



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

September 30, 2010

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

Re: NERC Abbreviated Notice of Penalty regarding Kern River Cogeneration Company, FERC Docket No. NP10-__-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Kern River Cogeneration Company (KRCC),¹ with information and details regarding the nature and resolution of the violation² discussed in detail in the Disposition Document attached hereto (Attachment a), in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

On October 16, 2009, KRCC self-reported a violation of VAR-002-1 Requirement (R) 3 to Western Electricity Coordinating Council (WECC) for KRCC's failure to notify its Transmission Operator within 30 minutes of taking its automatic voltage regulator (AVR) out of service. This NOP is being filed with the Commission because KRCC does not dispute the violation of VAR-002-1 R3 and the assessed one thousand dollar (\$1,000) penalty. Accordingly, the violation

¹Also concurrently being filed is a Notice of Penalty designated as NOC-473 regarding a separate Settlement Agreement between Western Electricity Coordinating Council and Edison Mission Marketing & Trading, Inc. (EMMT), for a violation of the same Reliability Standard, albeit different sub-requirements of the Standard. Kern River Cogeneration Company is 50% owned by Edison Mission Energy (EME), a wholly-owned subsidiary of Edison International and EMMT is wholly owned by EME. This Notice of Penalty was done prior to the Commission's August 27, 2010 Guidance Order being issued. WECC did not consider the violations by EMMT, and there is nothing in the record to support that broader corporate issues are implicated.

²For 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.

³*Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2010). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R. § 39.7(c)(2).

identified as NERC Violation Tracking Identification Numbers WECC200901758 is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violation

This NOP incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on January 26, 2010, by WECC. The details of the findings and the basis for the penalty are set forth in the Disposition Document. This NOP filing contains the basis for approval of this NOP by the NERC Board of Trustees Compliance Committee (BOTCC). In accordance with Section 39.7 of the Commission's Regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard at issue in this NOP.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Kern River Cogeneration Company	NOC-471	WECC200901758	VAR-002-1 ⁴	3/3.1	Medium	1,000

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁵

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 and October 26, 2009 Guidance Orders,⁶ the NERC BOTCC reviewed the NOCV and supporting documentation on July 12, 2010. The NERC BOTCC approved the NOCV and the assessment of a one thousand dollar (\$1,000) financial penalty against KRCC based upon WECC's findings and determinations, the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

In reaching this determination, the NERC BOTCC considered the following factors:⁷

1. the violation constituted KRCC's first occurrence of violation of the subject NERC Reliability Standard;
2. KRCC self-reported the violation;

⁴ VAR-002-1 was enforceable from August 2, 2007 through August 27, 2008. VAR-002-1a was approved by the Commission and became enforceable on August 28, 2008. VAR-002-1.1a is the current enforceable Standard as of May 13, 2009. VAR-002-1.1b is awaiting regulatory approval. The subsequent interpretations provide clarity regarding the responsibilities of a registered entity and do not change the meaning or language of the original NERC Reliability Standard and its requirements. For consistency in this filing, the original NERC Reliability Standard, VAR-002-1, is used throughout.

⁵ See 18 C.F.R. § 39.7(d)(4).

⁶ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182.

⁷ KRCC did not receive credit for having a compliance program because it was not reviewed by WECC.

3. WECC reported that KRCC was cooperative throughout the compliance enforcement process;
4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. WECC determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Document; and
6. WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC believes that the assessed penalty of one thousand dollars (\$1,000) is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

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 NOP with the Commission, or, if the Commission decides to review the penalty, upon final determination by the Commission.

Attachments to be included as Part of this Notice of Penalty

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

- a) Disposition of Violation dated July 12, 2010, included as Attachment a;
- b) KRCC's Self-Report for VAR-002-1 R3 dated October 16, 2009, included as Attachment b;
- c) KRCC's Mitigation Plan #MIT-09-2198 for VAR-002-1 R3 submitted October 16, 2009, included as Attachment c;
- d) KRCC's Certification of Mitigation Plan Completion for VAR-002-1 R3 dated December 15, 2009, included as Attachment d; and
- e) WECC's Verification of Mitigation Plan Completion for VAR-002-1 R3 dated April 6, 2010, included as Attachment e.

