

May 4, 2007

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

Re: *North American Electric Reliability Corporation, Docket No. RR07-____-000*

Dear Ms. Bose:

The North American Electric Reliability Corporation (“NERC”) hereby submits to the Commission for approval the proposed supplemental violation risk factors for certain requirements in NERC’s Version 1 reliability standards included in the NERC reliability standards approved by the Commission in its Order No. 693 issued March 16, 2007. This filing also submits violation risk factors for certain additional Version 1 reliability standards that are awaiting approval by the Commission. NERC also notes that on February 23, 2007, it filed proposed Version 0 violation risk factors for approval by the Commission, which are under consideration in Docket RR07-9; and that on March 23, 2007, it filed proposed Version 1 violation risk factors for approval by the Commission, which are under consideration in Docket RR07-10.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Owen E. MacBride

Owen E. MacBride

Debra Ann Palmer

*Attorneys for
North American Electric Reliability
Corporation*

Attachment

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**NORTH AMERICAN)
ELECTRIC RELIABILITY CORPORATION) Docket No. RR07-__-000**

**REQUEST OF THE
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION
FOR APPROVAL OF SUPPLEMENTAL VIOLATION RISK FACTORS
FOR VERSION 1 RELIABILITY STANDARDS**

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1 RELIABILITY STANDARDS

EXHIBIT B – RECORD OF DEVELOPMENT

EXHIBIT C – FEDERAL REGISTER NOTICE

I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”)¹ hereby submits to the Commission for approval a supplemental list of 24 proposed violation risk factors for the associated requirements in Version 1 reliability standards.² The standards affected are included in the 83 reliability standards the Commission approved in Order No. 693³, or are awaiting Commission ruling. The standards affected are:

- FAC-003-1 — Transmission Vegetation Management Program
- COM-002-2 — Communication and Coordination
- PRC-005-1 — Transmission and Generation Protection System Maintenance and Testing
- FAC-010-1 — System Operating Limits Methodology for the Planning Horizon
- FAC-014-1 — Establish and Communicate System Operating Limits

This filing represents the final set of proposed violation risk factors for all reliability standards that the Commission has approved as mandatory and enforceable in Order No. 693 or that have been filed by NERC for approval and are awaiting Commission ruling.

A violation risk factor has been assigned to each requirement of the Version 1 reliability standards to delineate the relative risk to the bulk power system associated with the violation of each requirement. The violation risk factors alone do not change the meaning or intent of the standards. The violation risk factors will be used by NERC and the regional entities in

¹ NERC has been certified by the Commission as the electric reliability organization (“ERO”) authorized by Section 215 of the Federal Power Act. The Commission certified NERC as the ERO in its order issued July 20, 2006 in Docket No. RR06-1-000. 116 FERC ¶ 61,062 (2006).

² Although nominally referred to as “Version 1” risk factors and “Version 1” reliability standards as a short-hand convenience, NERC observes that certain of the standards and associated risk factors carry a “-2” designation.

³ Order No. 693, Mandatory Reliability Standards for the Bulk Power System, 118 FERC ¶ 61,218 (issued Mar. 16, 2007).

determining financial penalties for violating the standards, as described in Section 4 of the *ERO Sanction Guidelines*, Appendix 4B to the NERC Rules of Procedure.

Exhibit A to this filing presents the supplemental violation risk factors that have been assigned to each requirement in the relevant reliability standards. **Exhibit B** presents the record of development of the supplemental violation risk factors.

II. NOTICES AND COMMUNICATIONS

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

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*Persons to be included on the Commission's service list are indicated with an asterisk.

III. BACKGROUND ON DEVELOPMENT OF VIOLATION RISK FACTORS

The concept of violation risk factors was originally envisioned by the NERC Board of Trustees several years ago as a way to rank the relative importance of standards violations. In 2004, the NERC Compliance and Certification Committee implemented a reporting process that included a plan to refine the descriptions of violations that were to be reported to the NERC Board of Trustees and determine if the violations were significant. In February 2005, the Board asked the NERC Compliance and Certification Committee and the Compliance and Certification Managers Committee to complete the process for classifying compliance violations, so that the Board and the public could better understand the significance of each violation.

In October 2005, the NERC Standards Committee and the Compliance and Certification Committee agreed to a set of definitions and to an approach to develop the violation risk factors within the standards development process. As discussed in NERC's requests for approval of the Version 0 and Version 1 violation risk factors, filed with the Commission on February 23 and March 23, 2007, respectively, a standard drafting team developed proposed violation risk factors for most Version 0 and Version 1 standards' requirements in 2006 that were balloted and approved in early 2007.

However, during a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 violation risk factors, NERC identified that some standards requirements were missing violation risk factors. Of these, NERC determined that 24 requirements missing violation risk factors were included in standards that the Commission approved in Order No. 693 or were standards which have been filed with the Commission for approval but which the Commission has yet to rule on. In the interest of ensuring that every standard that is to become mandatory and enforceable on June 4, 2007 has violation risk factors assigned to its requirements, NERC staff submitted a Standards Authorization Request ("SAR") to the Standards Committee requesting the Standards Committee to utilize its urgent action process for approval of these missing violation risk factors. At its March 14, 2007 meeting and in an executive committee conference call on March 22, 2007, the Standards Committee approved the use of the urgent action process contained in Version 6 of the NERC *Reliability Standards Development Procedure*. As a result, the 22 of the 24 proposed violation risk factors were posted for a 30-day pre-ballot review period beginning March 15, 2007. These included:

- FAC-003-1 — Transmission Vegetation Management Program (20 requirements)
- COM-002-2 — Communication and Coordination (1 requirement)

- PRC-005-1 — Transmission and Generation Protection System Maintenance and Testing (1 requirement)

The remaining two violation risk factors were identified after the initial request to the Standards Committee was made on March 14, 2007. The request to include these two violation risk factors in the urgent action process already underway was approved during the conference call of the Standards Committee's executive committee on March 22, 2007. As a result, on March 23, 2007 these two additional violation risk factors were added as an addendum to the 30-day pre-ballot posting. The standards affected are:

- FAC-010-1 — System Operating Limits Methodology for the Planning Horizon (1 requirement)
- FAC-014-1 — Establish and Communicate System Operating Limits (1 requirement)

NERC staff initiated the SAR and developed the proposed violation risk factor levels for each of the 24 missing requirements. For the 20 missing violation risk factors in the FAC-003-1 reliability standard, NERC staff referred to the violation risk factors that were assigned to the FAC-003-0 version 0 standard requirements for guidance. For the four standards lacking an individual violation risk factor, NERC staff assigned a proposed violation risk factor to maintain consistency with the risk factor assignment for other requirements in the standard. These assignments also were made to comply with the "high", "medium", and "lower" category definitions for violation risk factors.

The 24 supplemental violation risk factors were then balloted during two five-day periods. The initial ballot was conducted from April 16 – 21, 2007. Since negative votes were submitted with accompanying comments, a recirculation ballot was required after responding to the comments. This recirculation ballot was conducted from April 23-27, 2007. The weighted segment average vote of the ballot pool was 90% in the affirmative, with 91% of the ballot pool

participating. These supplemental violation risk factors were then presented to the NERC Board of Trustees for approval at its May 2, 2007 meeting. The NERC Board approved the supplemental violation risk factors and directed that they be filed with the Commission for approval.

Accordingly, this filing presents for Commission approval 24 supplemental violation risk factors for the Version 1 reliability standards. With the submission for approval of these supplemental violation risk factors for the Version 1 reliability standards, every requirement in the 83 NERC reliability standards approved by the Commission in Order No. 693, and every requirement in those standards presently awaiting Commission ruling, has an assigned violation risk factor. Approval of the violation risk factors submitted in this filing will give the ERO and the regional entities the ability to enforce compliance with the reliability standards that the Commission approved in Order No. 693.

Each violation risk factor assignment will be included for review as part of NERC's required five-year review of each reliability standard, or is already included in NERC's three-year standards development work plan.⁴

In addition to the 24 requirements discussed above, NERC identified two additional requirements without an assigned violation risk factor:

- PRC-003-1 Requirement R3
- PRC-014-0 Requirement R3.5

In Order No. 693, the Commission designated reliability standards PRC-003-1 and PRC-014-0 in the category of "pending" until NERC provides further information and/or

⁴ See Informational Filing on the North American Electric Reliability Council's and North American Electric Reliability Corporation's Reliability Standards Development Plan: 2007—2009, filed December 1, 2006 in Docket No. RM06-16.

modifications. Because these two standards will need to undergo further standards actions by NERC before the Commission considers them, the violation risk factors for those standards will be addressed through the routine standards development process and filed with the Commission for approval as soon as they are available.

IV. OVERVIEW OF THE PROPOSED VIOLATION RISK FACTORS

Section 4.1.1 of the *ERO Sanction Guidelines* states that NERC will assign a risk factor of “high”, “medium”, or “lower” to each requirement in a NERC reliability standard. In accordance with this provision of the *ERO Sanction Guidelines*, the violation risk factors associated with reliability standards requirements are placed into one of the following three risk categories:

- **High Risk Requirement** — (a) Is a requirement that, if violated, could directly cause or contribute to bulk power system instability, separation, or a cascading sequence of failures, or could place the bulk power system at an unacceptable risk of instability, separation, or cascading failures; or (b) is a requirement in a planning time frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly cause or contribute to bulk power system instability, separation, or a cascading sequence of failures, or could place the bulk power system at an unacceptable risk of instability, separation, or cascading failures, or could hinder restoration to a normal condition.
- **Medium Risk Requirement** — (a) Is a requirement that, if violated, could directly affect the electrical state or the capability of the bulk power system, or the ability to effectively monitor and control the bulk power system, but is unlikely to lead to bulk power system instability, separation, or cascading failures; or (b) is a requirement in a planning time

frame that, if violated, could, under emergency, abnormal, or restorative conditions anticipated by the preparations, directly affect the electrical state or capability of the bulk power system, or the ability to effectively monitor, control, or restore the bulk power system, but is unlikely, under emergency, abnormal, or restoration conditions anticipated by the preparations, to lead to bulk power system instability, separation, or cascading failures, nor to hinder restoration to a normal condition.

- **Lower Risk Requirement** — Is administrative in nature and (a) is a requirement that, if violated, would not be expected to affect the electrical state or capability of the bulk power system, or the ability to effectively monitor and control the bulk power system; or (b) is a requirement in a planning time frame that, if violated, would not, under the emergency, abnormal, or restorative conditions anticipated by the preparations, be expected to affect the electrical state or capability of the bulk power system, or the ability to effectively monitor, control, or restore the bulk power system.

Violation risk factors represent one element that will be used by NERC and regional entities to determine monetary and non-monetary penalties when a requirement of a reliability standard has been violated. Violation severity levels – lower, moderate, high, and severe – measure the degree to which a requirement was violated. The violation risk factors, coupled with violation severity levels, set the range for the base penalty amount for a violation of a specific requirement.⁵ The violation risk factors represent a key element of the NERC reliability standards and the compliance and enforcement process. The violation risk factors are a

⁵ Appendix A of the *ERO Sanction Guidelines* provides a table illustrating the use of violation risk factors in determining penalties.

determinant of the base range of penalties for violations of requirements in reliability standards, in accordance with the NERC Rules of Procedure.

V. CONCLUSION

NERC respectfully requests that the Commission append these supplemental violation risk factors to the Version 0 and Version 1 violation risk factor filings submitted on February 23, 2007 and March 23, 2007, respectively and, rule on all submitted violation risk factors contemporaneously. This action will provide the opportunity for those standards included in this request that were approved in Order No. 693 (FAC-003-1, COM-002-2, PRC-005-1) to have violation risk factors available for use at the time the reliability standards become mandatory and effective on June 4, 2007. Further, NERC requests that the violation risk factors proposed for approval for the FAC-010-1 and FAC-014-1 reliability standards be acted upon at the time the Commission rules on these standards.

Respectfully submitted,

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Exhibit A
Proposed Supplemental Violation Risk Factors
for Version 1 Reliability Standards

Violation Risk Factors — Supplemental Version 1 Standards Pre-ballot Matrix

The following table lists the Violation Risk Factors (VRFs) for the requirements in the following Version 1 standards that have heretofore not been assigned:

FAC-003-1 – Transmission Vegetation Management Program

COM-002-2 – Communication and Coordination

PRC-005-1 – Transmission and Generation Protection System Maintenance and Testing

FAC-003-1 – Transmission Vegetation Management Program

Justification for Violation Risk Factor Rating: consistent with the risk factor assignment for the version 0 version of this standard, FAC-003-0, all requirements pertaining to the vegetation management program, the annual work plan, and clearances were designated in the “High” category. Requirements pertaining to the tracking and reporting of vegetation-related outages were assigned a “Lower” rating. Additionally, the “HIGH” rating is appropriate when considering the definition of a HIGH violation risk factor: a requirement that if violated could directly lead to or contribute to widespread outages or cascading failures. Clearly, the failure to have a vegetation management program with appropriate clearances, and an annual work plan could directly (and has) contribute to widespread outages.

FAC-003-1	R1	The Transmission Owner shall prepare, and keep current, a formal transmission vegetation management program (TVMP). The TVMP shall include the Transmission Owner’s objectives, practices, approved procedures, and work specifications.	HIGH
FAC-003-1	R1.1	The TVMP shall define a schedule for and the type (aerial, ground) of ROW vegetation inspections. This schedule should be flexible enough to adjust for changing conditions. The inspection schedule shall be based on the anticipated growth of vegetation and any other environmental or operational factors that could impact the relationship of vegetation to the Transmission Owner’s transmission lines.	HIGH
FAC-003-1	R1.2	The Transmission Owner, in the TVMP, shall identify and document clearances between vegetation and any overhead, ungrounded supply conductors, taking into consideration transmission line voltage, the effects of ambient temperature on conductor sag under maximum design loading, and the effects of wind velocities on conductor sway. Specifically, the Transmission Owner shall establish clearances to be achieved at the time of vegetation management work identified herein as Clearance 1, and shall also establish and maintain a set of clearances identified herein as Clearance 2 to prevent flashover between vegetation and overhead ungrounded supply Conductors.	HIGH
FAC-003-1	R1.2.1	Clearance 1 — The Transmission Owner shall determine and document appropriate clearance distances to be achieved at the time of transmission vegetation management work based upon local conditions and the expected time frame in which the Transmission Owner plans to return for future vegetation management work. Local conditions may	HIGH

		include, but are not limited to: operating voltage, appropriate vegetation management techniques, fire risk, reasonably anticipated tree and conductor movement, species types and growth rates, species failure characteristics, local climate and rainfall patterns, line terrain and elevation, location of the vegetation within the span, and worker approach distance requirements. Clearance 1 distance shall be greater than those defined by Clearance 2 below.	
FAC-003-1	R1.2.2	Clearance 2 — The Transmission Owner shall determine and document specific radial clearances to be maintained between vegetation and conductors under all rated electrical operating conditions. These minimum clearance distances are necessary to prevent flashover between vegetation and conductors and will vary due to such factors as altitude and operating voltage. These Transmission Owner-specific minimum clearance distances shall be no less than those set forth in the Institute of Electrical and Electronics Engineers (IEEE) Standard 516-2003 (<i>Guide for Maintenance Methods on Energized Power Lines</i>) and as specified in its Section 4.2.2.3, Minimum Air Insulation Distances without Tools in the Air Gap.	HIGH
FAC-003-1	R1.2.2.1	Where transmission system transient over voltage factors are not known, clearances shall be derived from Table 5, IEEE 516-2003, phase-to-ground distances, with appropriate altitude correction factors applied.	HIGH
FAC-003-1	R1.2.2.2	Where transmission system transient over voltage factors are known, clearances shall be derived from Table 7, IEEE 516-2003, phase-to-phase voltages, with appropriate altitude correction factors applied.	HIGH
FAC-003-1	R1.3	All personnel directly involved in the design and implementation of the TVMP shall hold appropriate qualifications and training, as defined by the Transmission Owner, to perform their duties.	HIGH
FAC-003-1	R1.4	Each Transmission Owner shall develop mitigation measures to achieve sufficient clearances for the protection of the transmission facilities when it identifies locations on the ROW where the Transmission Owner is restricted from attaining the clearances specified in Requirement 1.2.1.	HIGH
FAC-003-1	R1.5	Each Transmission Owner shall establish and document a process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. This is so that action (temporary reduction in line rating, switching line out of service, etc.) may be taken until the threat is relieved.	HIGH
FAC-003-1	R2.	The Transmission Owner shall 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	HIGH

		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	R3.	The Transmission Owner shall report quarterly to its RRO, or the RROs designee, sustained transmission line outages determined by the Transmission Owner to have been caused by vegetation.	LOWER
FAC-003-1	R3.1	Multiple sustained outages on an individual line, if caused by the same vegetation, shall be reported as one outage regardless of the actual number of outages within a 24-hour period.	LOWER
FAC-003-1	R3.2	The Transmission Owner is not required to report to the RRO, or the RRO's designee, certain sustained transmission line outages caused by vegetation: (1) Vegetation related outages that result from vegetation falling into lines from outside the ROW that result from natural disasters shall not be considered reportable (examples of disasters that could create non-reportable outages include, but are not limited to, earthquakes, fires, tornados, hurricanes, landslides, wind shear, major storms as defined either by the Transmission Owner or an applicable regulatory body, ice storms, and floods), and, (2) Vegetation-related outages due to human or animal activity shall not be considered reportable (examples of human or animal activity that could cause a non-reportable outage include, but are not limited to, logging, animal severing tree, vehicle contact with tree, arboricultural activities or horticultural or agricultural activities, or removal or digging of vegetation).	LOWER
FAC-003-1	R3.3	The outage information provided by the Transmission Owner to the RRO, or the RRO's designee, shall include at a minimum: the name of the circuit(s) outaged, the date, time and duration of the outage; a description of the cause of the outage; other pertinent comments; and any countermeasures taken by the Transmission Owner.	LOWER
FAC-003-1	R3.4	An outage shall be categorized as one of the following:	LOWER
FAC-003-1	R3.4.1	Category 1 — Grow-ins: Outages caused by vegetation growing into lines from vegetation inside and/or outside of the ROW;	LOWER
FAC-003-1	R3.4.2	Category 2 — Fall-ins: Outages caused by vegetation falling	LOWER

		into lines from inside the ROW;	
FAC-003-1	R3.4.3	Category 3 — Fall-ins: Outages caused by vegetation falling into lines from outside the ROW.	LOWER
FAC-003-1	R4.	The RRO shall report the outage information provided to it by Transmission Owner's, as required by Requirement 3, quarterly to NERC, as well as any actions taken by the RRO as a result of any of the reported outages.	LOWER

COM-002-2 – Communication and Coordination

Justification for Violation Risk Factor Rating: the “MEDIUM” risk factor designation was selected because, by definition, the requirement, if violated, could directly affect the electrical state or the capability of the bulk power system, or the ability to effectively monitor and control the bulk power system, but is unlikely to lead to bulk power system instability, separation, or cascading failures. In particular, this requirement, if violated, could affect the ability to effectively monitor or control the bulk power system, but by itself, if not likely to lead to widespread or cascading failures.

COM-002-2	R2	Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall issue directives in a clear, concise, and definitive manner; shall ensure the recipient of the directive repeats the information back correctly; and shall acknowledge the response as correct or repeat the original statement to resolve any misunderstandings.	MEDIUM
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PRC-005-1 – Transmission and Generation Protection System Maintenance and Testing

Justification for Violation Risk Factor Rating: To maintain consistency with the risk factor assignment for other requirements in this standard pertaining to the maintenance and testing work plan and the date equipment was last tested and maintained, and to acknowledge that widespread system outages are possible if maintenance and testing is not performed, this requirement was rated “HIGH”.

PRC-005-1	R2.1	Evidence Protection System devices were maintained and tested within the defined intervals.	HIGH
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March 22, 2007

Amendment to Urgent Action SAR for Supplemental V1 Violation Risk Factors

**FAC-010-1 — System Operating Limits Methodology for the Planning Horizon
Violation Risk Factor added for R2.3.2 — MEDIUM**

Justification: All other sub-requirements in R2.3 of this standard included an approved violation risk factor of MEDIUM as is proposed for R2.3.2.

R2.3 Starting with all Facilities in service, the system's response to a single contingency may include any of the following: (Violation Risk Factor: MEDIUM)

R2.3.1 Planned or controlled interruption of electric supply to radial customers or some local network customers connected to or supplied by the Faulted Facility or by the affected area. (Violation Risk Factor: MEDIUM)

R2.3.2 System reconfiguration through manual or automatic control or protection actions. (Violation Risk Factor: MEDIUM)

R2.3.3 To prepare for the next Contingency, system adjustments may be made, including changes to generation, uses of the transmission system, and the transmission system topology. (Violation Risk Factor: MEDIUM)

**FAC-014-1 — Establish and Communicate System Operating Limits
Violation Risk Factor added for R6 — MEDIUM**

Justification: All other sub-requirements in R6 of this standard included an approved violation risk factor of MEDIUM as is proposed for R6.2.

R6. The Planning Authority shall identify the subset of multiple contingencies (if any), from Reliability Standard TPL-003 which result in stability limits. (Violation Risk Factor: MEDIUM)

R6.1. The Planning Authority shall provide this list of multiple contingencies and the associated stability limits to the Reliability Coordinators that monitor the facilities associated with these contingencies and limits. (Violation Risk Factor: MEDIUM)

R6.2. If the Planning Authority does not identify any stability-related multiple contingencies, the Planning Authority shall so notify the Reliability Coordinator. (Violation Risk Factor: MEDIUM)

Exhibit B
Record of Development

Standard Authorization Request Form

Title of Proposed Standard: Violation Risk Factor Development
FAC-003-1 - Transmission Vegetation Management Program - (all requirements)
COM-002-2 - Communication and Coordination - Requirement 2
PRC-005-1 - Transmission and Generation Protection System Maintenance and Testing - Requirement R2.1

Request Date: March 14, 2007

SAR Requester Information

Name: Gerry Adamski	SAR Type (Check one box.)
Company: NERC	<input type="checkbox"/> New Standard
Telephone: 609-452-8060	<input checked="" type="checkbox"/> Revision to Existing Standard
Fax: 609-452-9550	<input type="checkbox"/> Withdrawal of Existing Standard
E-mail: gerry.adamski@nerc.net	<input checked="" type="checkbox"/> Urgent Action

Purpose (Describe the purpose of the proposed standard – what the standard will achieve in support of reliability.)

The purpose of the request is to assign violation risk factors to the requirements contained in FAC-003-1. COM-002-2 and PRC-005-1. This will provide required components to support compliance and enforcement actions relative to these requirements once standards become mandatory and enforceable.

Industry Need (Provide a detailed statement justifying the need for the proposed standard, along with any supporting documentation.)

In order to enforce standards in the era of mandatory standards and enforcement, each requirement in a standard must be assigned a violation risk factor. In its October 2006 notice of proposed rulemaking relative to NERC standards application, FERC identified 83 standards it intends to approve. The final rule is expected to be issued on March 15 that sets the platform for mandatory standards. Each of the requirements identified in this request are included in 1 of the 83 standards and have not been assigned violation risk factors. Therefore, violation risk factors must be assigned in a manner that comports with the June, 2007 target date for the implementation of mandatory standards. These three standards would be incomplete and insufficient for enforcement without this Urgent Action.

Standards Authorization Request Form

Brief Description (Describe the proposed standard in sufficient detail to clearly define the scope in a manner that can be easily understood by others.)

Define violation risk factors for these standards consistent with the risk factor definitions contained in the Reliability Standards Development Procedure.

For the development of violation risk factors for the FAC-003-1 requirements, consider the approved risk factors that were assigned to the version 0 version of the standard – FAC-003-0.

The project is requested to developed in accordance with the urgent action process contained in the Reliability Standard Development Procedure with the following specific timeline:

30 Day Pre-Ballot Review/Comment Period: March 15-April 13, 2007

Initial 5 Day Ballot: April 16-20, 2007

Recirculation Ballot: April 23-27, 2007

Our goal is to present these violation risk factors for NERC BOT approval at its May 2, 2007 meeting.

Reliability Functions

The Standard will Apply to the Following Functions (Check all applicable boxes.)		
<input type="checkbox"/>	Reliability Coordinator	Responsible for the real-time operating reliability of its Reliability Coordinator Area in coordination with its neighboring Reliability Coordinator's wide area view.
<input type="checkbox"/>	Balancing Authority	Integrates resource plans ahead of time, and maintains load-interchange-resource balance within a Balancing Authority Area and supports Interconnection frequency in real time.
<input type="checkbox"/>	Interchange Coordinator	Ensures communication of interchange transactions for reliability evaluation purposes and coordinates implementation of valid and balanced interchange schedules between Balancing Authority Areas.
<input type="checkbox"/>	Planning Coordinator	Assesses the longer-term reliability of its Planning Coordinator Area.
<input type="checkbox"/>	Resource Planner	Develops a >one year plan for the resource adequacy of its specific loads within a Planning Coordinator area.
<input type="checkbox"/>	Transmission Planner	Develops a >one year plan for the reliability of the interconnected Bulk Electric System within its portion of the Planning Coordinator area.
<input type="checkbox"/>	Transmission Service Provider	Administers the transmission tariff and provides transmission services under applicable transmission service agreements (e.g., the pro forma tariff).
<input type="checkbox"/>	Transmission Owner	Owns and maintains transmission facilities.
<input type="checkbox"/>	Transmission Operator	Ensures the real-time operating reliability of the transmission assets within a Transmission Operator Area.
<input type="checkbox"/>	Distribution Provider	Delivers electrical energy to the End-use customer.

Standards Authorization Request Form

<input type="checkbox"/>	Generator Owner	Owns and maintains generation facilities.
<input type="checkbox"/>	Generator Operator	Operates generation unit(s) to provide real and reactive power.
<input type="checkbox"/>	Purchasing-Selling Entity	Purchases or sells energy, capacity, and necessary reliability-related services as required.
<input type="checkbox"/>	Market Operator	Interface point for reliability functions with commercial functions.

NOTE: This process does not change the existing applicability requirements contained in the existing versions of the standard.

Reliability and Market Interface Principles

Applicable Reliability Principles <i>(Check all boxes that apply.)</i>	
x	1. Interconnected bulk power systems shall be planned and operated in a coordinated manner to perform reliably under normal and abnormal conditions as defined in the NERC Standards.
<input type="checkbox"/>	2. The frequency and voltage of interconnected bulk power systems shall be controlled within defined limits through the balancing of real and reactive power supply and demand.
<input type="checkbox"/>	3. Information necessary for the planning and operation of interconnected bulk power systems shall be made available to those entities responsible for planning and operating the systems reliably.
<input type="checkbox"/>	4. Plans for emergency operation and system restoration of interconnected bulk power systems shall be developed, coordinated, maintained, and implemented.
x	5. Facilities for communication, monitoring, and control shall be provided, used, and maintained for the reliability of interconnected bulk power systems.
<input type="checkbox"/>	6. Personnel responsible for planning and operating interconnected bulk power systems shall be trained, qualified, and have the responsibility and authority to implement actions.
x	7. The reliability of the interconnected bulk power systems shall be assessed, monitored, and maintained on a wide-area basis.
<input type="checkbox"/>	8. Bulk power systems shall be protected from malicious physical or cyber attacks.
Does the proposed Standard comply with all of the following Market Interface Principles? (Select 'yes' or 'no' from the drop-down box.)	
Recognizing that reliability is an essential requirement of a robust North American economy:	
1. A reliability standard shall not give any market participant an unfair competitive advantage. Yes	
2. A reliability standard shall neither mandate nor prohibit any specific market structure. Yes	

Standards Authorization Request Form

3. A reliability standard shall not preclude market solutions to achieving compliance with that standard. Yes

4. A reliability standard shall not require the public disclosure of commercially sensitive information. All market participants shall have equal opportunity to access commercially non-sensitive information that is required for compliance with reliability standards. Yes

Detailed Description (Provide enough detail so that an independent entity familiar with the industry could draft a standard based on this description.)

Considering the request for urgent action, please refer to the attached file containing the recommended assignment of violation risk factors for the 30-day pre-ballot/comment review period.

Related Standards

Standard No.	Explanation

Related SARs

SAR ID	Explanation

Regional Variances

Region	Explanation
ERCOT	
FRCC	
MRO	
NPCC	
RFC	
SERC	
SPP	
WECC	

March 15, 2007

TO: REGISTERED BALLOT BODY

Ladies and Gentlemen:

Announcement
Pre-ballot Window and Ballot Pool Opens March 15, 2007

The Standards Committee (SC) announces the following standards actions:

Pre-ballot Window and Ballot Pool for Supplemental Version 1 Violation Risk Factors for Standards Open March 15, 2007

The Standards Committee has authorized use of the Urgent Action process because NERC staff discovered that some requirements in some of the approved Version 1 standards were not assigned violation risk factors. The violation risk factors are proposed for use when determining a penalty or sanction for a violation of the associated requirement and need to be “in place” and ready for use in June 2007. To correct this error, violation risk factors have been drafted for those requirements associated with standards that are expected to become enforceable in June 2007. In accordance with the Urgent Action process in the *Reliability Standards Development Procedure*, these risk factors are posted for a 30-day, pre-ballot review and then will proceed immediately to ballot.

[Supplemental V1 Violation Risk Factors](#) for some of the requirements in the following standards are posted for a 30-day pre-ballot review:

- FAC-003-1 – Transmission Vegetation Management Program
- COM-002-2 – Communication and Coordination
- PRC-005-1 – Transmission and Generation Protection System Maintenance and Testing

A new [ballot pool](#) to vote on this set of violation risk factors has been formed and will remain open up until 8 a.m. (EST) Monday, April 16, 2007. During the pre-ballot window, members of the ballot pool may communicate with one another by using their “ballot pool list server1.” The list server for this ballot pool is called: bp-Supplemental_V1_VRF_in@nerc.com

The initial ballot for this set of violation risk factors will open at 8 a.m. (EDT) on Monday, April 16, 2007.

Standards Development Process

The [Reliability Standards Development Procedure](#) contains all the procedures governing the standards development process. The success of the NERC standards development process depends on stakeholder participation. We extend our thanks to all those who participate. If you have any questions, please contact me at 813-468-5998 or maureen.long@nerc.net.

Sincerely,

Maureen E. Long

cc: Registered Ballot Body Registered Users
Standards Mailing List
NERC Roster

March 23, 2007

TO: REGISTERED BALLOT BODY

Ladies and Gentlemen:

Announcement

Amendment to Pre-Ballot Review: Supplemental Version 1 Violation Risk Factors for Standards

The Standards Committee (SC) announces the following standards actions:

Amendment to Supplemental Version 1 Violation Risk Factors for Standards Posted for Pre-ballot Window that Opened March 15, 2007

The Standards Committee's Executive Committee approved amending the Urgent Action SAR for Supplemental Version 1 Violation Risk Factors to add two more violation risk factors (VRFs) to the set of VRFs posted on March 15, 2007. These two additional VRFs should have been included in the set of VRFs identified with the urgent action SAR so that all mandatory standards have approved VRFs when they become effective.

These two new proposed VRFs have been appended to the original March 15, 2007 pre-ballot review document. The pre-ballot review period will conclude as originally planned on April 14, 2007.

Including the approved amendment, [Supplemental V1 Violation Risk Factors](#) under consideration now include VRFs for some of the requirements in the following standards:

- FAC-003-1 — Transmission Vegetation Management Program
- FAC-010-1 — System Operating Limits Methodology for the Planning Horizon (*new*)
- FAC-014-1 — Establish and Communicate System Operating Limits (*new*)
- COM-002-2 — Communication and Coordination
- PRC-005-1 — Transmission and Generation Protection System Maintenance and Testing

The initial ballot for this entire set of supplemental VRFs will open at 8 a.m. (EDT) on Monday, April 16, 2007.

Standards Development Process

The [Reliability Standards Development Procedure](#) contains all the procedures governing the standards development process. The success of the NERC standards development process depends on stakeholder participation. We extend our thanks to all those who participate. If you have any questions, please contact me at 813-468-5998 or maureen.long@nerc.net.

Sincerely,

Maureen E. Long

cc: Registered Ballot Body Registered Users
Standards Mailing List
NERC Roster

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

Summary Consideration of Comments: While several commenters made suggestions to change one or more of the proposed Violation Risk Factors, there was no consensus to change any one of the ratings, therefore, no changes were made to the violation risk factors in this set of Supplementary Version 1 Violation Risk Factors.

Organization:	AEP Service Corp. -- Transmission System AEP
Member:	Scott P. Moore
Comment:	FAC-003-1 R1.3 should have a "Medium" Violation Risk Factor The presence or lack of personnel meeting position description requirements does not necessarily lead toward cascading failures on the bulk system. FAC-003-1 R2 should have a "Medium" Violation Risk Factor Even without a work plan or its full attainment, there is not necessarily a high risk of bulk system failure. The work plan is administrative in nature and it is the actions or lack thereof in meeting Requirement 1 and the associated sub-requirements that will have an impact on the bulk electric system.
Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards. There was no requirement in FAC-003-0 that required that personnel meet certain criteria – but PER-003-0 has a requirement that system operators meet certain qualifications, and stakeholders rated that requirement in PER-003-0 as 'HIGH.' FAC-003-0 did include a requirement to have a Vegetation Management Program and stakeholders gave this requirement and all its sub-requirements a 'HIGH' rating.	
Organization:	Ameren Services Company
Member:	Kirit S Shah
Comment:	PRC-005-1 (Relay Maintenance and Testing) should have a medium risk factor, not high. Being behind on testing is not critical to system operation nor will it directly lead to widespread system outages. Also testing may require outages taken at opportune times. Forcing testing schedules due to penalties may lead to taking outages at times which may decrease reliability. We agree with the proposed risk factors to COM-002-2(R2) and FAC-003-1.
Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. Regarding PRC-005 - there is a parallel requirement in PRC-017 to have a maintenance and testing program for Special Protection Systems – and stakeholders rated this 'HIGH'.	
Organization:	Bonneville Power Administration
Member:	Donald S. Watkins
Comment:	While BPA believes that the violation risk factor for PRC-005-1 should ultimately be high, we have the following concerns: 1) NERC has not established maximum maintenance intervals for protection systems.

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

	The severity of the violation risk factor is dependent on the intervals that NERC establishes. 2) As Standard PRC-005-1 is being applied now, there is the possibility of unjust sanctions being levied because each utility is able to set their own maintenance requirements. Those utilities who have set higher maintenance standards could be penalized for their inability to keep up with those high standards while those with lesser standards would only be held to their lower requirements. A risk factor of high would maximize the financial penalties for this unevenly applied standard.
Response: As currently written and approved by both NERC and FERC, each entity is allowed to establish its own maintenance schedule under PRC-005-1. While the FERC Order 693 does include a directive for NERC to modify PRC-005 to establish a maximum allowable interval appropriate to the type of protection and the impact to the BES, that modification to PRC-005-1 has not yet begun.	
Organization:	East Kentucky Power Coop.
Member:	George S. Carruba
Comment:	EKPC is registering a negative vote for two reasons: (1) Bundling items for five different standards is not appropriate; and,(2) Violation Risk Factors in FAC-003-1 seem to place more importance on the documentation of an entity's TVMP, than the existence of a TVMP lacking documentation to some degree that is achieving documented performance.
Response: There are 24 VRFs in this ballot – fewer than in any of the Version 1 VRF ballots – only the V0 VRF ballot for Personnel Standards had fewer, with 19 VRFs. Most stakeholders seemed to agree that ‘bundling’ risk factors into a set was appropriate. Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards. FAC-003-0 did include a requirement to have a Vegetation Management Program and stakeholders gave this a ‘HIGH’ rating.	
Organization:	Florida Power & Light Co.
Member:	C. Martin Mennes
Comment:	Due to unnecerrary highs in veg.
Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards.	
Organization:	ITC Transmission
Member:	Brian F. Thumm
Comment:	The Risk Factors in this ballot perpetuate the "importance versus risk" confusion and misapplication. For example, "The TVMP shall define a schedule for and the type (aerial, ground) of ROW vegetation inspections" is not a high risk evolution. Failing to define a schedule will not cause cascading of the system. Failing to follow a schedule, and letting trees grow into the transmission lines, has the potential to cause a

