
WECC	Pacific Gas and Electric Company	NOC-170	WECC200800930	FAC-003-1	2	High	\$100,000

The purpose of Reliability Standard FAC-003-1 is to improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines and vegetation on and along the transmission ROW, and reporting vegetation related outages of the transmission systems to the respective Regional Entities and NERC.

FAC-003-1 R2 requires a Transmission Owner, such as PG&E, to create and implement an annual plan for vegetation management work to ensure the reliability of the system. The plan shall describe the methods used, such as manual clearing, mechanical clearing, herbicide treatment, or other actions. The plan should be flexible enough to adjust to changing conditions, taking into consideration anticipated growth of vegetation and all other environmental factors that may have an impact on the reliability of the transmission systems. Adjustments to the plan shall be documented as they occur. The plan should take into consideration the time required to obtain permissions or permits from landowners or regulatory authorities. Each Transmission Owner shall have systems and procedures for documenting and tracking the planned vegetation management work and ensuring that the vegetation management work was completed according to work specifications. FAC-003-1 R2 has a “High” Violation Risk Factor (VRF).

According to the Settlement Agreement, PG&E submitted a self-report for a violation of FAC-003-1 R1 on June 26, 2008. On July 2, 2008, after discussions with WECC staff, PG&E amended its self-reported violation from FAC-003-1 R1 to FAC-003-1 R3. However, during the settlement discussions, the Parties agreed that the violation was more appropriately a violation of FAC-003-1 R2.

In its June 26, 2008 self-report, PG&E stated that on June 5, 2008, a stalk of a century plant⁵ grew into the Contra Costa-Moraga #1-230 kV line causing it to relay in and out of service. The automatic reclosing feature of the line protection scheme had been cut out for maintenance a day earlier (June 4, 2008), and as a result, the line was down for approximately 37 minutes. There was no interruption of service to customers.

PG&E authorized a manual test, which was made between 35-37 minutes after the initial relay operation, and the manual test result came back as “OK.” The Parties agreed that the outage was not a “sustained” outage as that term is defined by NERC. NERC’s definition of “sustained” includes a transmission line that is de-energized due to a fault or disturbance following an unsuccessful automatic reclosing sequence and/or unsuccessful manual reclosing procedure. Because the outage was not “sustained” and the testing of the automatic reclosing sequence was determined to be “OK,” WECC determined that there was minimal actual impact to the bulk power system, and there was no serious or substantial risk to the reliability of the bulk power system.

PG&E has an approved Transmission Vegetation Management Plan (TVMP) which provides for regular inspection and removal of plants that have the potential to grow into clearance zones. However, unless a century plant is flowering, they are inventoried but not removed. The Contra Costa-Moraga ROW was inspected on April 2, 2008, at which time the inspector identified a cluster of Century Plants and determined that the plants showed no signs of flowering, so the plants were not removed. Upon a subsequent inspection about one month before the incident, the inspector identified growth on an adjacent century plant and made plans for removal of that adjacent plant. The inspector did not note growth on the century plant that was involved in this incident. According to WECC, the physical evidence, including the burnt stalk of the century plant, indicated that the century plant had an unusually high rate of growth and had grown into the area of the line, causing the line to relay.

According to the Settlement Agreement, WECC considered the following factors, in addition to the reasons stated above, to determine the penalty amount: 1) PG&E did not have any previous instances of encroachment of a transmission line by a century plant; 2) PG&E self-reported this violation and demonstrated a commitment to compliance by taking voluntary corrective actions prior to the Mitigation Plan and filing and completing the associated Mitigation Plan; 3) PG&E was cooperative during the investigation and enforcement process; and 4) WECC found no aggravating factors. Specifically, PG&E did not have repeat violations of this Standard or any relevant negative compliance history. PG&E did not fail to complete any applicable compliance directives. Additionally, there was no evidence of any attempt by PG&E to conceal the violation, or any evidence that PG&E’s violation was intentional. Based on these factors, WECC determined that the penalty of \$100,000 was an appropriate financial penalty for the alleged violation of FAC-003-1 R2.

⁵ Century plants are normally five to six feet tall, but once every five to ten years a plant shoots out a single stalk that can reach heights of more than thirty feet in a matter of weeks.

Status of Mitigation Plan

PG&E submitted Mitigation Plan number MIT-08-1040 to address the violation of FAC-003-1 R2 to WECC on July 11, 2008.⁶ The plan was accepted by WECC on September 5, 2008, approved by NERC on May 11, 2009⁷ and was submitted as non-public information to FERC on May 11, 2009 in accordance with FERC orders.