A Form of Notice Suitable for Publication⁸

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

⁸ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

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

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Alan Dartnell* I & C Supervisor Kern River Cogeneration Company PO Box 80478 Bakersfield, CA 93380 (661) 615-4733 (661) 615-4610 ADDartnell@sycamore.com</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p> <p>Sandy Mooy* Senior Legal Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-7658 (801) 883-6894 – facsimile SMooy@wecc.biz</p>
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Conclusion

Accordingly, NERC respectfully requests that the Commission accept this NOP as compliant with its rules, regulations and orders.

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Sr. Vice President and General Counsel
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/s/ Rebecca J. Michael
Rebecca J. Michael
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(202) 393-3955 – facsimile
rebecca.michael@nerc.net

cc: Kern River Cogeneration Company
Western Electricity Coordinating Council

Attachments

Attachment a

Disposition of Violation dated July 12, 2010

DISPOSITION OF VIOLATION¹

Dated July 12, 2010

NERC TRACKING
NO.

WECC200901758

REGIONAL ENTITY TRACKING
NO.

KRCC_WECC20091952

NOC#

NOC-471

REGISTERED ENTITY

Kern River Cogeneration Company (KRCC)

NERC REGISTRY ID

NCR05204

REGIONAL ENTITY

Western Electricity Coordinating Council (WECC)

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
		X	X											
		6/17/07	6/17/07											

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

KRCC is a cogeneration facility located in the Kern River oilfield near Bakersfield, California. KRCC received original approval in September 1983 from the California Energy Commission (CEC) for a 300 MW cogeneration plant in Kern County, California. The facility consists of four (4) 75 MW (nominal) natural-gas fired General Electric Frame 7EA combustion turbines equipped with dry Low NO_x (DLN) combustors, four (4) unfired heat recovery steam generators (I-IRSGs), each capable of generating up to 450,000 pounds per hour (lb/hr) of steam for delivery to the adjacent oilfield operator for use in enhanced oil recovery and ancillary equipment. KRCC is owned jointly by Chevron (50%) and Edison Mission Energy (50%). A post-certification petition for the operation of two of the four combustion turbines (Units 3 and 4) in simple cycle mode and removal of a requirement to meet explicit cogeneration efficiency criteria was approved by the CEC on April 7, 2004. An additional post-certification petition to extend flexibility for Units 1 and 2 to operate in

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

either simple cycle or cogeneration mode was approved as an insignificant change on January 20, 2006.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
VAR-002-1²	3		Medium	Lower

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

The purpose statement of VAR-002-1 provides: “To ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.”

VAR-002-1 R3 provides:

Each Generator Operator shall notify its associated Transmission Operator as soon as practical, but within 30 minutes of any of the following:

R3.1. A status or capability change on any generator Reactive Power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability.

R3.2. A status or capability change on any other Reactive Power resources under the Generator Operator’s control and the expected duration of the change in status or capability.

VIOLATION DESCRIPTION

On October 16, 2009, KRCC self-reported a violation of VAR-002-1 R3 for its failure to notify its Transmission Operator within 30 minutes of taking its automatic voltage regulator (AVR) out of service. According to the Self-Report, on October 14, 2009, an excitation issue caused the generator voltage to become unstable on KRCC’s Unit 1. As the generator voltage became unstable with the AVR in service, KRCC removed the AVR from service and manually maintained stable voltage generation. Thirteen and a half hours (13.5) passed before KRCC notified its Transmission Operator of the status

² VAR-002-1 was enforceable from August 2, 2007 through August 27, 2008. VAR-002-1a was approved by the Commission and became enforceable on August 28, 2008. VAR-002-1.1a is the current enforceable Standard as of May 13, 2009. VAR-002-1.1b is awaiting regulatory approval. The subsequent interpretations provide clarity regarding the responsibilities of a registered entity and do not change the meaning or language of the original NERC Reliability Standard and its requirements. For consistency in this filing, the original NERC Reliability Standard, VAR-002-1, is used throughout.

change. On October 15, 2009 at 07:52, the AVR was returned to service and KRCC notified its Transmission Operator within 30 minutes as required.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because KRCC's operators manually adjusted the voltage output as necessary to maintain stable levels until KRCC returned the AVR to service the following day. In addition, KRCC's Unit 1 is a single 75 MW generating unit.