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

	grid problem, but failing to define a schedule does not.
<p>Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards.</p>	
Organization:	Manitoba Hydro
Member:	Robert G. Coish
Comment:	The consequences of violations in the planning horizon should not be considered as being as severe as violations in the operating horizon. For this reason, we cannot support a VRF of Medium for Requirement R2.3.2 in FAC-010-1. With the exception of this VRF in FAC-010-1, we support the remaining VRF assignment in this ballot
<p>Response: The ERO Rules of Procedure include the assignment of VRFs that can be HIGH, MEDIUM or LOWER to both operating and planning-related requirements. The wording of FAC-011-1 R2.3.2 is exactly the same as the wording in FAC-010-1 R2.3.2 – and stakeholders gave FAC-011-1 R2.3.2 a ‘MEDIUM’ rating.</p>	
Organization:	SaskPower
Member:	Wayne Guttormson
Comment:	In general SaskPower believes that the balloted VRF's are set too high. SaskPower understands the difficult and complicated nature of determining VRF's, but the justifications provided seem to be based on subjective qualitative assessments of risk focusing on possible impacts (versus probability and impact) or being consistent, and are not supported with quantifiable assessments.
<p>Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. The Violation Risk Factors included in this set of Supplemental Version 1 Violation Risk Factors were based on stakeholder selections of VRFs for the same or very similar requirements in other standards.</p>	
Organization:	Sierra Pacific Power Co.
Member:	Richard Salgo
Comment:	Objection to the use of "high" risk factor for all of the requirements and sub-requirements of R1 and R2 in FAC-003. While the presence and quality of a vegetation mgmt program may be worthy of a "high" risk factor assignment, many of the sub-requirements such as determination of clearance distances in accordance with applicable standards, use of tables in the IEEE standards, do not pose a high risk to the BES. I do support the use of "high" risk factor for the requirements of having a TVMP, and for notification to TOP of transmission circuits that are being threatened by vegetation. Inadequate vegetation management is only one of many causes of transmission circuit outages, and an outage of one of these circuits, being a single

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

	contingency, should not pose a high risk to the BES.
Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards.	
Organization:	Independent Electricity System Operator
Member:	Don Tench
Comment:	Overall the IESO believes the proposed ranking seem reasonable in all cases with the exception of PRC-005-1 requirement R2.1. PRC-005-1 R2.1 is ranked “HIGH” while requirement R2, which was approved by the NERC Board Under version 0 set, was ranked as “LOWER”. The IESO question the appropriateness of ranking of this sub requirement substantially higher than the main requirement.
Response: There are several instances in the set of VRFs where the main requirement is assigned a VRF that differs from the VRF of one or more of the sub-requirements. Regarding PRC-005 - there is a parallel requirement in PRC-017 to have a maintenance and testing program for Special Protection Systems – and stakeholders rated this ‘HIGH’.	
Organization:	Midwest ISO, Inc.
Member:	Terry Bilke
Comment:	We are voting for this as a show of support of the ERO but believe this does not rise to the level of an Urgent Action item. NERC would still be able to enforce these requirements without the VRF. We believe that Urgent Action should only be used when reliability would truly suffer if something was not done quickly. Of late, Urgent Actions have been used for expedience and we are hoping this practice stops. Also, the need to deal with these stray risk factors is an indication of things slipping through the cracks when too much is trying to be done too quickly. It is our hope we will start worrying more about the quality of the standards as opposed to trying to generate as many new requirements and standards as quickly as possible.
Response: The word ‘may’ in the following sentences from the Reliability Standards Development Procedure Manual implies that the Standards Committee may also use other criteria for assigning a standards action as ‘Urgent’. Under certain conditions, the Standards Committee may designate a proposed standard or revision to a standard as requiring urgent action. Urgent action may be appropriate when a delay in implementing a proposed standard or revision can materially impact the reliability or security of the bulk power systems or be inconsistent with statutory or regulatory requirements for reliability standards, such as by causing adverse impacts on markets or undue discrimination. The Standards Committee voted to move this set of supplemental V1 VRFs forward as an Urgent Action and the minutes of the SC meeting show that this action was approved without opposition or abstention, and that includes your vote to approve the SAR as an Urgent Action.	
Organization:	Bonneville Power Administration
Member:	Rebecca Berdahl

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

<p>Comment:</p>	<p>Although the violation risk factor for PRC-005-1 should ultimately be high, the following areas are of concern: 1) NERC has not established maximum maintenance intervals for protection systems. The severity of the violation risk factor is dependent on the intervals that NERC establishes. 2) As Standard PRC-005-1 is being applied now, there is the possibility of unjust sanctions being levied because each utility is able to set their own maintenance requirements. Those utilities who have set higher maintenance standards could be penalized for their inability to keep up with those high standards while those with lesser standards would only be held to their lower requirements. A risk factor of high would maximize the financial penalties for this unevenly applied standard.</p>
<p>Response: As currently written and approved by both NERC and FERC, each entity is allowed to establish its own maintenance schedule under PRC-005-1. While the FERC Order 693 does include a directive for NERC to modify PRC-005 to establish a maximum allowable interval appropriate to the type of protection and the impact to the BES, that modification to PRC-005-1 has not yet begun.</p>	
<p>Organization:</p>	<p>Constellation Energy</p>
<p>Member:</p>	<p>Carolyn Ingersoll</p>
<p>Comment:</p>	<p>In our review of these Supplements to the Version 1 VRF we have found instances where we feel that the ratings for certain requirements as High VRF in FAC-003-1 relating to the documentation of the TVMP are inappropriate, and though we support the ratings applied to COM-002-2 R2, PRC-005-1 R2.1, FAC-010-1 R2.3, and FAC-014-1 R6, in light of the fact that the ratings applied to each Requirement cannot be voted on individually we are abstaining from voting on the entire package of standards.</p> <p>Our specific concern with the FAC-00-3 is that there are small entities with step up transformers or short radial transmission lines who, under the current NERC Registration Criteria, will be required to register as Transmission Owners and Transmission Operators. As a result they are subject to the requirements in the Transmission Vegetation Management Program even though they have no impact on the Bulk Electric System. Requirement R1 and its sub requirements in FAC-003-1 relate to the documentation of a TVMP and has been assigned a High VRF. The High VRF ratings for all but the requirements pertaining to the tracking and reporting of vegetation-related outages were deemed appropriate because "the failure to have a vegetation management program with appropriate clearances, and an annual work plan could directly (and has) continued to widespread outages." However, there are entities that are now subject to this standard that could not cause widespread outages and are now subject to the significant documentation burdens. CECD agrees that implementing a TVMP is of high importance and requirements associated with implementing a TVMP should be assigned a High VRF. By assigning a High VRF to documentation of the TVMP, which in and of itself does not "directly" lead or cause widespread outages or cascading failures, a significant documentation burden is placed on entities that have minimal implementation requirements. These comments, admittedly,</p>

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

	point to more than a problem with the VRF assigned to the FAC-003-1 Reliability Standard, and we are submitting comments addressing the standards Applicability by seeking revisions that eliminate its application to smaller entities that may be inadvertently or inappropriately subject to these requirements currently.
<p>Response: There is a SAR drafting team working to identify a list of revisions for FAC-003-1 and one of the areas identified is improving the specificity of the facilities that should be addressed by the standard with a goal of ensuring that the standard only applies to facilities that impact the BES. You are encouraged to participate in the comment period (currently open through May 8, 2007 – see comment form at this site: http://www.nerc.com/~filez/standards/Vegetation-Management_Project_2007-7.html) to provide your comments on the SAR for modifications to the Transmission Vegetation Management Standard.</p>	
Organization:	Consumers Energy Co.
Member:	David A. Lapinski
Comment:	Specifying a VRF for FAC-003-1 R3.2 seems unnecessary. It doesn't appear to be possible to violate it since R3.2 is an exemption from a reporting requirement.
<p>Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. When FAC-003 is revised as part of the Reliability Standards Work Plan 2007-2009 (See SAR for Revisions to the Transmission Vegetation Management Standard currently posted for comment at the following site: http://www.nerc.com/~filez/standards/Vegetation-Management_Project_2007-7.html), there will be an opportunity to revise the VRFs.</p>	
Organization:	Lincoln Electric System
Member:	Bruce Merrill
Comment:	LES understands the pressure that NERC is under to have all VRFs approved and sent on to FERC for their review, however, this once again appears to be an improper use of an Urgent Action. Per the current NERC Reliability Standards Development Procedure "Urgent action may be appropriate when a delay in implementing a proposed standard or revision can materially impact the reliability or security of the bulk power systems or be inconsistent with statutory or regulatory requirements for reliability standards, such as by causing adverse impacts on markets or undue discrimination." LES urges that the future use of Urgent Action only be used in the proper manner as defined in the RSDP.
<p>Response: The word 'may' in the sentence quoted implies that the Standards Committee may also use other criteria for assigning a standards action as 'Urgent'. The Standards Committee voted to move this set of supplemental V1 VRFs forward as an Urgent Action and the minutes of the SC meeting show that this action was approved without opposition or abstention.</p>	
Organization:	Manitoba Hydro
Member:	Ronald Dacombe

