

October 31, 2022

**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 FirstEnergy Utilities as agent for Allegheny Energy Supply Company, L.L.C., American Transmission Systems, Incorporated; The Cleveland Electric Illuminating Company; Jersey Central Power & Light Company; Metropolitan Edison Company; Mid-Atlantic Interstate Transmission; Monongahela Power Company; Ohio Edison Company; Pennsylvania Electric Company; Pennsylvania Power Company; The Potomac Edison Company; The Toledo Edison Company; Trans-Allegheny Interstate Line Company; and West Penn Power Company.**  
**FERC Docket No. NP23\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>1</sup> regarding FirstEnergy Utilities as agent for Allegheny Energy Supply Company, L.L.C., American Transmission Systems, Incorporated; The Cleveland Electric Illuminating Company; Jersey Central Power & Light Company; Metropolitan Edison Company; Mid-Atlantic Interstate Transmission; Monongahela Power Company; Ohio Edison Company; Pennsylvania Electric Company; Pennsylvania Power Company; The Potomac Edison Company; The Toledo Edison Company; Trans-Allegheny Interstate Line Company; and West Penn Power Company (FEU), and referred to herein as the Entity, NERC Registry ID# NCR11315,<sup>2</sup> in accordance with the Federal Energy Regulatory Commission's (Commission or FERC)

---

<sup>1</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards, Order No. 672, 114 FERC ¶ 61,104, order on reh'g, Order No. 672-A, 114 FERC ¶ 61,328 (2006); Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the N. Am. Elec. Reliability Corp., Docket No. RM05-30-000 (February 7, 2008); Mandatory Reliability Standards for the Bulk-Power System, Order No. 693, 118 FERC ¶ 61,218, order on reh'g, Order No. 693-A, 120 FERC ¶ 61,053 (2007).*

<sup>2</sup> The Entity was included on the NERC Compliance Registry as a Distribution Provider (DP), Generator Owner (GO), and a Transmission Owner (TO) on May 30, 2007 and as a Generator Operator (GOP) on January 10, 2008.

**1401 H Street NW Suite 410**  
**Washington, DC 20005**  
**202-400-3000 | [www.nerc.com](http://www.nerc.com)**

NERC Notice of Penalty  
FEU  
October 31, 2022  
Page 2

rules, regulations, and orders, as well as NERC's Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).<sup>3</sup>

NERC is filing this Notice of Penalty, with information and details regarding the nature and resolution of the violations,<sup>4</sup> with the Commission because ReliabilityFirst Corporation (RF) and the Entity have entered into a Settlement Agreement to resolve all outstanding issues arising from RF's determination and findings of the violations of the FAC Reliability Standards listed below.

According to the Settlement Agreement, the Entity neither admits nor denies the violations, but has agreed to the assessed penalty of seven hundred thousand dollars (\$700,000), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement.

### **Statement of Findings Underlying the Violations**

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement, by and between RF and the Entity. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein.

In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2022), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement. Further information on the subject violations is set forth in the Settlement Agreement and herein.

---

<sup>3</sup> See 18 C.F.R § 39.7(c)(2) and 18 C.F.R § 39.7(d).

<sup>4</sup> 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.

NERC Notice of Penalty  
FEU  
October 31, 2022  
Page 3

<b>Violation(s) Determined and Discovery Method</b>								
*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	Risk	Penalty Amount
RFC2019021570	FAC-009-1	R1	Medium/ Severe	TO	SR 5/9/2019	6/18/2007-12/31/2022 (Expected)	Serious	\$700,000
RFC2020023736	FAC-008-3	R8	Medium/ Severe	TO	SR 7/16/2020 4/20/2021	9/20/2016-3/22/2021	Moderate	

Information About the Entity

FEU is a FirstEnergy Corp. (FirstEnergy) affiliated company. FirstEnergy is a diversified energy company headquartered in Akron, Ohio, which includes more than 24,000 miles of transmission lines that connect the Midwest and Mid-Atlantic regions, and a diverse generating fleet with a total capacity of approximately 3,500 MW. FirstEnergy serves approximately six million customers in Ohio, Pennsylvania, New Jersey, New York, West Virginia, and Maryland.

Executive Summary

This Entity self-reported two violations, a serious risk violation of FAC-009-1 R1 and a moderate risk violation of FAC-008-3 R8.

The Entity discovered the FAC-009-1 R1 violation while performing maintenance on one of its 345kV lines and subsequently initiated an extent of condition (EOC) review to determine if there were any other incorrect Facility Ratings, including walk downs of all its Facilities in scope of the Standard. The Entity expects to complete all walk downs by December 31, 2022. As of April 28, 2022, the Entity was 89% complete with its walk downs; the Entity had identified inaccuracies in the ratings of 443 (or approximately 35%) of its Facilities reviewed, reduced the rating for 301 (or approximately 24%) of those Facilities, and increased the rating for 142 (or approximately 11%) of those Facilities.

The Entity discovered the FAC-008-3 R8 violation while communicating with its Transmission Operator (TOP), PJM Interconnection, LLC (PJM), as part of a post-contingency analysis of a real-time post-contingency overload and then performed an EOC that identified additional instances of noncompliance. The Entity found 50 circuit breakers incompletely modeled within the PJM Energy Management System (EMS) distributed throughout its territories; 24 of these the Entity failed to recognize as circuit breakers within its own EMS. The Entity continued its EOC review and submitted a second Self-Report focusing on

NERC Notice of Penalty

FEU

October 31, 2022

Page 4

assessing the ratings accuracy of flow circuit breakers already modeled within the PJM EMS. The Entity identified 38 additional flow circuit breakers that were either containing ratings discrepancies (29) or were entirely absent from the PJM EMS (9).

The Entity's ongoing mitigation is designed to correct Facility Ratings inaccuracies and documentation, provide enhanced internal controls to ensure the accuracy of Facility Ratings, update procedures, improve effectiveness of communication between departments, and provide training on new internal controls and procedures.

RFC2019021570 FAC-009-1 R1 - OVERVIEW

RF determined that the Entity did not maintain accurate Facility Ratings consistent with its Facility Ratings Methodology at Facilities used for the planning and operation of the bulk power system (BPS). Specifically, the Entity had inaccurate information in its Facility Ratings Database on a 345kV line related to a 1,600-amp wave trap that the Entity mistakenly accounted for as a 3,000-amp wave trap in the Transmission Ratings Database. The Entity initiated an EOC and identified incorrect Facility Ratings on 115kV, 138kV, 230kV, 345kV, and 500kV transmission lines. Approximately 76% of the derates occurred on sub-300 kV transmission lines. The derates resulted in Facility Ratings decreasing by a range of approximately 1%-50% (86% of the derates were less than 20%) and the ratings increases resulted in Facility Ratings increasing by a range of approximately 1% to 59% (54% of the ratings increases were less than 10%). The Entity also performed an operational review of the Facilities requiring derates and identified eight Facilities that had been operated above their summer normal Facility Ratings within the past five years (exceedances) with derates up to 38.1%. As of April 28, 2022, the Entity completed 89% of its walk downs and expects to complete the remainder by December 31, 2022. The Entity will provide quarterly reports to RF until it completes walk downs of 100% of its Facilities in scope of the Standard. Attachment 1 includes additional facts regarding the violation.

The causes of this violation were the Entity's inadequate internal controls for ensuring effective communication between departments, lack of an established process to ensure that a field device was actually installed prior to updating the associated drawings, ineffective verification controls to ensure that drawings and associated Facility Ratings were timely updated and accurate, and inadequate change management controls for equipment changes that resulted in missing or misclassified equipment and associated settings in the Entity's Transmission Ratings Database. These causes involve the management practices of asset and configuration management, which includes controlling changes to Facility Ratings, reliability quality management, which includes maintaining a system for identifying and deploying internal controls, and integration, verification, and validation.

NERC Notice of Penalty  
FEU  
October 31, 2022  
Page 5

RF determined that this violation posed a serious risk to the reliability of the BPS. Attachment 1 includes the facts regarding the violation that RF considered in its risk assessment.

The Entity submitted its Mitigation Plan to address the referenced violation, with an expected completion date of December 31, 2022. Attachment 1 and Attachment B to the Settlement Agreement includes a description of the mitigation activities the Entity took and is planning to take to address this violation.

#### RFC2020023736 FAC-008-3 R8 - OVERVIEW

RF determined that the Entity did not provide its Transmission Operator (TOP), PJM, with the most-limiting element in the form of dynamic circuit breaker ratings required for effective real-time analysis and system modeling in violation of FAC-008-3 R8. Specifically, FEU failed to provide the most limiting element for unique circuit breaker configurations in 88 different instances, as reported in two separate Self-Reports, Attachments C and D to the Settlement Agreement. Attachment 1 includes additional facts regarding the violation.

The cause of this violation was insufficient and undefined internal processes addressing Facility Ratings of flow circuit breakers and other circuit breaker types during specific abnormal system conditions. Specifically, as it relates to flow circuit breakers, the Entity had a gap in its process that overlooked the review of breakers for the most limiting element. This cause involves the management practices of grid operations and integration.

RF determined that this violation posed a moderate and not serious or substantial risk to the reliability of the bulk power system (BPS). Attachment 1 includes the facts regarding the violation that RF considered in its risk assessment.

The Entity submitted its Mitigation Activities to address the referenced violation, with an expected completion date of December 31, 2022. Attachment 1 includes a description of the mitigation activities the Entity took and is planning to take to address the referenced violation.

#### Regional Entity's Basis for Penalty

According to the Settlement Agreement, RF has assessed a penalty of seven hundred thousand dollars (\$700,000) for the referenced violations. In reaching this determination, RF considered the following factors:

## NERC Notice of Penalty

FEU

October 31, 2022

Page 6

1. The violation of FAC-009-1 posed a serious or substantial risk, and the violation of FAC-008-3 posed a moderate risk to the reliability of the BPS, as discussed in Attachment 1;
2. The instant violations constitute the Entity's first occurrence of violations of the subject NERC Reliability Standards;<sup>5</sup>
3. The Entity self-reported the violations;
4. The Entity was cooperative throughout the compliance enforcement process;
5. The Entity agreed to settle the violations;
6. There was no evidence of any attempt to conceal a violation nor evidence of intent to do so, and;
7. There were no other mitigating or aggravating factors that would affect the assessed penalty or disposition method.

After consideration of the above factors, RF determined that, in this instance, the penalty amount of seven hundred thousand dollars (\$700,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

### **Statement Describing the Assessed Penalty, Sanction, or Enforcement Action Imposed<sup>6</sup>**

#### **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,<sup>7</sup> NERC Enforcement staff reviewed the applicable requirements of the violations at issue, and considered the factors listed above.

For the foregoing reasons, NERC Enforcement staff approved the resolution between RF and the Entity and believes that the assessed penalty of seven hundred thousand dollars (\$700,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

---

<sup>5</sup> The Entity does not have relevant prior noncompliance with FAC-009-1 or FAC-008-3.

<sup>6</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>7</sup> N. Am. Elec. Reliability Corp., "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); N. Am. Elec. Reliability Corp., "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); N. Am. Elec. Reliability Corp., "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

NERC Notice of Penalty  
FEU  
October 31, 2022  
Page 7

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:

1. Settlement Agreement by and between RF and the Entity executed June 21, 2022, included as Attachment 1;
  - A. The Entity's Self-Report for FAC-009-1 R1 dated May 9, 2019, included as Attachment A to the Settlement Agreement;
  - B. The Entity's Mitigation Plan designated as RFCMIT014639-2 for FAC-00-9-1 R1 submitted January 10, 2020, included as Attachment B to the Settlement Agreement;
  - C. The Entity's Self-Report for FAC-008-3 R8 dated July 16, 2020, included as Attachment C to the Settlement Agreement, and;
  - D. The Entity's second Self-Report for FAC-008-3 R8 dated April 20, 2021, included as Attachment D to the Settlement Agreement.

NERC Notice of Penalty  
 FEU  
 October 31, 2022  
 Page 8

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

<p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Teresina Stasko*          Assistant General Counsel and Director of Enforcement          North American Electric Reliability Corporation          1401 H Street NW, Suite 410          Washington, DC 20005          (202) 400-3000          (202) 644-8099 – facsimile          teresina.stasko@nerc.net</p>
<p>Niki Schaefer*          Vice President &amp; General Counsel  <b>RELIABILITYFIRST CORPORATION</b>          3 Summit Park Drive, Suite 600          Cleveland, OH 44131          niki.schaefer@rfirst.org          216-503-0611 Phone</p>	<p>James McGrane*          Senior Counsel          North American Electric Reliability Corporation          1401 H Street NW, Suite 410          Washington, DC 20005          (202) 400-3000          (202) 644-8099 – facsimile          james.mcgrane@nerc.net</p>
<p>Kristen M. Senk*          Director, Legal &amp; Enforcement  <b>RELIABILITYFIRST CORPORATION</b>          3 Summit Park Drive, Suite 600          Cleveland, OH 44131          kristen.senk@rfirst.org          216-503-0669 Phone</p>	<p>Amy Engstrom*          Associate Counsel          North American Electric Reliability Corporation          1401 H Street NW, Suite 410          Washington, DC 20005          (202) 400-3000          (202) 644-8099 – facsimile          amy.engstrom@nerc.net</p>
<p>Thomas L. Scanlon*          Managing Enforcement Counsel  <b>RELIABILITYFIRST CORPORATION</b>          3 Summit Park Drive, Suite 600          Cleveland, OH 44131          tom.scanlon@rfirst.org          216-503-0658 Phone</p>	
<p>Maxwell Reisinger*          Senior Counsel  <b>RELIABILITYFIRST CORPORATION</b>          3 Summit Park Drive, Suite 600          Cleveland, OH 44131</p>	



NERC Notice of Penalty

FEU

October 31, 2022

Page 9

<p>maxwell.reisinger@rfirst.org 216-503-0664 Phone</p> <p>Anne Rericha* Attorney V <b>FirstEnergy Utilities</b> 76 S. Main Street Akron, Ohio 44308 arericha@firstenergycorp.com 330-374-6550 Phone</p> <p>Doug Hohlbaugh* Director, NERC Compliance <b>FirstEnergy Utilities</b> 341 White Pond Dr. Akron, Ohio 44320 hohlbaughdg@firstenergycorp.com 330-761-5447 Phone</p> <p>Ann Carey* Manager, Reliability Compliance <b>FirstEnergy Utilities</b> 341 White Pond Dr. Akron, Ohio 44320 acarey@firstenergycorp.com 330-384-5535 Phone</p> <p>Olenger L. Pannell* Vice President, Compliance &amp; Regulated Services <b>FirstEnergy Utilities</b> 341 White Pond Drive Akron, OH 44313 pannello@firstenergycorp.com 330-761-4247 Phone</p> <p>Karen Yoder* NERC Consultant</p>	
--	--

NERC Notice of Penalty

FEU

October 31, 2022

Page 10

**FirstEnergy Utilities**

76 S. Main Street

Akron, Ohio 44308

keyoder@firstenergycorp.com

330-315-7008 Phone

NERC Notice of Penalty  
FEU  
October 31, 2022  
Page 11

### **Conclusion**

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

Respectfully submitted,

*/s/ Amy Engstrom*

James McGrane  
Senior Counsel  
Amy Engstrom  
Associate Counsel  
North American Electric Reliability  
Corporation  
1401 H Street NW, Suite 410  
Washington, DC 20005  
(202) 400-3000  
(202) 644-8099 - facsimile  
james.mcgrane@nerc.net  
amy.engstrom@nerc.net

cc: FirstEnergy Utilities  
RF

Attachments