IS THERE A SETTLEMENT AGREEMENT YES ☐ NO ☒

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

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

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES ☒

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) 10/14/2009 (when the AVR status changed) through 10/15/2009 (when the Transmission Operator was notified of the status change)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 10/16/2009

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒

PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

IV. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-09-2198**
 DATE SUBMITTED TO REGIONAL ENTITY **10/16/2009³**
 DATE ACCEPTED BY REGIONAL ENTITY **12/5/2009**
 DATE APPROVED BY NERC **12/28/2009**
 DATE PROVIDED TO FERC **12/28/2009**

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

N/A

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **12/15/2009**
 EXTENSIONS GRANTED **N/A**
 ACTUAL COMPLETION DATE **12/13/2009**

DATE OF CERTIFICATION LETTER **12/15/2009**
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **12/13/2009**

DATE OF VERIFICATION LETTER **4/6/2010**
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **12/13/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The Mitigation Plan required KRCC to:

- 1. post in its control room a reporting matrix showing reporting situations, timelines and responsibilities;**
- 2. re-train operations staff on VAR-002-1 requirements; and**
- 3. configure control room system alarm to annunciate when the AVR status is changed with a message to call the Transmission Operator within 30 minutes of a status change.**

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

³ The Mitigation Plan was signed on October 15, 2009.

1. **Reporting matrix posted in control room dated 8/4/2008;**
2. **Computer screen copy of completion dates for re-training of all operations staff completed by 12/13/2009; and**
3. **Control System configuration sheets showing alarms (undated).**

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **\$1,000** FOR **ONE** VIOLATION OF A RELIABILITY STANDARD.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

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

FULL COOPERATION YES ☒ NO ☐
IF NO, EXPLAIN

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES ☐ NO ☐ UNDETERMINED ☒
EXPLAIN

WECC did not assess KRCC's compliance program.

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

See above.

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

YES ☐ NO ☒
IF YES, EXPLAIN

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

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

KRCC's Self-Report dated October 16, 2009

MITIGATION PLAN

KRCC's Mitigation Plan submitted on October 16, 2009

CERTIFICATION BY REGISTERED ENTITY

KRCC's Certification of Mitigation Plan Completion dated December 15, 2009

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: **12/22/2009** OR N/A ☐

SETTLEMENT DISCUSSIONS COMMENCED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: **1/26/2010** OR N/A ☐

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE

OUTCOME

APPEAL REQUESTED

Attachment b

KRCC's Self-Report for VAR-002-1 R3 dated October 16, 2009



Self-Reporting Form

Date Submitted by Registered Entity: 10/16/2009

NERC Registry ID: 5204

Joint Registration Organization (JRO) ID:

Registered Entity: Kern River Cogeneration Company

Registered Entity Contact: Alan Dartnell, 661-615-4733, addartnell@sycamore.com

Function(s) Applicable to Self-Report:

<input type="checkbox"/> BA	<input type="checkbox"/> TOP	<input type="checkbox"/> TO	<input type="checkbox"/> GO	<input checked="" type="checkbox"/> GOP	<input type="checkbox"/> LSE
<input type="checkbox"/> DP	<input type="checkbox"/> PSE	<input type="checkbox"/> TSP	<input type="checkbox"/> PA	<input type="checkbox"/> RP	<input type="checkbox"/> TP
<input type="checkbox"/> RSG	<input type="checkbox"/> RC	<input type="checkbox"/> IA	<input type="checkbox"/> RRO		

Standard: VAR-002-1a

Requirement: R3.1

Has this violation previously been reported or discovered: ☐ Yes ☒ No

If Yes selected: Provide NERC Violation ID (if known):

Date violation occurred: 10/14/2009

Date violation discovered: 10/15/2009

Is the violation still occurring? ☐ Yes ☒ No

Detailed explanation and cause of violation: Kern River Cogeneration Company (KRCC) Unit 1 AVR was taken out of service due to an excitation issue that caused the generator voltage to become unstable. This status change was not reported to TOP within 30 minutes

Potential Impact to the Bulk Power System (minimal, moderate, or severe): Minimal

Detailed explanation of Potential Impact: KRCC does not believe failure to report this AVR status change to the TOP within 30 minutes would have a detrimental affect on the bulk electric system reliability due to the small size of the generator as compared to overall system generation and load. Since the generator voltage became unstable with the AVR in service, taking the AVR out of service stabilized generator voltage and avoided any possible impact to the bulk electric system by the unstable generator voltage. The operator monitored generator voltage closely and made manual adjustments as necessary. The AVR was returned to service on 10/15/2009 at 07:52.