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

Comment:	The consequences of violations in the planning horizon should not be considered as being as severe as violations in the operating horizon. For this reason, we cannot support a VRF of Medium for Requirement R2.3.2 in FAC-010-1. With the exception of this VRF in FAC-010-1, we support the remaining VRF assignment in this ballot.
Response: The ERO Rules of Procedure include the assignment of VRFs that can be HIGH, MEDIUM or LOWER to both operating and planning-related requirements. The wording of FAC-011-1 R2.3.2 is exactly the same as the wording in FAC-010-1 R2.3.2 – and stakeholders gave FAC-011-1 R2.3.2 a 'MEDIUM' rating.	
Organization:	Wisconsin Electric Power Marketing
Member:	James R. Keller
Comment:	FAC-003-1 R1-R1.5 are assigned a VRF of High, these requirements relate to an entity having a program and specific elements of that program. This should be a Medium VRF as the program itself cannot cause an BES event. PRC-005-1 R2.1 is assigned a VRF of High, this requirement should be medium as a delay in a maintenance schedule again itself cannot cause a BES event.
Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards. FAC-003-0 did include a requirement to have a Vegetation Management Program and stakeholders gave this requirement and all its sub-requirements a 'HIGH' rating. PRC-005 - there is a parallel requirement in PRC-017 to have a maintenance and testing program for Special Protection Systems – and stakeholders rated this 'HIGH'.	
Organization:	Wisconsin Energy Corp.
Member:	Anthony Jankowski
Comment:	FAC-003-1 R1-R1.5 are assigned a VRF of High, these requirements relate to an entity having a program and specific elements of that program. This should be a Medium VRF as the program itself cannot cause an BES event. PRC-005-1 R2.1 is assigned a VRF of High, this requirement should be medium as a delay in a maintenance schedule again itself cannot cause a BES event.
Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards. FAC-003-0 did include a requirement to have a Vegetation Management Program and stakeholders gave this requirement and all its sub-requirements a 'HIGH' rating. PRC-005 - there is a parallel requirement in PRC-017 to have a maintenance and testing program for Special Protection Systems – and stakeholders rated this 'HIGH'.	
Organization:	AEP Service Corp.
Member:	Brock Ondayko

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

Comment:	AEP does not agree with all the risk factors as written in the ballot.
Response: Most stakeholders agreed with the VRFs as proposed so they were not changed.	
Organization:	East Kentucky Power Coop.
Member:	Gerard Bordes
Comment:	EKPC is registering a negative vote for two reasons: (1) Bundling items for five different standards is not appropriate; and (2) Violation Risk Factors in FAC-003-1 seem to place more importance on the documentation of an entity's TVMP, than the existence of a TVMP lacking documentation to some degree that is achieving documented performance.
Response: There are 24 VRFs in this ballot – fewer than in any of the Version 1 VRF ballots – only the V0 VRF ballot for Personnel Standards had fewer, with 19 VRFs. Most stakeholders seemed to agree that ‘bundling’ risk factors into a set was appropriate. Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards. FAC-003-0 did include a requirement to have a Vegetation Management Program and stakeholders gave this requirement and all its sub-requirements a ‘HIGH’ rating.	
Organization:	Gainesville Regional Utilities
Member:	Mark L. Bennett
Comment:	I believe this needs more work , but is a step in the right direction
Response: Thank you for your support.	
Organization:	Lincoln Electric System
Member:	Dennis Florom
Comment:	LES understands the pressure that NERC is under to have all VRFs approved and sent on to FERC for their review, however, this once again appears to be an improper use of an Urgent Action. Per the current NERC Reliability Standards Development Procedure "Urgent action may be appropriate when a delay in implementing a proposed standard or revision can materially impact the reliability or security of the bulk power systems or be inconsistent with statutory or regulatory requirements for reliability standards, such as by causing adverse impacts on markets or undue discrimination." LES urges that the future use of Urgent Action only be used in the proper manner as defined in the RSDP.
Response: The word ‘may’ in the sentence quoted implies that the Standards Committee may also use other criteria for assigning a standards action as ‘Urgent’. The Standards Committee voted to move this set of supplemental V1 VRFs forward as an Urgent Action and the minutes of the SC meeting show that this action was approved without opposition or abstention.	
Organization:	Manitoba Hydro

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

Member:	Mark Aikens
Comment:	The consequences of violations in the planning horizon should not be considered as being as severe as violations in the operating horizon. For this reason, we cannot support a VRF of Medium for Requirement R2.3.2 in FAC-010-1. With the exception of this VRF in FAC-010-1, we support the remaining VRF assignment in this ballot.
Response: The ERO Rules of Procedure include the assignment of VRFs that can be HIGH, MEDIUM or LOWER to both operating and planning-related requirements. The wording of FAC-011-1 R2.3.2 is exactly the same as the wording in FAC-010-1 R2.3.2 – and stakeholders gave FAC-011-1 R2.3.2 a 'MEDIUM' rating.	
Organization:	Wisconsin Electric Power Co.
Member:	Linda Horn
Comment:	FAC-003-1 R1-R1.5 are assigned a VRF of High, these requirements relate to an entity having a program and specific elements of that program. This should be a Medium VRF as the program itself cannot cause an BES event. PRC-005-1 R2.1 is assigned a VRF of High, this requirement should be medium as a delay in a maintenance schedule again itself cannot cause a BES event.
Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards. FAC-003-0 did include a requirement to have a Vegetation Management Program and stakeholders gave this requirement and all its sub-requirements a 'HIGH' rating. PRC-005 - there is a parallel requirement in PRC-017 to have a maintenance and testing program for Special Protection Systems – and stakeholders rated this 'HIGH'.	
Organization:	AEP Service Corp.
Member:	Dana E. Horton
Comment:	AEP recommends a "no" vote on this set of Supplemental Violation Risk Factors and recommends the following two requirements for FAC-003-1 be set to "medium" rather than "high" as is stated in the ballot. FAC-003-1 R1.3 should have a "Medium" Violation Risk Factor The presence or lack of personnel meeting position description requirements does not necessarily lead toward cascading failures on the bulk system. FAC-003-1 R2 should have a "Medium" Violation Risk Factor Even without a work plan or its full attainment, there is not necessarily a high risk of bulk system failure. The work plan is administrative in nature and it is the actions or lack thereof in meeting Requirement 1 and the associated sub-requirements that will have an impact on the bulk electric system.
Response: Most stakeholders agreed with the VRFs as proposed so they were not changed. The risk factors for the FAC-003-1 requirements align with the stakeholder-selected VRFs for the FAC-003-0 or parallel requirements in other Version 0 standards. There was no requirement in FAC-003-0 that required that personnel meet certain criteria – but PER-003-0 has a requirement that system operators meet certain qualifications,	

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

<p>and stakeholders rated that requirement in PER-003-0 as 'HIGH.' FAC-003-0 did include a requirement to have a Vegetation Management Program and stakeholders gave this requirement and all its sub-requirements a 'HIGH' rating.</p>	
Organization:	Bonneville Power Administration
Member:	Brenda S. Anderson
Comment:	<p>While BPA believes that the violation risk factor for PRC-005-1 should ultimately be high, we have the following concerns: 1) NERC has not established maximum maintenance intervals for protection systems. The severity of the violation risk factor is dependent on the intervals that NERC establishes. 2) As Standard PRC-005-1 is being applied now, there is the possibility of unjust sanctions being levied because each utility is able to set their own maintenance requirements. Those utilities who have set higher maintenance standards could be penalized for their inability to keep up with those high standards while those with lesser standards would only be held to their lower requirements. A risk factor of high would maximize the financial penalties for this unevenly applied standard.</p>
<p>Response: As currently written and approved by both NERC and FERC, each entity is allowed to establish its own maintenance schedule under PRC-005-1. While the FERC Order 693 does include a directive for NERC to modify PRC-005 to establish a maximum allowable interval appropriate to the type of protection and the impact to the BES, that modification to PRC-005-1 has not yet begun.</p>	
Organization:	Lincoln Electric System
Member:	Eric Ruskamp
Comment:	<p>LES understands the pressure that NERC is under to have all VRFs approved and sent on to FERC for their review, however, this once again appears to be an improper use of an Urgent Action. Per the current NERC Reliability Standards Development Procedure "Urgent action may be appropriate when a delay in implementing a proposed standard or revision can materially impact the reliability or security of the bulk power systems or be inconsistent with statutory or regulatory requirements for reliability standards, such as by causing adverse impacts on markets or undue discrimination." LES urges that the future use of Urgent Action only be used in the proper manner as defined in the RSDP.</p>
<p>Response: The word 'may' in the sentence quoted implies that the Standards Committee may also use other criteria for assigning a standards action as 'Urgent'. The Standards Committee voted to move this set of supplemental V1 VRFs forward as an Urgent Action and the minutes of the SC meeting show that this action was approved without opposition or abstention.</p>	
Organization:	Manitoba Hydro
Member:	Daniel Prowse
Comment:	<p>The consequences of violations in the planning horizon should not be considered as being as severe as violations in the operating horizon. For this reason, we cannot support a VRF of Medium for Requirement</p>

Consideration of Comments on Initial Ballot of Supplemental Version 1 Violation Risk Factors

	R2.3.2 in FAC-010-1. With the exception of this VRF in FAC-010-1, we support the remaining VRF assignment in this ballot.
Response: The ERO Rules of Procedure include the assignment of VRFs that can be HIGH, MEDIUM or LOWER to both operating and planning-related requirements. The wording of FAC-011-1 R2.3.2 is exactly the same as the wording in FAC-010-1 R2.3.2 – and stakeholders gave FAC-011-1 R2.3.2 a ‘MEDIUM’ rating.	
Organization:	Midwest Reliability Organization
Member:	Larry Brusseau
Comment:	The MRO understands the pressure that NERC is under to have all VRFs approved and sent on to FERC for their review, however, this once again appears to be an improper use of an Urgent Action. Per the current NERC Reliability Standards Development Procedure "Urgent action may be appropriate when a delay in implementing a proposed standard or revision can materially impact the reliability or security of the bulk power systems or be inconsistent with statutory or regulatory requirements for reliability standards, such as by causing adverse impacts on markets or undue discrimination." The MRO urges that the future use of Urgent Action only be used in the proper manner as defined in the RSDP.
Response: The word ‘may’ in the sentence quoted implies that the Standards Committee may also use other criteria for assigning a standards action as ‘Urgent’. The Standards Committee voted to move this set of supplemental V1 VRFs forward as an Urgent Action and the minutes of the SC meeting show that this action was approved without opposition or abstention.	



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Ballot Results	
Ballot Name:	Supplemental Version 1 Violation Risk Factors_in
Ballot Period:	4/16/2007 - 4/21/2007
Ballot Type:	Initial
Total # Votes:	188
Total Ballot Pool:	223
Quorum:	84.30 % The Quorum has been reached
Weighted Segment Vote:	91.29 %
Ballot Results:	The standard will proceed to recirculation ballot.

Summary of Ballot Results									
Segment	Ballot Pool	Segment Weight	Affirmative		Negative		Abstain	No Vote	
			# Votes	Fraction	# Votes	Fraction	# Votes		
1 - Segment 1.		69	1	49	0.803	12	0.197	2	6
2 - Segment 2.		9	0.7	7	0.7	0	0	1	1
3 - Segment 3.		53	1	39	0.951	2	0.049	2	10
4 - Segment 4.		10	0.8	7	0.7	1	0.1	0	2
5 - Segment 5.		39	1	24	0.828	5	0.172	2	8
6 - Segment 6.		23	1	15	0.882	2	0.118	0	6
7 - Segment 7.		2	0.1	1	0.1	0	0	0	1
8 - Segment 8.		4	0.4	4	0.4	0	0	0	0
9 - Segment 9.		6	0.6	6	0.6	0	0	0	0
10 - Segment 10.		8	0.7	7	0.7	0	0	0	1
Totals		223	7.3	159	6.664	22	0.636	7	35

Individual Ballot Pool Results				
Segment	Organization	Member	Ballot	Comments
1	AEP Service Corp. -- Transmission System AEP	Scott P. Moore	Negative	View
1	Allegheny Power	Rodney Phillips	Affirmative	
1	Alliant Energy	Kenneth Goldsmith	Affirmative	
1	AltaLink Management Ltd.	Rick Spyker	Affirmative	
1	Ameren Services Company	Kirit S Shah	Negative	View
1	American Public Power Association	E. Nick Henery	Affirmative	
1	American Transmission Company, LLC	Douglas F. Johnson		
1	Associated Electric Cooperative, Inc.	John Bussman		
1	ATCO Electric	Doug Smeall	Affirmative	
1	Avista Corp.	Scott Kinney	Affirmative	

1	Baltimore Gas & Electric Company	John J. Moraski	Affirmative	
1	Bonneville Power Administration	Donald S. Watkins	Affirmative	View
1	Central Maine Power Company	David Mark Conroy		
1	City of Tallahassee	Gary S. Brinkworth	Negative	
1	Consolidated Edison Co. of New York	Edwin E. Thompson PE	Affirmative	
1	Dairyland Power Coop.	Robert W. Roddy	Abstain	
1	Duke Energy	Doug Hils	Affirmative	
1	East Kentucky Power Coop.	George S. Carruba	Negative	View
1	Empire District Electric Co.	Ralph Frederick Meyer	Affirmative	
1	Entergy Corporation	George R. Bartlett	Affirmative	
1	Exelon Energy	John J. Blazekovich	Affirmative	
1	FirstEnergy Energy Delivery	Robert Martinko	Affirmative	
1	Florida Keys Electric Cooperative Assoc.	Dennis Minton	Affirmative	
1	Florida Power & Light Co.	C. Martin Mennes	Negative	View
1	Gainesville Regional Utilities	Luther E. Fair	Affirmative	
1	Great River Energy	Gordon Pietsch	Affirmative	
1	Hoosier Energy Rural Electric Cooperative, Inc.	Damon Holladay	Affirmative	
1	Hydro One Networks, Inc.	Ajay Garg	Affirmative	
1	ITC Transmission	Brian F. Thumm	Negative	View
1	JEA	Ted E. Hobson		
1	Kansas City Power & Light Co.	Jim Useldinger	Negative	
1	Keyspan LIPA	Richard J. Bolbrock	Affirmative	
1	Lincoln Electric System	Doug Bantam	Affirmative	
1	Manitoba Hydro	Robert G. Coish	Negative	View
1	Minnesota Power, Inc.	Carol Gerou	Affirmative	
1	Municipal Electric Authority of Georgia	Jerry J Tang	Affirmative	
1	National Grid USA	Herbert Schrayshuen	Affirmative	
1	New Brunswick Power Transmission Corporation	Wayne N. Snowdon	Affirmative	
1	New York Power Authority	Ralph Rufrano	Affirmative	
1	Northeast Utilities	David H Boguslawski	Affirmative	
1	Northern Indiana Public Service Co.	Joseph Dobes	Affirmative	
1	Ohio Valley Electric Corp.	Robert Matthey	Negative	
1	Oklahoma Gas and Electric Co.	Melvin H. Perkins		
1	Oncor	Charles W. Jenkins	Affirmative	
1	Otter Tail Power Company	Lawrence R. Larson	Affirmative	
1	Pacific Gas and Electric Company	Chifong L. Thomas	Abstain	
1	PacifiCorp	Robert Williams	Negative	
1	Potomac Electric Power Co.	Richard J. Kafka	Affirmative	
1	PP&L, Inc.	Ray Mammarella	Affirmative	
1	Progress Energy Carolinas	Verne B. Ingersoll	Affirmative	
1	Public Service Company of New Mexico	Keith Nix	Affirmative	
1	Public Service Electric and Gas Co.	Colin Loxley	Affirmative	
1	Sacramento Municipal Utility District	Dilip Mahendra	Affirmative	
1	Salt River Project	Robert Kondziolka	Affirmative	
1	San Diego Gas & Electric	Linda Brown	Affirmative	
1	Santee Cooper	Terry L. Blackwell	Affirmative	
1	SaskPower	Wayne Guttormson	Negative	View
1	Seattle City Light	Christopher M. Turner	Affirmative	
1	Sierra Pacific Power Co.	Richard Salgo	Negative	View
1	Southern California Edison Co.	Dana Cabbell	Affirmative	
1	Southern Company Services, Inc.	Horace Stephen Williamson	Affirmative	

1	Southern Illinois Power Coop.	William G. Hutchison		
1	Southwestern Power Administration	Stanley Mason	Affirmative	
1	Tampa Electric Co.	Paul Michael Davis	Affirmative	
1	Tennessee Valley Authority	Larry G. Akens	Affirmative	
1	Tri-State G & T Association Inc.	Bruce A Sembrick	Affirmative	
1	Westar Energy	Allen Klassen	Affirmative	
1	Western Area Power Administration - CM WACM	Mark E. Fidrych	Affirmative	
1	Xcel Energy, Inc.	Gregory L. Pieper	Affirmative	
2	Alberta Electric System Operator	Anita Lee	Affirmative	
2	British Columbia Transmission Corporation	Phil Park	Affirmative	
2	California ISO	David Hawkins	Affirmative	
2	Independent Electricity System Operator	Don Tench	Affirmative	View
2	ISO New England, Inc.	Kathleen Goodman		
2	Midwest ISO, Inc.	Terry Bilke	Affirmative	View
2	New Brunswick System Operator	Alden Briggs	Affirmative	
2	New York Independent System Operator	Gregory Campoli	Abstain	
2	PJM Interconnection, L.L.C.	Tom Bowe	Affirmative	
3	Alabama Power Company	Robin Hurst	Affirmative	
3	Allegheny Power	Bob Reeping	Affirmative	
3	Arizona Public Service Co.	Thomas R. Glock	Affirmative	
3	Atlantic City Electric Company	James V. Petrella	Affirmative	
3	Avista Corp.	Robert Lafferty	Affirmative	
3	Basin Electric Power Cooperative	Daniel Klempel	Affirmative	
3	Bonneville Power Administration	Rebecca Berdahl	Affirmative	View
3	City Public Service of San Antonio	Edwin Les Barrow		
3	Commonwealth Edison Co.	Stephen Lesniak	Affirmative	
3	Constellation Energy	Carolyn Ingersoll	Abstain	View
3	Consumers Energy Co.	David A. Lapinski	Affirmative	View
3	Delmarva Power & Light Co.	Michael R. Mayer	Affirmative	
3	Dominion Resources, Inc.	Jalal (John) Babik	Affirmative	
3	Duke Energy	Henry Ernst-Jr	Affirmative	
3	Entergy Services, Inc.	Matt Wolf	Affirmative	
3	Farmington Electric Utility System	Alan Glazner	Affirmative	
3	FirstEnergy Solutions	Joanne Kathleen Borrell		
3	Florida Municipal Power Agency	Michael Alexander	Affirmative	
3	Florida Power & Light Co.	W.R. Schoneck	Affirmative	
3	Florida Power Corporation	Lee Schuster	Affirmative	
3	Georgia Power Company	Leslie Sibert	Affirmative	
3	Great River Energy	Sam Kokkinen	Affirmative	
3	Gulf Power Company	William F. Pope	Affirmative	
3	Hydro One Networks, Inc.	Michael D. Penstone	Affirmative	
3	JEA	Garry Baker		
3	Kissimmee Utility Authority	Gregory David Woessner		
3	Lincoln Electric System	Bruce Merrill	Affirmative	View
3	Louisville Gas and Electric Co.	Charles A. Freibert		
3	Manitoba Hydro	Ronald Dacombe	Negative	View
3	MidAmerican Energy Co.	Thomas C. Mielnik	Affirmative	
3	Mississippi Power	Don Horsley	Affirmative	
3	National Rural Electric Cooperative Association	Patricia Metro		
3	New York Power Authority	Christopher Lawrence de Graffenried	Affirmative	
	Niagara Mohawk (National Grid)			

3	Company)	Michael Schiavone	Affirmative	
3	Northern Indiana Public Service Co.	William SeDoris	Affirmative	
3	Oklahoma Gas and Electric Co.	Gary Clear	Affirmative	
3	Orlando Utilities Commission	Ballard Keith Mutters	Affirmative	
3	PECO Energy an Exelon Co.	John J McCawley	Affirmative	
3	Platte River Power Authority	Terry L Baker	Affirmative	
3	Potomac Electric Power Co.	Robert Reuter		
3	Progress Energy Carolinas	Sam Waters	Affirmative	
3	Public Service Electric and Gas Co.	Jeffrey Mueller		
3	Public Utility District No. 2 of Grant County	Greg Lange	Affirmative	
3	Reliant Energy Services	John Meyer	Affirmative	
3	Salt River Project	John T. Underhill	Affirmative	
3	San Diego Gas & Electric	Scott Peterson		
3	Santee Cooper	Zack Dusenbury	Affirmative	
3	SaskPower	Jeff Gienow		
3	Seattle City Light	Dana Wheelock	Affirmative	
3	Tampa Electric Co.	Ronald L. Donahey	Affirmative	
3	Tennessee Valley Authority	Cynthia Herron	Affirmative	
3	Wisconsin Electric Power Marketing	James R. Keller	Negative	View
3	Xcel Energy, Inc.	Michael Ibold	Abstain	
4	Alabama Electric Coop. Inc.	Kenneth Skroback	Affirmative	
4	American Municipal Power - Ohio	Chris Norton	Affirmative	
4	Consumers Energy Co.	David Frank Ronk	Affirmative	
4	Florida Municipal Power Agency	William S. May	Affirmative	
4	Oklahoma Municipal Power Authority	Robin J. Morecroft		
4	Old Dominion Electric Coop.	Mark Ringhausen		
4	Public Utility District No. 2 of Grant County	Kevin J. Conway	Affirmative	
4	Seattle City Light	Hao Li	Affirmative	
4	Seminole Electric Cooperative, Inc.	Steven R. Wallace	Affirmative	
4	Wisconsin Energy Corp.	Anthony Jankowski	Negative	View
5	AEP Service Corp.	Brock Ondayko	Negative	View
5	Alabama Electric Coop. Inc.	Tim Hattaway	Affirmative	
5	APGI - Yadkin Division	Alan Jones	Affirmative	
5	Avista Corp.	Edward F. Groce	Affirmative	
5	BC Hydro and Power Authority	Clement Ma	Affirmative	
5	Black Hills Power	Pamela Pahl	Affirmative	
5	Bonneville Power Administration	Francis J. Halpin	Negative	
5	City Water, Light & Power of Springfield	Karl E. Kohlrus	Affirmative	
5	Conectiv Energy Supply, Inc.	Richard K Douglass	Affirmative	
5	Constellation Generation Group	Michael F. Gildea	Affirmative	
5	Dairyland Power Coop.	Warren Schaefer	Affirmative	
5	Detroit Edison Company	Ronald W. Bauer	Affirmative	
5	Dynegy	Greg A. Mason		
5	East Kentucky Power Coop.	Gerard Bordes	Negative	View
5	Exelon Corporation	Jack Crowley		
5	FirstEnergy Solutions	Kenneth Dresner		
5	Florida Municipal Power Agency	Douglas Keegan	Abstain	
5	Florida Power & Light Co.	Robert A. Birch	Affirmative	
5	Gainesville Regional Utilities	Mark L. Bennett	Affirmative	View
5	Great River Energy	Nathan Domyahn		
5	JEA	Donald Gilbert	Affirmative	
5	Lincoln Electric System	Dennis Florom	Affirmative	View
5	Manitoba Hydro	Mark Aikens	Negative	View
5	Oklahoma Gas and Electric Co.	Kim Morphis	Affirmative	

5	PPL Generation LLC	Mark A. Heimbach	Abstain	
5	Progress Energy Carolinas	Wayne Lewis	Affirmative	
5	PSEG Power LLC	Thomas Piascik		
5	Reedy Creek Energy Services	Bernie Budnik		
5	Reliant Energy Services	Thomas Bradish	Affirmative	
5	Salt River Project	Glen Reeves		
5	Seminole Electric Cooperative, Inc.	Brenda K Atkins	Affirmative	
5	South Carolina Electric & Gas Co.	Richard Jones	Affirmative	
5	Southeastern Power Administration	Douglas Spencer	Affirmative	
5	Southern Company Services, Inc.	Roger Green	Affirmative	
5	Tampa Electric Co.	Bill Smotherman	Affirmative	
5	Tenaska, Inc.	Scott M. Helyer	Affirmative	
5	U.S. Army Corps of Engineers Northwestern Division	Karl Bryan	Affirmative	
5	Wisconsin Electric Power Co.	Linda Horn	Negative	View
5	Xcel Energy, Inc.	Stephen J. Beuning		
6	AEP Service Corp.	Dana E. Horton	Negative	View
6	Black Hills Power	Larry Williamson	Affirmative	
6	Bonneville Power Administration	Brenda S. Anderson	Affirmative	View
6	Consolidated Edison Co. of New York	Rebecca Adrienne Craft	Affirmative	
6	Constellation Energy Commodities Group	Donald Schopp	Affirmative	
6	Dominion Energy Marketing	Lou Oberski		
6	Entergy Services, Inc.	William Franklin	Affirmative	
6	Exelon Power Team	Pulin Shah		
6	FirstEnergy Solutions	Edward C. Stein		
6	Florida Municipal Power Agency	Robert C. Williams		
6	Great River Energy	Donna Stephenson	Affirmative	
6	Lincoln Electric System	Eric Ruskamp	Affirmative	View
6	Manitoba Hydro	Daniel Prowse	Negative	View
6	PP&L, Inc.	Thomas Hyzinski		
6	Progress Energy Carolinas	James Eckelkamp	Affirmative	
6	Public Utility District No. 1 of Chelan County	Hugh A. Owen		
6	Santee Cooper	Suzanne Ritter	Affirmative	
6	Seminole Electric Cooperative, Inc.	Trudy S. Novak	Affirmative	
6	South Carolina Electric & Gas Co.	Matt Hammond	Affirmative	
6	Southern Company Generation and Energy Marketing	J. Roman Carter	Affirmative	
6	Tampa Electric Co.	Jose Benjamin Quintas	Affirmative	
6	Western Area Power Administration - UGP Marketing	John Stonebarger	Affirmative	
6	Xcel Energy, Inc.	David F. Lemmons	Affirmative	
7	Eastman Chemical Company	Lloyd Webb	Affirmative	
7	Praxair Inc.	David Meade		
8	JDRJC Associates	Jim D. Cyrulewski	Affirmative	
8	Missouri Office of Public Counsel	Ryan Kind	Affirmative	
8	North Carolina Utilities Commission Public Staff	Jack Floyd	Affirmative	
8	Other	Michehl R. Gent	Affirmative	
9	California Energy Commission	William Mitchell Chamberlain	Affirmative	
9	Minnesota Public Utilities Commission	Ken Wolf	Affirmative	
9	National Association of Regulatory Utility Commissioners	Diane J. Barney	Affirmative	
9	New York State Public Service Commission	James T. Gallagher	Affirmative	

9	North Carolina Utilities Commission	Sam Watson	Affirmative	
9	Public Utilities Commission of Ohio	Klaus Lambeck	Affirmative	
10	Electric Reliability Council of Texas, Inc.	Sam R. Jones	Affirmative	
10	Florida Reliability Coordinating Council	Linda Campbell	Affirmative	
10	Midwest Reliability Organization	Larry Brusseau	Affirmative	View
10	New York State Reliability Council	Alan Adamson	Affirmative	
10	Northeast Power Coordinating Council, Inc.	Edward A. Schwerdt	Affirmative	
10	ReliabilityFirst Corporation	Timothy R. Gallagher	Affirmative	
10	SERC Reliability Corporation	Gerry W Cauley	Affirmative	
10	Southwest Power Pool	Charles H. Yeung		

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Exhibit C
Federal Register Notice

UNITED STATES OF AMERICA
Before the
FEDERAL ENERGY REGULATORY COMMISSION

NORTH AMERICAN ELECTRIC)
RELIABILITY CORPORATION) **Docket No. RR-_____**

NOTICE OF FILING

Take notice that on May 4, 2007, the North American Electric Reliability Corporation (“NERC”) tendered for filing a request for approval of supplemental violation risk factors for NERC’s Version 1 reliability standards pursuant to Section 215 of the Federal Power Act. Specifically, NERC seeks Commission approval for violation risk factors for requirements (i) in certain Version 1 reliability standards included in the NERC reliability standards approved by the Commission in Order No. 693 issued March 16, 2007, and (ii) in certain additional Version 1 reliability standards that are pending Commission approval. Upon approval, the proposed violation risk factors will be used to determine penalties or sanctions to be imposed on owners, operators and users of the bulk-power system for violations of the associated requirements in NERC reliability standards.

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 and 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. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant. 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: _____

Kimberly D. Bose
Secretary