PG&E's Mitigation Plan identified the cause for the FAC-003-1 R2 violation as PG&E's failure to: 1) identify the unusual growth of the century plant at issue; and 2) remove the century plant from the transmission line's ROW. In its Mitigation Plan, PG&E reported that it had already: 1) removed the cluster of century plants in the vicinity of the incident by June 6, 2008; 2) had verified that all century plants identified in the vegetation management database were checked and confirmed as not flowering by July 1, 2008 to eliminate any immediate threat; and 3) had revised its TVMP to provide specific requirements and procedures for the identification and removal of all century plants within transmission ROW through the regular maintenance procedures by July 8, 2008. As a result of this revision, PG&E will patrol and inspect all of its transmission systems on an annual basis and will verify that all century plants are completely removed from the ROW. These mitigating actions will significantly reduce the probability of a flowering spike from a mature plant growing into a transmission circuit. The Mitigation Plan also stated that PG&E would: 1) remove all the century plants in its transmission line ROW; and 2) would provide document communications and training to all affected personnel.

PG&E certified, in a document dated August 28, 2008, that its Mitigation Plan was completed on August 27, 2008.⁸ PG&E certified that it had removed all identified century plants from its ROW by August 25, 2008 and that document communications and training to all affected personnel were completed on August 27, 2008. PG&E's submitted the following evidence to WECC that it completed its Mitigation Plan: 1) a letter dated August 25, 2008 confirming the removal of the identified century plants; 2) PG&E's amended TVMP to include the removal of century plants (Page 2, Section 4); 3) documentation demonstrating communication of the century plant change in its Transmission Patrol Standard, dated July 15, 2008; and 4) documentation of training, including a list of attendees, showing that training was complete as of August 27, 2008. On September 5, 2008, WECC conducted an audit and verified that PG&E completed its Mitigation Plan and was therefore compliant with FAC-003-1 R2. On January 23, 2009, WECC notified PG&E that it reviewed the evidence submitted by PG&E in support of their certification of completion of their Mitigation Plan and determined that PG&E was in compliance with Reliability Standard FAC-003-1.

⁶ The Settlement Agreement incorrectly states that the Mitigation Plan was submitted to WECC on August 30, 2008, instead of July 11, 2008.

⁷ The Mitigation Plan was originally submitted to WECC on July 11, 2008. However, during NERC's review, Staff discovered that PG&E did not check the box under Section A: Compliance Notices & Mitigation Plan Requirements, which the entity is required to check before the Mitigation Plan can be accepted by NERC.

⁸ The Settlement Agreement incorrectly states that the Mitigation Plan was completed on August 30, 2008, instead of August 27, 2008.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed

Basis for Determination

Taking into consideration the Commission's directions in Order No. 693, the NERC Sanction Guidelines, and the Commission's July 3, 2008 Guidance Order,⁹ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on June 10, 2009. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty of \$100,000 against PG&E, in addition to other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violation at issue.

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

1. WECC Staff's conclusion that the alleged violation did not pose a serious or substantial risk to the reliable operation of the bulk power system because, even though the automatic relay had been cut out for maintenance and the line was down for approximately 37 minutes, there was no interruption of power for customers;
2. PG&E has no prior violation of this standard; and
3. PG&E took immediate steps to mitigate the instant violation and prevent any future occurrences due to century plants.

Additionally, PG&E cooperated in a timely manner with WECC Staff during the assessment and agreed to resolve this issue via settlement prior to WECC issuing a Notice of Alleged Violation and Proposed Penalty or Sanction.

For the foregoing reasons, NERC BOTCC approves the Settlement Agreement and believes that the proposed \$100,000 financial penalty is appropriate for the violation and circumstances in question, and consistent with NERC's goal to promote and ensure reliability of the bulk power system.

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.

⁹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

Attachments to be Included as Part of the Notice of Penalty

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

- a) PG&E's Self-Report dated June 26, 2008, as amended on July 2, 2008, included as Attachment a;
- b) Settlement Agreement by and between PG&E and WECC executed on April 15, 2009, included as Attachment b;
- c) PG&E's Mitigation Plan designated as MIT-08-1040 submitted July 11, 2008, included as Attachment c;
- d) PG&E's Certification of Completion of the Mitigation Plan dated August 28, 2008, included as Attachment d; and
- e) WECC's Verification of Completion of the Mitigation Plan, dated January 23, 2009, included as Attachment e.

A Form of Notice Suitable for Publication

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

Notices and Communications

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

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David N. Cook*
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*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.

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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,

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David N. Cook
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cc: Pacific Gas and Electric Company
Western Electricity Coordinating Council

Attachments

Attachment a

**PG&E's Self Reports, dated June 26, 2008 and
July 2, 2008**



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 return to Compliance@WECC.biz

Registered Entity Name: Pacific Gas and Electric Company

Contact Name: John Hagen

Contact Phone: 415-973-7356

Contact email: jhh4@pge.com

Date noncompliance was discovered: June 5, 2008

Date noncompliance was reported: June 26, 2008

Standard Title: Vegetation Management Program

Standard Number: FAC-003

Requirement Number(s)¹: **R1 (R1.2)**

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

On June 5, 2008, the Contra Costa - Moraga #1-230kV line relayed. Vegetation Management was notified by Operations after the event had occurred and PG&E conducted an investigation to determine the cause of the outage. The investigation concluded that a flowering stalk of a Century Plant had encroached upon the clearance 2 zone of the circuit, resulting in a flashover and an outage.

***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 Century Plant was located beneath the Contra Costa-Moraga #1-230 kV line. Prior to the incident, PG&E Vegetation Management had followed its approved Transmission Vegetation

¹ Violations are on a per requirement basis.

Management Plan (TVMP), which provides for regular inspection and removal of plants that have the potential to grow into clearance zones. During a routine patrol in accordance with the TVMP on April 2, 2008, the inspector identified a cluster of Century Plants. Century Plant are normally 5 to 6 feet tall, but once every 5 to 10 years a plant shoots out a single stalk that can reach heights of 30+ feet in a matter of weeks. Under the TVMP, unless a plant is flowering, Century Plants are inventoried with no work prescribed. During the routine patrol, the inspector determined that the plants showed no signs of sprouting, so no work was needed at that time. Upon a subsequent inspection a month before the incident, the inspector identified growth on an adjacent Century Plant and made plans for removal of that adjacent plant, but did not note growth on the Century Plant that was involved in this incident. Based upon the physical evidence of the incident, including that the stalk of the Century Plant was burned back, the investigation concluded that the Century Plant had demonstrated unusually high rate of growth for a Century Plant and grown into the area of the line, causing a clearance 2 zone violation and causing the line to relay.

Describe the reliability impact of this non-compliance:

There is minimal impact to the reliability of the Bulk Electric System due to this non-compliance. The line was down for approximately 37 minutes, and there was no interruption of service to customers. Moreover, PG&E Vegetation Management had followed the procedures set forth in the PG&E approved TVMP, which is designed to prevent clearance violations. In fact, PG&E had never previously had an encroachment of a transmission line by this type of vegetation. The incident occurred as a result of an unusual situation caused by an unusual growth pattern for this specific type of plant, which will be addressed in the PG&E Mitigation Plan, and PG&E Vegetation Management removed the entire identified cluster of Century Plants from the right of way by the day after the incident. In addition, there was NO sustained outage as defined by NERC. NERC defines a sustained outage as "The de-energized condition of a transmission line resulting from a fault or disturbance following an unsuccessful automatic reclosing sequence and/or unsuccessful manual reclosing procedure." The automatic reclosing feature of the line protection scheme had been cut out for maintenance a day earlier. A manual test was authorized and was made 35-37 minutes after the initial relay operation and tested OK.

Expected date of Mitigation Plan submittal: **July 11, 2008**



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 return to Compliance@WECC.biz

Registered Entity Name: Pacific Gas and Electric Company

Contact Name: John Hagen

Contact Phone: 415-973-7356

Contact email: jhh4@pge.com

Date noncompliance was discovered: June 5, 2008

Date noncompliance was reported: June 26, 2008 (Revised on July 2, 2008)

Standard Title: Vegetation Management Program

Standard Number: FAC-003

Requirement Number(s)¹: **R3 (R3.4.1)**

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

On June 5, 2008, the Contra Costa - Moraga #1-230kV line relayed. Vegetation Management was notified by Operations after the event had occurred and PG&E conducted an investigation to determine the cause of the outage. The investigation concluded that a flowering stalk of a Century Plant had encroached upon the clearance 2 zone of the circuit, resulting in a flashover and an outage.

***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 Century Plant was located beneath the Contra Costa-Moraga #1-230 kV line. Prior to the incident, PG&E Vegetation Management had followed its approved Transmission Vegetation

¹ Violations are on a per requirement basis.

Management Plan (TVMP), which provides for regular inspection and removal of plants that have the potential to grow into clearance zones. During a routine patrol in accordance with the TVMP on April 2, 2008, the inspector identified a cluster of Century Plants. Century Plant are normally 5 to 6 feet tall, but once every 5 to 10 years a plant shoots out a single stalk that can reach heights of 30+ feet in a matter of weeks. Under the TVMP, unless a plant is flowering, Century Plants are inventoried with no work prescribed. During the routine patrol, the inspector determined that the plants showed no signs of sprouting, so no work was needed at that time. Upon a subsequent inspection a month before the incident, the inspector identified growth on an adjacent Century Plant and made plans for removal of that adjacent plant, but did not note growth on the Century Plant that was involved in this incident. Based upon the physical evidence of the incident, including that the stalk of the Century Plant was burned back, the investigation concluded that the Century Plant had demonstrated unusually high rate of growth for a Century Plant and grown into the area of the line, causing a clearance 2 zone violation and causing the line to relay.

Describe the reliability impact of this non-compliance:

There is minimal impact to the reliability of the Bulk Electric System due to this non-compliance. The line was down for approximately 37 minutes, and there was no interruption of service to customers. Moreover, PG&E Vegetation Management had followed the procedures set forth in the PG&E approved TVMP, which is designed to prevent clearance violations. In fact, PG&E had never previously had an encroachment of a transmission line by this type of vegetation. The incident occurred as a result of an unusual situation caused by an unusual growth pattern for this specific type of plant, which will be addressed in the PG&E Mitigation Plan, and PG&E Vegetation Management removed the entire identified cluster of Century Plants from the right of way by the day after the incident. In addition, there was NO sustained outage as defined by NERC. NERC defines a sustained outage as "The de-energized condition of a transmission line resulting from a fault or disturbance following an unsuccessful automatic reclosing sequence and/or unsuccessful manual reclosing procedure." The automatic reclosing feature of the line protection scheme had been cut out for maintenance a day earlier. A manual test was authorized and was made 35-37 minutes after the initial relay operation and tested OK.

Expected date of Mitigation Plan submittal: **July 11, 2008**

Attachment b

Settlement Agreement by and between PG&E and WECC, executed April 15, 2009



**SETTLEMENT AGREEMENT
BETWEEN
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
PACIFIC GAS AND ELECTRIC COMPANY
DATED APRIL 15, 2009**

I. INTRODUCTION

The Western Electricity Coordinating Council ("WECC") and Pacific Gas and Electric Company ("PG&E") (sometimes each referred to as a "Party," and collectively as the "Parties"), enter into this Settlement Agreement ("Agreement") to resolve an Alleged Violation by PG&E of a North American Electric Reliability Corporation ("NERC") Reliability Standard. This Alleged Violation arose from PG&E's Compliance Violation Self Report Form for FAC-003-1 R1, dated June 26, 2008, as amended to FAC-003-1 R3 on July 2, 2008.

II. ALLEGED VIOLATION

Through this settlement, the Parties have agreed to resolve PG&E's Alleged Violation of the NERC Reliability Standard outlined below. WECC agreed to conduct an expedited review of the Mitigation Plan for this Alleged Violation, and PG&E agreed to submit the information necessary to close out this Mitigation Plan. As discussed below, the Parties also agreed that the resolution of the Alleged Violation addressed herein and listed below was contingent upon WECC's receipt and approval of a Completed Mitigation Plan for this Alleged Violation.

The Parties agree to stipulate to PG&E's violation of the following NERC Reliability Standard self-reported by PG&E:

FAC-003-1 R2 Transmission Vegetation Management Program

III. BACKGROUND

A. Pacific Gas & Electric

PG&E, a California corporation, is a publicly owned utility engaged in electric energy production, transmission, and distribution in California, as well as other energy-related

businesses. Its corporate headquarters is located at 77 Beale Street, San Francisco, CA 94105.

PG&E owns and operates a 500kV system comprised of 1,328 miles of line; a 230 kV system with a total of 5,420 miles of line; a 115 kV system with a total of 6,218 miles of line. It owns facilities within WECC defined paths, but it is not the Balancing Authority or the path operator. PG&E has placed its electric transmission facilities under the operational control of the California Independent System Operator Corporation.

PG&E is registered on the NERC Compliance Registry for the following functions: Transmission Planner, Transmission Owner, Distribution Provider, Generator Operator, Purchasing-Selling Entity, Transmission Operator, Resource Planner, Generator Owner, and Load Serving Entity.

B. Settlement History

On June 26, 2008, PG&E submitted a Self Report Form for FAC-003-1 R1. Based upon conversations with WECC Staff, on July 2, 2008, PG&E amended the violation self-report to FAC-003-1 R3. During the settlement discussions, WECC and PG&E agreed that the correct requirement for the Alleged Violation is FAC-003-1 R2

WECC did not submit a Notice of Alleged Violation and Proposed Penalty or Sanction (“NAVAPS”) for this Alleged Violation before the Parties conducted their settlement discussions, and consequently, a response to a NAVAPS was not submitted by PG&E.

On September 25, 2008 the Parties met for a settlement conference to discuss the above Alleged Violation. During this settlement conference, the Parties agreed to stipulate to PG&E’s violation of FAC-003-1 R2. Other terms agreed to through settlement are discussed herein.

IV. STIPULATIONS OF THE PARTIES

The Parties enter into this Agreement and agree to the stipulations outlined below in order to avoid uncertainty and to effectuate a complete and final resolution of the issues set forth herein. The Parties agree that this Agreement is in the best interest of the Parties and in the best interest of protecting the reliability of the Bulk Power System (“BPS”). The facts stipulated herein are stipulated solely for the purpose of resolving the matters discussed herein, and do not constitute stipulations or admissions for any other purpose by either Party.

A. Statement of WECC: Summary of Findings and Resolution of the Parties

Alleged Violation of FAC-003-1 R2 Transmission Vegetation Management Program

In order to improve the reliability of the electric transmission systems through prevention of outages from vegetation located on transmission rights-of-way (“ROW”), and in order to minimize outages from vegetation located adjacent to ROW, FAC-003-1 requires that clearances be maintained between transmission lines and vegetation, on and along transmission ROW, and it requires reporting of vegetation related outages of the transmission systems to the respective Regional Reliability Organizations (“RRO”) and the NERC. Requirement 2 of this standard requires that Transmission Owners “create and implement an annual plan for vegetation management.” The annual vegetation management plan shall “be flexible enough to adjust to changing conditions, taking into consideration anticipated growth of vegetation and all other environmental factors that may have an impact on the reliability of the transmission systems.”

PG&E submitted a Compliance Violation Self Report for FAC-003-1 R1, dated June 26, 2008, and PG&E reported therein that on June 5, 2008, an incident occurred with a century plant that was located beneath the Contra Costa-Moraga #1-230 kV line. Specifically, a stalk of the century plant grew into the line causing it to relay. The line was down for approximately 37 minutes, but there was no interruption of service to customers.

Prior to the incident, PG&E Vegetation Management had followed its approved Transmission Vegetation Management Plan (“TVMP”), which provides for regular inspection and removal of plants that have the potential to grow into clearance zones. Under the TVMP, unless a plant is flowering, century plants are inventoried with no work prescribed. During the routine patrol on April 2, 2008, the inspector determined that the plants showed no signs of flowering, so no work was needed at that time. Based upon the physical evidence of the incident, including that the stalk of the century plant was burned back, the investigation concluded that the century plant had demonstrated an unusually high rate of growth for a century plant and grown into the area of the line, causing a Clearance 2 zone violation and causing the line to relay.

PG&E’s Mitigation Plan for this Alleged Violation was submitted on August 30, 2008, and was accepted by WECC on September 5, 2008. Pursuant to this Mitigation Plan, PG&E removed the century plant related to the outage by July 31, 2008, and had removed all identified century plants in its ROW by August 25, 2008. Further, in order to become compliant, PG&E has amended its TVMP to provide for the complete removal of any century plants within PG&E’s transmission line rights of way.

PG&E's Mitigation Plan was completed on August 30, 2008. WECC reviewed PG&E's completion documentation and determined that sufficient evidence of the above outlined actions was provided to find PG&E in compliance with this standard.

Resolution Related to Alleged Violation of FAC-003-1 R2

During settlement discussions, PG&E agreed to admit to the Alleged Violation of FAC-003-1 R2. In addition, the Parties agreed that the Alleged Violation was a Category One vegetation-caused transmission outage. However, the Parties have agreed that the outage was not a "sustained" outage as that term is defined by NERC, or in other words the transmission line was not de-energized due to a fault or disturbance following an unsuccessful automatic reclosing sequence and/or unsuccessful manual reclosing procedure. The automatic reclosing feature of the line protection scheme had been cut out for maintenance a day earlier. A manual test was authorized and was made between 35 and 37 minutes after the initial relay operation, and the manual test result was "OK." Considering that the outage was not "sustained" and that the testing of the automatic reclosing sequence was "OK," WECC determined that there was minimal actual impact to the BPS, and no substantial risk to the reliability of the BPS.

Further, PG&E agreed to remove all century plants from its transmission line rights of way by August 30, 2009. As noted above, by August 25, 2008, PG&E's Vegetation Management had removed all previously-identified century plants from PG&E's transmission line rights of way.

In agreeing to a penalty amount for the Alleged Violation of FAC-003-1 R2, WECC considered the above factors as well as the following: PG&E had never previously had an encroachment of a transmission line by this type of vegetation, PG&E self-reported this violation and demonstrated a commitment to compliance by filing and completing the associated Mitigation plan, PG&E was cooperative in the violation investigation and enforcement process, and WECC found no aggravating factors warranting a higher penalty amount.

Based on the above facts, agreements, and factors, and settlement discussions between the Parties, the Parties have agreed that WECC shall assess a penalty against PG&E for its Alleged Violation of FAC-003-1 R2 in the amount of \$100,000.

B. Statement of PG&E

For purposes of this Agreement, PG&E does not contest the facts set forth above. As agreed to by the Parties, these findings constitute an Alleged Violation of FAC-003-1 R2, as detailed herein. PG&E agrees with WECC that this violation posed no significant risk to the reliability of the BPS.

V. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

For purposes of settling any and all disputes arising from the Alleged Violation addressed in this Agreement, WECC and PG&E agreed that on and after the effective date of this Agreement, PG&E would continue to take whatever steps were necessary to complete a Mitigation Plan for the Alleged Violation addressed in this Agreement. The parties agreed that this Agreement was contingent upon the completion of this Mitigation Plan. WECC has received and reviewed the Completed Mitigation Plan for PG&E's Alleged Violation of FAC-003-1 R2, and found evidence sufficient to demonstrate that PG&E is in compliance.

Based on the penalty amount described above, the Parties agree that PG&E shall pay a total monetary penalty of \$100,000 to WECC, via wire transfer, pursuant to instructions and account information to be provided to PG&E by WECC at a later date.

Such payment shall be made to WECC by PG&E within thirty days after the Agreement is either approved by FERC order or by operation of law after submittal to FERC, and WECC shall inform NERC if the payment is not timely received. If PG&E does not make the monetary penalty payment above, at the time agreed by the parties, then interest payable to WECC will begin to accrue pursuant to FERC's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.

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 Agreement, shall be deemed a violation of the same Alleged Violations that initiated this settlement, and/or additional violation(s), and may subject PG&E to new or additional enforcement, penalty, or sanction actions in accordance with the NERC Rules of Procedure. If PG&E fails to complete the actions described above, WECC reserves the right to assess and collect a monetary penalty, to impose a sanction, or otherwise impose enforcement actions.

VI. ADDITIONAL TERMS

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

WECC 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 WECC and PG&E of their acceptance or rejection. If NERC does not approve the settlement, NERC will provide specific written reasons for such rejection and changes to the settlement that could result in its approval. 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 FERC for FERC's review and approval by order or by operation of law and (ii) publicly post the alleged violations and the terms provided for in the settlement.

This Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.

PG&E agrees that this Agreement, when approved by NERC and FERC, shall represent a final settlement of all matters set forth herein relating to PG&E's Alleged Violation of NERC Standard FAC-003-1 R2 dated June 26, 2008, and PG&E waives its right to further hearings and appeals for this Alleged Violation. WECC reserves all rights to initiate enforcement, penalty, or sanction actions against PG&E in accordance with the NERC Rules of Procedure in the event that PG&E fails to comply with any Mitigation Plan and/or compliance program agreed to in this Agreement. In the event PG&E fails to comply with any of the stipulations, remedies, sanctions, or additional terms, as set forth in this Agreement, WECC will initiate enforcement, penalty, or sanction actions against PG&E to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. PG&E shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to execute and deliver the Agreement on such entity's behalf and does so intending that such entity shall be bound by the terms hereof.

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

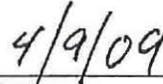
The Agreement may be signed in counterparts.

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

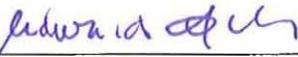
Agreed to and accepted:



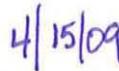
Constance B. White
Vice President of Compliance
WECC



Date



Edward Salas
Senior Vice-President,
Engineering and Operations
PG&E



Date

Attachment c

PG&E's Mitigation Plan designated as MIT-08-1040, submitted July 11, 2008



Mitigation Plan Submittal Form

New or Revised

Date this Mitigation Plan is being submitted: July 11, 2008

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan:

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 the notices 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:

Company Name: Pacific Gas and Electric Company
Company Address: 77 Beale Street, San Francisco, CA 94105
NERC Compliance Registry ID *[if known]*: NCR05299

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

Name: John Hagen
Title: Principal Project Manager
Email: jhh4@pge.com
Phone: 415-973-7356



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

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

C.1 Standard: FAC-003-1
[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. R3.2)	Violation Date ^(*) (MM/DD/YY)
		R.2	06/05/08

(*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by WECC. Questions regarding the date to use should be directed to the WECC.

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

A Century Plant was located beneath the Contra Costa-Moraga #1-230 kV line. Prior to the incident, PG&E Vegetation Management had followed its approved Transmission Vegetation Management Plan (TVMP), which provides for regular inspection and removal of plants that have the potential to grow into clearance zones. During a routine patrol in accordance with the TVMP on April 2, 2008, the inspector identified a cluster of Century Plants. Century Plant are normally 5 to 6 feet tall, but once every 5 to 10 years a plant shoots out a single stalk that can reach heights of 30+ feet in a matter of weeks. Under the TVMP, unless a plant is flowering, Century Plants are inventoried with no work prescribed. During the routine patrol, the inspector determined that the plants showed no signs of sprouting, and no work was required at that time. Upon a subsequent inspection about one month before the incident, the inspector identified growth on an adjacent Century Plant and made plans for removal of that adjacent plant. The inspector did not note growth on the Century Plant that



Western Electricity Coordinating Council



was involved in this incident. Based upon the physical evidence of the incident, including the burnt stalk of the Century Plant, the investigation concluded that the Century Plant had demonstrated an unusually high rate of growth for this plant and grown into the line, causing the line to relay.

[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 violations associated with this Mitigation Plan:

There was minimal impact to the reliability of the Bulk Electric System due to this non-compliance. The line was de-energized for approximately 37 minutes, and there was no interruption of service to customers. Moreover, PG&E's Vegetation Management had followed the procedures set forth in PG&E's approved TVMP, which is designed to prevent clearance violations. PG&E has never had an encroachment of a transmission line by this type of vegetation prior to this event. This incident occurred as a result of a very unusual growth pattern unique to this specific type of plant.

The entire identified cluster of Century Plants was removed from the right of way the day after the incident.

In addition, there was NO sustained outage as defined by NERC. NERC defines a sustained outage as "The de-energized condition of a transmission line resulting from a fault or disturbance following an unsuccessful automatic reclosing sequence and/or unsuccessful manual reclosing procedure." The automatic reclosing feature of the line protection scheme had been cut out for maintenance a day earlier. A manual test was authorized and was made 35-37 minutes after the initial relay operation and tested OK.

[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:

This species of vegetation is generally about 5 to 6 six feet high for the majority of its life. It has an approximate life span of 25 years and blooms only once



Western Electricity Coordinating Council



during that time. When it blooms, the plant produces one rapidly growing flower stalk that can grow over 30 feet within months, and then dies. These life cycle characteristics limit options when considering an efficient and complete resolution. It has been determined that complete removal of century plants within the right of way is the best option to ensure reliability. To implement the Mitigation Plan, the Transmission Program Manager requires the removal of all Century plants that have the capability to produce a flower stalk tall enough to reach the compliance zone of any Bulk Electric System circuit. To fulfill this requirement the mitigation plan is comprised of four steps:

- 1) Removal of the specific clump that resulted in the Category 1 contact. (COMPLETED on June 6, 2008)

- 2) Determine that all Century plants that have been identified in the vegetation management database as of July 1, 2008, have been checked and verified as not flowering, eliminating any immediate threat (COMPLETED)

- 3) Removal of any Century plant that has been identified in the vegetation management database and verified in step 2. (IN PROGRESS)

- 4) Revise the Pacific Gas and Electric Company TVMP to include specific requirements and procedures for the identification and removal of all Century plants within transmission right of ways. Provide and document communications and training to all affected personnel. (TVMP Revision COMPLETE on July 9, 2008)

[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 violations associated with this Mitigation Plan are corrected:
August 30, 2008

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

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
--------------------	--



Western Electricity Coordinating Council



Removal of any Century plant currently identified in the VM database as of July 1, 2008	July 31, 2008
Revise Pacific Gas and Electric Company TVMP to include specific requirements and procedures for identification and removal of Century plants within transmission right of ways. Provide and document communications and training to all affected personnel	August 30, 2008

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

[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 program modifications shall be completed and documented by August 30, 2008. All currently known Century Plants will be removed from existing transmission right of ways by July 31, 2008. In addition, the modified TVPM requires identification and removal of any new Century Plants through the regular maintenance procedures. PG&E patrols and inspects 100% of its transmission system on an annual basis and will verify that all Century plants are completely removed from the right of ways. This abatement represents an ongoing commitment by PG&E well beyond the completion of the mitigation plan action.

[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 and E.3, 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, 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 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 cluster of Century plants in the vicinity of the incident were removed the day after the incident. Five additional Century plants that have previously been identified and are currently tracked in the VM database will be removed by July 31, 2008.

[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 incurs further violations of the same or similar reliability standards requirements in the future:

Modifications of the TVPM to require complete removal of all Century plants within the right of way, will significantly reduce the probability that a flowering spike from a mature plant can grow up into a transmission circuit.

[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:

PG&E maintains a vigorous audit process to ensure compliance with all standards are being met.

QA Transmission Audit Description:

Vegetation Management - Quality Assurance (QA) Transmission audits examine tree-trimming/vegetation management activities within the PG&E service territory. Each audit includes a statistically valid random sample of overhead line miles that are subject to the requirements of the TVMP, California Public Resource Code (PRC) 4293, California Public Utilities Commission General Order (GO) 95-R35, and NERC standards for vegetation management. Audits are performed to provide relative assurance that trees/vegetation on these lines meet or exceed these requirements. Audits also assess compliance with approved VM procedures and processes along with reviewing Pre-Inspection and Tree Trimming contractor's quality of work performance as outlined in applicable contract specifications. Root cause analysis is performed to determine the cause of non-complying locations and used proactively to communicate trends and observations that may lead to future non-compliances. The approved QA Transmission audit procedure implements PG&E UO Guideline G12600 "Vegetation Management Quality Assurance Procedures" and complies with ANSI/ASQC Q10011 guidelines for Auditing Quality Systems and includes a Corrective Action Request (CAR) process that requires remedial/preventive corrective action is taken on any compliance related findings or trends that present a potential risk of future non-compliance.

Audit Scheduling:

The PG&E VM system is comprised of seven (7) areas. All seven areas are audited at least once each calendar year. QA Transmission audits are typically performed in the 2nd and 3rd quarters of the year to avoid safety and access issues. Audit schedules may change based on new information, newly identified risk, or available resources.

QC Transmission Audit Description:

The Quality Control program monitors contractor work for accuracy and quality. These audits are performed by a separate third party contractor. Quality control reviews pre-inspection and tree trim contractors completed work to identify conformance with PG&E process and procedures.

QC Audit Scheduling:

These reviews are performed on a monthly basis for each of the 7 areas within the PG&E system.



[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 Vice President, Engineering and Operations of Pacific Gas and Electric Company.
 2. I am qualified to sign this Mitigation Plan on behalf of Pacific Gas and Electric Company.
 3. I have read and understand Pacific Gas and Electric Company'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(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Pacific Gas and Electric Company 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 Entity Officer Signature: _____

(Electronic signatures are acceptable; see CMEP)

Name (Print): Mark S. Johnson (for Edward A. Salas)

Title: Vice President, Engineering and Operations

Date: July 11, 2008



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]

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer

Email: Jstuart@wecc.biz

Phone: (801) 883-6887



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP1 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. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related 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 this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. WECC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment d

PG&E's Certification of Completion of the Mitigation Plan, dated August 28, 2008



Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Pacific Gas and Electric Company

Standard Title: Vegetation Management Program

Standard Number: FAC-003-1

Requirement Number(s): 2

Actual completion date of Mitigation Plan: August 27, 2008

Check this box to indicate that you understand that the submittal of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

- Remove identified century plants - Complete, letter received on 8/25 ATTACHMENT 1
- Amend TVMP to include removal of century plants - Complete, changes made in TPS v.5.1 7/15/08, Page 2, Section 4, last bullet. ATTACHMENT 2
- Communicate century plant change to TPS - Complete 7/15/08 via conference call tailboard, ATTACHMENT 3
- Document attendees of training - Complete 8/27, documented on spreadsheet ATTACHMENT 4

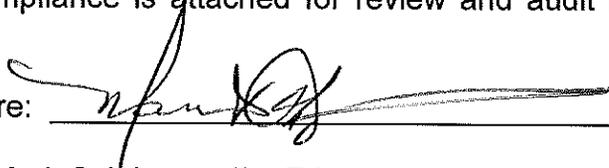
Additional Notes or Comments pertaining to this violation:

All applicable documentation verifying compliance with all Requirements for FAC-003-1 is also attached ATTACHMENT 5.

By endorsement of this document I attest that Pacific Gas and Electric Company is now in full

compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature:

A handwritten signature in black ink, appearing to read 'Mark S. Johnson', is written over a horizontal line. The signature is stylized and cursive.

Authorized Officer's Name: Mark S. Johnson (for Edward A. Salas)

Authorized Officer's Title: Vice President, Electric Operation and Engineering

Date: August 28, 2008

Attachment e

WECC's Verification of Completion of the Mitigation Plan, dated January 23, 2009

CONFIDENTIAL



Bob Kiser
Manager of Compliance Audits and Investigations

360.567.4058
bkiser@wecc.biz

January 23, 2009

John Hagen
Principal Project Manager, Electric System Reliability
Pacific Gas and Electric Company
NCR05299
77 Beale Street
San Francisco, California 94105

Subject: Certification of Completion Response Letter

Dear John Hagen,

The Western Electricity Coordinating Council (WECC) has received Pacific Gas and Electric Company PG&E's Certification of Completion and supporting evidence on 8/30/2008 for PG&E's alleged violation of Reliability Standard FAC-003-1 and Requirement(s) 2. Listed below is the outcome of WECC's official review.

WECC has accepted the Certification of Completion for Requirement(s) 2 of the Reliability Standard FAC-003-1 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 Jay Look at jay@wecc.biz. Thanks for your assistance in this effort.

Sincerely,

Bob Kiser

Bob Kiser
Manager of Audits and
Investigations

BK:cm

cc: Joyce Pefferman, PG&E Manager, Quality Assurance
Lisa Milanese, WECC Manager of Compliance Administration
Jay Look, WECC Senior Compliance Engineer

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Pacific Gas and Electric Company

Docket No. NP09-____-000

NOTICE OF FILING
July 31, 2009

Take notice that on July 31, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Pacific Gas and Electric Company 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