Additional Comments: Monitoring and troubleshooting of the AVR on Unit 1 continues with appropriate notification made to the TOP when the status of the AVR changes.

NOTE: *While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)*

Attachment c

**KRCC's Mitigation Plan #MIT-09-2198 for VAR-
002-1 R3 submitted October 16, 2009**



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 10/16/2009

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan: 12/15/2009

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Appendix A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Kern River Cogeneration Company
 Registered Entity Address: PO Box 80478, Bakersfield, Ca. 93380-0478
 NERC Compliance Registry ID: 5204

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: Leo Allegranza
 Title: Plant Manager
 Email: rlallegranza@sycamore.com
 Phone: (661) 615-4647

¹ A copy of the WECC CMEP is posted on WECC's website at:

<http://compliance.wecc.biz/Application/Documents/Home/20090101%20-%20CMEP.pdf>.

Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



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

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: VAR-002-1a
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R3.1	Low	10/14/09	Self Report

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use .

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

Change in AVR status was not reported to the TOP within 30 minutes.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

C.4 ***[Optional]*** Provide any relevant additional information regarding the alleged or confirmed violations associated with this Mitigation Plan:

The AVR for KRCC Unit 1 was taken out of service at 17:36 on 10/14/2009 because the generator voltage had become unstable. The generator voltage was controlled manually until 07:52 on 10/15/2009 when the AVR was returned to service for troubleshooting purposes.



Western Electricity Coordinating Council



Troubleshooting is ongoing with notification of AVR status changes made to the TOP when they occur.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

1. Post in the control room a reporting matrix showing reporting situations, timelines and responsibilities.
2. Re-train operations staff on VAR-002-1a requirements.
3. Configure control system alarm to annunciate when AVR status is changed with a message to call TOP within 30 minutes of status change.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Check this box ☐ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: The mitigation plan will be fully implemented by 12/15/2009 according to the milestones listed in D.3.

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Post reporting matrix in control room	10/15/09



Western Electricity Coordinating Council



Re-training of all operations staff	11/15/09
Configure control system alarm on AVR status change with message to notify TOP	12/15/09

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]

Additional Relevant Information (Optional)

- D.4 If you have any relevant additional information that you wish to include regarding the Mitigation Plan, milestones, milestones dates and completion date proposed above you may include it here:

Alarm configuration must be done with the generation unit shutdown. Configuration will be done during planned outages for each of the four generation units over the next two months.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Western Electricity Coordinating Council



Section E: Interim and Future Reliability Risk

Check this box ☐ and proceed and respond to Part E.2, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

(i) Since this violation was a reporting violation regarding the AVR of a small unit relative to the Bulk Power System generation and demand, we believe there was no risk or impact to the Bulk Power System reliability.

(ii) Written instructions have been given to all operations staff to call the TOP within 30 minutes any time the AVR status has been changed. Re-training will be given to all operations personnel and a new control system alarm configured with a message to call the TOP on change of AVR status.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization will incur further violations of the same or similar reliability standards requirements in the future:

A reporting matrix has been posted in the control room with instructions on the action to take for all NERC standards that apply to GO & GOP. Operations staff will have been re-trained on actions to take in this or similar situations. The new control system alarm will give an additional reminder of actions the operator must take on change of AVR status. A similar alarm has already been configured for Power System Stabilizer status changes.



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[Provide your response here; additional detailed information may be provided as an attachment as necessary]

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

N/A

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

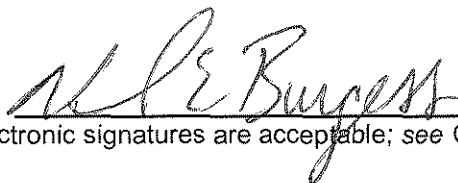


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Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Executive Director of Kern River Cogeneration Company.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Kern River Cogeneration Company.
 3. I understand Kern River Cogeneration Company obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Kern River Cogeneration Company agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature:
(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Neil Burgess

Title: Executive Director

Date: 10/15/09



Western Electricity Coordinating Council



Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

N/A

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the WECC Compliance Website at:

<http://compliance.wecc.biz/Application/Documents/Forms/WECC%20Compliance%20Data%20Submittal%20Policy.pdf>



Western Electricity Coordinating Council



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.
- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.



Western Electricity Coordinating Council



- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment d

KRCC's Certification of Mitigation Plan Completion for VAR-002-1 R3 dated December 15, 2009



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity: Kern River Cogeneration Company

NERC Registry ID: 5204

Date of Submittal of Certification: December 15, 2009

NERC Violation ID No(s) (if known):

Standard: VAR-002-1a

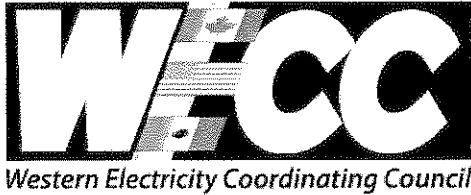
Requirement(s): R3.1

**Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan:
December 15, 2009**

Date Mitigation Plan was actually completed: December 13, 2009

Additional Comments (or List of Documents Attached): The following documents are attached to this Mitigation Plan Completion Form:

- 1) Attachment 1: Reporting matrix posted in control room.**
- 2) Attachment 2: Computer screen copy of training completion dates for re-training of all operations staff. Please note that one individual was trained after the 11/15/2009 training completion date submitted in the Mitigation Plan due to absence from work (medical reasons). He was trained upon his return to work.**
- 3) Attachment 3: Control System configuration sheets showing alarms. Alarm 1 will immediately annunciate that the AVR is no longer in auto. Alarm 2 will annunciate 15 minutes after Alarm 1 if the AVR is not switched back to auto. The operator will have two alarms to remind him to call the TOP when an AVR switches out of auto for any reason.**



Non-Public and CONFIDENTIAL

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Neil Burgess

Title: Executive Director

Email: neburgess@sycamore.com

Phone: 661-615-4788

Authorized Signature:

A handwritten signature in black ink, appearing to read 'N. Burgess', is written over the 'Authorized Signature:' label.

Date: December 15, 2009

Attachment e

WECC's Verification of Mitigation Plan Completion for VAR-002-1 R3 dated April 6, 2010

CONFIDENTIAL



Laura Scholl
Managing Director of Compliance

801-819-7619
lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

April 6, 2010

Alan Dartnell
I & C Supervisor
Kern River Cogeneration Company
P.O. Box 80478
Bakersfield, California 93380

NERC Registration ID: NCR05204
NERC Violation ID: WECC200901758

Subject: Notice of Completed Mitigation Plan Acceptance
Reliability Standard VAR-002-1 Requirement 3

Dear Alan,

The Western Electricity Coordinating Council (WECC) has received the Certification of Completion and supporting evidence submitted by Kern River Cogeneration Company (KRCC) on 12/15/2009 for the alleged violation of Reliability Standard VAR-002-1 Requirement 3.

WECC has accepted the Certification of Completion for Requirement 3 of the Reliability Standard VAR-002-1 and has found these requirements to be fully mitigated. No further mitigation of these requirements will be required at this time.

If you have any questions or concerns, please contact Mike Wells at mike@wecc.biz. Thank you for your assistance in this effort.

Sincerely,



Laura Scholl
Managing Director of Compliance

LS:rh

cc: Leo Allegranza, KRCC Plant Manager
John McGhee, WECC Director of Audits and Investigations
Chris Luras, WECC Manager of Compliance Enforcement
Mike Wells, WECC Senior Compliance Engineer

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Kern River Cogeneration Company

Docket No. NP10-____-000

NOTICE OF FILING
September 30, 2010

Take notice that on September 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Kern River Cogeneration Company in the Western Electricity Coordinating Council region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary