



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

November 5, 2010

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

**Re: NERC Abbreviated Notice of Penalty regarding Salem Electric,
FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Salem Electric (SAL), with information and details regarding the nature and resolution of the violation¹ discussed in detail in the Settlement Agreement (Attachment b) and the Disposition Document (Attachment g), 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)).²

This NOP is being filed with the Commission because Western Electricity Coordinating Council (WECC) and SAL have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC's determination and findings of the enforceable violations of PRC-005-1 Requirement (R) 1 and PRC-005-1 R2. According to the Settlement Agreement, SAL stipulates to the facts contained therein in respect to the violations, and has agreed to the assessed penalty of ten thousand dollars (\$10,000), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking

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

² *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).

Identification Numbers WECC200801163 and WECC200801164 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on March 18, 2010, by and between WECC and SAL. 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 the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
NOC-524	WECC200801163	PRC-005-1	1	High ³	6/18/07-6/18/10	10,000
	WECC200801164	PRC-005-1	2	High ⁴	6/18/07-6/18/10	

The text of the Reliability Standard at issue and further information on the subject violations are set forth in the Disposition Document.

PRC-005-1- OVERVIEW

On October 8, 2008, SAL self-reported violations of PRC-005-1 R1 and R2. WECC determined that SAL, as a Distribution Provider, failed to include the high-side substation transformer Protection Systems⁵ at the Hughes, Alumina and Read Substations in its maintenance and testing program that complied with PRC-005-1 R1. Because SAL did not have a formal program in place for the maintenance and testing of its transmission Protection Systems that affect the reliability of the bulk power system (BPS), SAL also lacked complete documentation of such a program as required by this PRC-005-1 R2. SAL could not provide documentation of the program implementation showing that all its Protection System devices were maintained and tested within the defined intervals as required by R2.1, or the date each Protection System device

³ When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a “Medium” VRF to PRC-005-1 R1. In the Commission’s May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified “High” VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the “Medium” VRF was in effect from June 18, 2007 until August 9, 2007 and the “High” VRF has been in effect since August 9, 2007.

⁴ PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 each have a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005-1 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007. WECC determined that the “High” VRF was applicable.

⁵ *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.”

was last maintained and tested as required by R2.2. Accordingly, WECC determined that SAL had a violation of PRC-005-1 R2.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁶

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,⁷ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on September 10, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a ten thousand dollar (\$10,000) financial penalty against SAL and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

In reaching this determination, the NERC BOTCC considered the following factors:⁸

1. the violations constituted SAL's first occurrence of violation of the subject NERC Reliability Standards;
2. SAL self-reported the violations;
3. WECC reported that SAL 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 violations did not pose a serious or substantial risk to the reliability of the 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 approves the Settlement Agreement and believes that the assessed penalty of ten thousand dollars (\$10,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

⁶ See 18 C.F.R. § 39.7(d)(4).

⁷ *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 (2010).

⁸ SAL did not receive credit for having a compliance program because it was not reviewed by WECC.

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 FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Attachments to be included as Part of this Notice of Penalty

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

- a) SAL's Self-Report for PRC-005-1 R1 and R2 dated October 8, 2008, included as Attachment a;
- b) Settlement Agreement by and between WECC and SAL executed March 18, 2010, included as Attachment b;
- c) SAL's Mitigation Plan MIT-08-1461 for PRC-005-1 R1 and R2 submitted December 8, 2008, included as Attachment c;
- d) SAL's Extension Request/Revised Mitigation Plan for PRC-005-1 R1 and R2 submitted September 1, 2009, included as Attachment d;
- e) SAL'S Certification of Mitigation Plan Completion for PRC-005-1 R1 and R2 dated June 21, 2010, included as Attachment e;
- f) WECC's Verification of Mitigation Plan Completion for PRC-005-1 R1 and R2 dated July 6, 2010, included as Attachment f; and
- g) Disposition Document dated September 10, 2010, included as Attachment g.

A Form of Notice Suitable for Publication⁹

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

⁹ 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>Roger Kuhlman Engineering and Operations Manager Salem Electric P.O. Box 5588 Salem, OR 97304 (503) 362-3601 (503) 371-2956 - facsimile kuhlman@salemelectric.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) 819-7658 (801) 883-6894 – facsimile SMooy@wecc.biz</p>
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Conclusion

Accordingly, NERC respectfully requests that the Commission accept this Abbreviated 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
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cc: Salem Electric
Western Electricity Coordinating Council

Attachments

Attachment a

**SAL's Self-Report for PRC-005-1 R1 and R2
dated October 8, 2008**



Compliance Violation Self-Reporting Form

Please complete an individual Self-Reporting Form for each NERC Reliability Standard that indicates any level(s) of non-compliance and return to Compliance@WECC.biz

Registered Entity Name: Salem Electric

Contact Name: Robert J. Speckman

Contact Phone: 503 362-3601

Contact email: speckman@salemelectric.com

Date noncompliance was discovered: October 6, 2008

Date noncompliance was reported: October 8, 2008

Standard Title: Transmission and Generation Protection System Maintenance and Testing

Standard Number: PRC-005-1

Requirement Number(s)¹: **R1, R2**

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

Self-evaluation based on recent WECC clarification of definition of equipment that may have an effect on the bulk electric system.

***Submit a Mitigation Plan in conjunction with this form to show that corrective steps are being taken within ten (10) business days. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

The cause for non-compliance is discovery of recent clarification of definition of equipment that may have an effect in the bulk electric system.

Describe the reliability impact of this non-compliance:

¹ Violations are on a per requirement basis.

Minor - equipment was purchased from Bonneville Power Administration, which had been testing equipment to industry standards. Salem Electric was not aware that testing procedures were required.

Expected date of Mitigation Plan submittal: October 20, 2008

Attachment b

Settlement Agreement by and between WECC and SAL executed March 18, 2010

SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
SALEM ELECTRIC

Western Electricity Coordinating Council ("WECC") and Salem Electric ("SAL") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 18th day of March, 2010.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public, preliminary assessment of SAL by WECC that resulted in certain WECC determinations and findings regarding two alleged SAL violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards" or "Standards"):

WECC200801163: PRC-005-1 R1 Transmission and Generation Protection System Maintenance and Testing

WECC200801164: PRC-005-1 R2 Transmission and Generation Protection System Maintenance and Testing

B. SAL is a consumer-owned non-profit electric cooperative serving a seventeen and half square mile service area in Salem and Keizer, Oregon. SAL's 78 MW peak load is supplied by the Bonneville Power Administration ("BPA"), and is located within the BPA balancing area. SAL owns 4,000 feet of a radial 115 kV transmission that integrates SAL's load into BPA's transmission grid at BPA's Chemawa Substation. Although SAL owns the transmission line and circuit switches, BPA owns, operates, and maintains the 115 kV power circuit breakers at the point where the transmission line connects to the transmission substation. SAL was registered on the NERC Compliance Registry on June 17, 2007 as a Distribution Provider and Load Serving Entity.

C. WECC was formed on April 18, 2002 by the merger of the Western Systems Coordinating Council, Southwest Regional Transmission Association and Western Regional Transmission Association. WECC is one of eight Regional Entities in the United States responsible for coordinating and promoting electric system reliability and enforcing the mandatory Reliability Standards created by NERC under the authority granted in Section 215 of the Federal Power Act. In addition, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access

among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members. WECC's region encompasses a vast area of nearly 1.8 million square miles extending from Canada to Mexico and including 14 western states. It is the largest and most diverse of the eight Regional Entities in the United States.

D. The Parties are entering into this Agreement to settle the disputed matters between them. It is in the Parties' and the public's best interests to resolve this matter efficiently without the delay and burden associated with a contested proceeding. Nothing contained in this Agreement shall be construed as an admission or waiver of either party's rights. Except, as set forth in Section IV.H (Consent) nothing in this Agreement is intended to limit or prevent WECC from evaluating SAL for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action can include assessing penalties against SAL for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure.

NOW, THEREFORE, in consideration of the terms set forth herein, including in the Recitals, WECC and SAL hereby agree and stipulate to the following:

I. Representations of the Parties

For purposes of this Agreement, SAL stipulates to the facts contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that SAL has Confirmed Violations as this term is defined in the WECC Compliance and Monitoring Enforcement Program ("CMEP"), of the Reliability Standards described below in detail. SAL has made a business decision to settle based on an individual determination that this is the most cost effective solution.

II. Confirmed Violations

A. NERC Reliability Standard PRC-005-1 Requirement 1

R. 1: Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

R1.1 Maintenance and testing intervals and their basis.

R1.2 Summary of maintenance and testing procedures.

On March 14, 2008, WECC conducted an Off-site Audit of SAL's facilities, and determined that PRC-005-1 was not applicable to SAL, as SAL did not own a transmission Protection System. However, subsequent to the Audit, WECC presented information in compliance user group meetings, on June 11, 2008, and again on August 12, 2008, clarifying WECC's definition for facilities that are subject to PRC-005-1. In

response to this clarification, on October 8, 2008, SAL submitted a Self-Report addressing a possible violation of this Standard. SAL discovered its non-compliance on October 6, 2008 as a result of a self-evaluation following WECC's presentation on the definition of equipment that may have an effect on the bulk electric system ("BES"). According to the Self-Report, SAL purchased its transmission Protection System from Bonneville Power Administration, which had been testing the equipment according to industry standards. However, while SAL tested and maintained its equipment, SAL did not have a formal program in place for the maintenance and testing of its transmission Protection Systems that affect the reliability of the BES.

On October 23, 2008, a WECC subject matter expert ("SME") reviewed SAL's Self-Report of a possible violation of PRC-005-1 R1. The SMEs apply this standard to protection systems at or above 100 kV that are not on a radial line. WECC defines a radial line as having one source and having no generation connected to it. In addition, a line is not considered radial if normally open disconnect switches can be closed to allow energization of the line from two different sources. The SMEs determined that SAL owns a Protection System and is required to have a Protection System maintenance and testing program, including maintenance and testing intervals, their basis, and a summary of maintenance and testing procedures. The SMEs concluded that SAL's failure to have a maintenance and testing program for its transmission Protection System was a possible violation of PRC-005-1 R1. The SME forwarded SAL's Self-Report and the findings to the WECC Enforcement Department ("Enforcement") for its review and consideration.

Enforcement reviewed the Self-Report and the WECC SME's findings, and determined that SAL did not have a formal Protection System maintenance and testing program for the high-side protection system at SAL's Hughes Substation that is part of the BES and subject to PRC-005-1. Enforcement determined that the facilities are energized at 115 kV from two sources on the interconnected system, the terminals of the Bonneville Power Administration Salem-Chemawa 115 kV line, and cannot be considered radial. A failure of the high-side protection system to open the Hughes 115 kV breaker for a Bank 30 fault would cause the Salem and Chemawa breakers to clear the fault and remove the Salem-Chemawa 115 kV BES line from service. Enforcement determined the high-side substation transformer protection systems at SAL's Alumina and Read Substations are also subject to PRC-005-1. Therefore, Enforcement concluded that SAL's failure to include the high-side substation transformer protection systems at the Alumina and Read Substations in SAL's maintenance and testing program for Protection Systems constituted an Alleged Violation of PRC-005-1 R1.

On December 8, 2008, SAL submitted a mitigation plan addressing this violation. To mitigate this violation, SAL proposed to develop and implement a formal maintenance and testing plan and procedure for its transmission Protection Systems. The plan would include maintenance and testing intervals and their basis, as well as a summary of the maintenance and testing procedures SAL planned to follow. The plan included the following milestone activities: by January 8, 2009, SAL proposed to identify

the equipment involved in its transmission Protection Systems; by April 8, 2009, SAL proposed to develop a maintenance plan; and on July 8, 2009 and October 8, 2009, SAL proposed to provide project updates. The mitigation plan had a proposed completion date of December 31, 2009. On December 12, 2008, a WECC SME reviewed the mitigation plan and determined that it adequately described the violation, included appropriate steps to mitigate the violation, and included reasonable milestones for completion.

On January 8, 2009, SAL submitted a milestone update form indicating that it had identified the equipment involved in its transmission Protection System. On April 8, 2009, SAL submitted another milestone update form indicating that it had developed a maintenance plan, as proposed. With its update, SAL submitted a copy of its *Substation Maintenance Plan*, dated April 2009, and a monthly substation inspection schedule for its Alumina, Hughes, Read and Salem substations. On July 6, 2009, SAL submitted another milestone update form indicating "project updates" were "in progress."

On September 1, 2009, SAL submitted a mitigation plan extension request and a new mitigation plan. SAL requested the extension because "SAL has to coordinate efforts with ABB to test Read Substation ... a self contained ABB/ASEA metal clad substation design that is no longer available in the US market." Due to availability issues and the "timing of the winter storm season," SAL could not get technicians to complete the project by the proposed completion date. In the new mitigation plan SAL proposed to complete the mitigation plan by July 8, 2010.

On September 3, 2009, a WECC SME reviewed the extension request and new mitigation plan. The SME concluded the extension request was appropriate and that the new expected completion date was reasonable. The SME specifically noted "due to availability of the contractor and seasonally loading at one remaining station to be tested" (i.e., the Read Substation) the extension request was necessary.

On January 6, 2010, SAL submitted a milestone update confirming that it is continuing to progress toward the proposed completion date of July 8, 2010. The Parties agree this Agreement is contingent on SAL completing, and WECC accepting, a completed mitigation plan for PRC-005-1 R1.

B. NERC Reliability Standard PRC-005-1 Requirement 2

R. 2: *Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:*

R2.1. *Evidence Protection System devices were maintained and tested within the defined intervals.*

R2.2. Date each Protection System device was last tested/maintained.

On March 14, 2008, WECC conducted an Off-site Audit of SAL's facilities, and determined that PRC-005-1 was not applicable to SAL, as SAL did not own a transmission Protection System. However, subsequent to the Audit, WECC presented information in compliance user group meetings, on June 11, 2008, and again on August 12, 2008, clarifying WECC's definition for facilities that are subject to PRC-005-1. In response to this clarification, on October 8, 2008, SAL submitted a Self-Report addressing a possible violation of this Standard. SAL discovered its non-compliance on October 6, 2008 as a result of a self-evaluation following a WECC presentation on the definition of equipment that may have an effect on the BES. According to the Self-Report, SAL purchased its transmission Protection System from Bonneville Power Administration, which had been testing the equipment according to industry standards. However, while SAL tested and maintained its equipment, SAL did not have a formal program in place for the maintenance and testing of its transmission Protection Systems that affect the reliability of the BES. Thus, SAL also lacked complete documentation of such a program as required by this Standard.

On October 23, 2008, a WECC SME reviewed SAL's Self-Report of a possible violation of PRC-005-1 R2. The SMEs apply this standard to protection systems at or above 100 kV that are not on a radial line. WECC defines a radial line as having one source and having no generation connected to it. In addition, a line is not considered radial if normally open disconnect switches can be closed to allow energization of the line from two different sources. The SMEs determined that SAL owns a Protection System and is required to maintain and test its transmission Protection System, including documenting its maintenance and testing and the date SAL last maintained and tested each Protection System device. SAL could not provide evidence that it had maintained and tested its Protection Systems devices within defined intervals, nor could SAL provide the date it last maintained and tested each Protection System device. Thus, the SMEs concluded that SAL had a possible violation of PRC-005-1 R2. The SME forwarded SAL's Self-Report and his findings to Enforcement for its review and consideration.

Enforcement reviewed the Self-Report and the WECC SME's findings, and determined that SAL could not provide evidence that its Protection System devices were maintained and tested within the defined intervals pursuant to a formal maintenance and testing program, or evidence of dates each Protection System device was last maintained and tested pursuant to a formal maintenance and testing program, for its facilities that are subject to PRC-005-1 R.2. Enforcement determined that SAL's maintenance and testing program did not include complete records for the high-side protection system at SAL's Hughes Substation that is part of the BES and subject to PRC-005-1. Enforcement determined that the facilities are energized at 115 kV from two sources on the interconnected system, the terminals of the Bonneville Power Administration Salem-Chemawa 115 kV line, and cannot be considered radial. A failure of the high-side protection system to open the Hughes 115 kV breaker for a Bank 30

fault would cause the Salem and Chemawa breakers to clear the fault and remove the Salem-Chemawa 115 kV BES line from service. Enforcement determined the high-side substation transformer protection systems at SAL's Alumina and Read Substations are also subject to PRC-005-1. Therefore, Enforcement concluded that because SAL had failed to include the high-side substation transformer protection systems at the Alumina and Read Substations in its maintenance and testing program, it could not provide documentation of the program implementation showing that all SAL's Protection System devices were maintained and tested within the defined intervals, or the date each Protection System device was last maintained and tested. For these reasons, Enforcement determined that SAL had an Alleged Violation of PRC-005-1 R2.

On December 8, 2008, SAL submitted a mitigation plan addressing this violation. To mitigate this violation, SAL proposed to develop and implement a formal maintenance and testing plan and procedure for its transmission Protection Systems. The plan would include maintenance and testing intervals and their basis, as well as a summary of the maintenance and testing procedures SAL planned to follow. It would also include the documentation required by the Standard, and provide evidence that SAL maintained and tested its Protection System devices within defined intervals and the dates SAL last maintained and tested each of the devices.

The plan included the following milestone activities: by January 8, 2009, SAL proposed to identify the equipment involved in its transmission Protection Systems; by April 8, 2009, SAL proposed to develop a maintenance plan; and on July 8, 2009 and October 8, 2009, SAL proposed to provide project updates. The mitigation plan had a proposed completion date of December 31, 2009. On December 12, 2008, a WECC SME reviewed the mitigation plan and determined that it adequately described the violation, included appropriate steps to mitigate the violation, and included reasonable milestones for completion.

On January 8, 2009, SAL submitted a milestone update form indicating that it had identified the equipment involved in its transmission Protection System. On April 8, 2009, SAL submitted another milestone update form indicating that it had developed a maintenance plan, as proposed. With its update, SAL submitted a copy of its *Substation Maintenance Plan*, dated April 2009, and a monthly substation inspection schedule for its Alumina, Hughes, Read and Salem substations. On July 6, 2009, SAL submitted another milestone update form indicating "project updates" were "in progress."

On September 1, 2009, SAL submitted a mitigation plan extension request and a new mitigation plan. SAL requested the extension because "SAL has to coordinate efforts with ABB to test Read Substation ... a self contained ABB/ASEA metal clad substation design that is no longer available in the US market." Due to availability issues and the "timing of the winter storm season," SAL could not get technicians to complete the project by the proposed completion date. In the new mitigation plan SAL proposed to complete the mitigation plan by July 8, 2010.

On September 3, 2009, a WECC SME reviewed the extension request and new mitigation plan. The SME concluded the extension request was appropriate and that the new expected completion date was reasonable. The SME specifically noted "due to availability of the contractor and seasonally loading at one remaining station to be tested" (i.e., the Read Substation) the extension request was necessary.

On January 6, 2010, SAL submitted a milestone update confirming that it is continuing to progress toward the proposed completion date of July 8, 2010. The Parties agree this Agreement is contingent on SAL completing, and WECC accepting, a completed mitigation plan for PRC-005-1 R2.

III. Settlement Terms

A. **Payment.** To settle this matter, SAL hereby agrees to pay \$10,000.00 to WECC via wire transfer or cashier's check. SAL shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to SAL upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). SAL shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment Due.

The terms of this Agreement, including the agreed upon payment, are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Agreement, NERC will file a Notice of Penalty with FERC. If FERC approves the Agreement, NERC will post the Agreement publicly. If either NERC or FERC rejects the Agreement, then WECC will attempt to negotiate a revised settlement agreement with SAL that includes any changes to the Agreement specified by NERC or FERC. If this settlement is not accepted by NERC and FERC, this Agreement does not bind the parties with respect to the factual, legal, or procedural statements contained herein. If the Parties cannot reach a settlement agreement, the CMEP governs the enforcement process.

B. **Settlement Rationale.** WECC's determination of penalties in an enforcement action is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of such user, owner, or operator to remedy the violation in a timely manner". Additionally, WECC considers the guidance provided by the NERC Sanction Guidelines and by the FERC in Order No. 693 and in its July 3, 2008 Guidance Order on Reliability Notices of Penalty.

Specifically, to determine penalty assessment, WECC considers the following factors: (1) the seriousness of the violation, including the applicable Violation Risk Factor and Violation Severity Level, and the risk to the reliability of the BES; (2) the violation's duration; (3) the Registered Entity's compliance history; (4) the Registered Entity's self-reports and voluntary corrective action; (5) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (6) the quality of the Registered Entity's compliance program; (7) any

attempt by the Registered Entity to conceal the violation or any related information; (8) whether the violation was intentional; (9) any other relevant information or extenuating circumstances; and (10) the Registered Entity's ability to pay a penalty.

The following Violation Risk Factors (VRF) apply to SAL's Alleged Violations in accordance with NERC's VRF Matrix dated October 21, 2009:

The violations of PRC-005-1 R1 and R2 each have "High" VRFs. WECC determined that these violations posed a minimal risk to the reliability of the BES. SAL is a small electric cooperative that serves 18,487 customers in the communities of Keizer and Salem, Oregon. It operates approximately 4000 feet of 115 kV transmission line that taps off of a Bonneville Power Administration transmission feed to supply energy to one SAL substation. Although SAL did not have a program for the maintenance and testing of its transmission Protection Systems, or the documentation of that program required by this Standard, BPA had tested the equipment according to industry standards up until the time that SAL purchased it. For these reasons, WECC determined these violations posed a minimal risk to the reliability of the BES.

In addition to the factors listed above, WECC considered several factors to reach an agreement with SAL regarding the payment amount. First, the Alleged Violations addressed by this Agreement are SAL's first assessed noncompliance with the applicable Reliability Standards. Second, SAL submitted and implemented a mitigation plan for both of the violations. Third, SAL was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process. Fourth, on March 14, 2008, WECC conducted an Off-site Audit of SAL's facilities, and determined that PRC-005-1 was not applicable to SAL, as SAL did not own a transmission Protection System. However, subsequent to the Audit, WECC clarified its definition for facilities that are subject to PRC-005-1.

In reaching this Agreement, WECC considered that there were no aggravating factors warranting a higher payment amount. Specifically, SAL did not have any negative compliance history. There was no failure by SAL to comply with applicable compliance directives, nor any evidence of an attempt by SAL to conceal a violation. Finally, there was no evidence that SAL's violations were intentional.

IV. Additional Terms

A. Authority. The undersigned representative of each party warrants that he or she is authorized to represent and bind the designated party.

B. Representations. The undersigned representative of each party affirms that he or she has read the Agreement, that all matters set forth in the Agreement are true and correct to the best of his or her knowledge, information, or belief, and that he or she understands that the Agreement is entered into by each party in express reliance on the representations set forth herein.

C. Review. Each party agrees that it has had the opportunity to consult with legal counsel regarding the Agreement and to review it carefully. Each party enters the Agreement voluntarily. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. No tender, offer, or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of SAL or WECC has been made to induce the signatories or the Parties to enter into the Agreement. No oral representations shall be considered a part of the Agreement.

E. Effective Date. The Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law.

F. Waiver of Right to Further Proceedings. SAL agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. SAL waives its right to further hearings and appeal, unless and only to the extent that SAL contends that any NERC or FERC action concerning the Agreement contains one or more material modifications to the Agreement.

G. Reservation of Rights. WECC reserves all of its rights to initiate enforcement, penalty or sanction actions against SAL in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that SAL fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against SAL up to the maximum penalty allowed by the NERC Rules of Procedure. SAL shall retain all of its rights to defend against such enforcement actions in accordance with the CMEP and the NERC Rules of Procedure. Failure by WECC to enforce any provision hereof on occasion shall not constitute a waiver by WECC of its enforcement rights or be binding on WECC on any other occasion.

H. Consent. SAL consents to the use of WECC's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however, that Registered Entity does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or WECC, nor does SAL consent to the use of this Agreement by any other party in any other action or proceeding.

I. Amendments. Any amendments to the Agreement shall be in writing. No amendment to the Agreement shall be effective unless it is in writing and executed by the Parties.

J. Successors and Assigns. The Agreement shall be binding on successors or assigns of the Parties.

K. Governing Law. The Agreement shall be governed by and construed under the laws of the State of Utah.

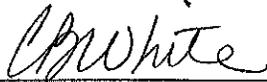
L. Captions. The Agreement's titles, headings and captions are for the purpose of convenience only and in no way define, describe or limit the scope or intent of the Agreement.

M. Counterparts and Facsimiles. The Agreement may be executed in counterparts, in which case each of the counterparts shall be deemed to be an original. Also, the Agreement may be executed via facsimile, in which case a facsimile shall be deemed to be an original.

***[Remainder of page intentionally left blank -
signatures affixed to following page]***

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

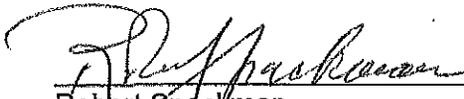


Constance B. White
Vice President of Compliance

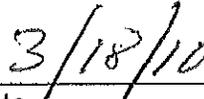


Date

SALEM ELECTRIC



Robert Speckman
General Manager



Date

Attachment c

**SAL's Mitigation Plan MIT-08-1461 for PRC-005-
1 R1 and R2 submitted December 8, 2008**



Mitigation Plan Submittal Form

New or Revised

Date this Mitigation Plan is being submitted: 12/8/2008

If this Mitigation Plan has already been completed:

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

Section A: Compliance Notices & Mitigation Plan Requirements

A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review 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: Salem Electric (SAL)
Registered Entity Address: PO Box 5588 Salem, OR 97304
NERC Compliance Registry ID: NCR05370

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: Robert J. Speckman
Title: General Manager
Email: speckman@salemelectric.com
Phone: (503) 362-3601

¹ A copy of the WECC CMEP is posted on WECC's website at <http://www.wecc.biz/documents/library/compliance/manuals/Att%20A%20-%20WECC%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: PRC-005-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R1		10/8/2008	Self-Report
		R2		10/8/2008	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:

SAL has no clearly documented system maintenance program for the maintenance and upkeep of its existing transmission protection systems. SAL currently has failed to provide evidence that the transmission protection systems have undergone a regimented maintenance and testing program [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:

SAL currently has 4 separate protection systems, one in Hughes Substation, two in Alumina substation, and one in the Read Substation. In all instances the



transmission protection systems control substation circuit switchers that were installed to protect our station transformers and not the transmission systems directly. The equipment was purchased from Bonneville Power Administration, which had been testing the equipment to industry standards.

SAL currently operates approximately 4000' of 115KV transmission line that taps off of a Bonneville Power Administration transmission feed to supply energy to the SAL Read Substation.

Prior to now we have considered all of our feeds to be radial and thereby exempt from the PRC-005-1 standard. However, given the latest interpretation of the Bulk Electric System (BES), and the changes to the radial facilities definition we now appear to fall under the PRC-005-1 jurisdiction.

To complete the required testing SAL will need to de-energize the affected substations, to do this the loading will need to be reduced so that the load can be transferred to alternate sources. This load transfer is not prudent during winter loading, therefore the testing will not be started until at least early summer of 2009. At which time, the equipment associated with the transmission protections systems will be tested and verified one system at a time as loading permits.

[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:

R1: Develop and implement a maintenance plan and procedure for the continuing upkeep of our transmission protection systems. The plan will show the maintenance and testing intervals and their basis, as well as the maintenance and testing procedures that we are going to follow

R2: Provide evidence that Protection System devices were maintained and tested within the intervals defined in the maintenance plan. We will also provide the date each Protection System device was last tested and maintained, and the next required date that the system is to be tested and maintained.



[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; 12/31/2009

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)
Identify Equipment involved in transmission protection systems	1/8/2009
Develop a maintenance plan	4/8/2009
Project updates	7/8/2009, 10/8/2009
Mitigation plan completion	12/31/2009

(* 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:

To complete all of the required testing to comply with the standard SAL will have to completely shut down its substations. To do this SAL must wait for



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specific loading conditions that will allow them to transfer load from one substation to another. This will most likely not be an option until summer of 2009, hence the request for the 14 month mitigation window.

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



Section E: Interim and Future Reliability Risk

Check this box and proceed and respond to Part E.2, 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. The current status of the transmission protection system is unverified. Therefore the systems ability to protect against unforeseen disturbances is unknown.

ii. SAL will continue our monthly visual inspections, and operational verification as necessary, of all equipment in the transmission protection system. If found deficient in any way SAL will immediately address the shortcoming.

[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:

Once the maintenance and testing plan is put into place the recurring tests will be documented and analyzed. Any discrepancies will be address and remedied as deemed necessary.

[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:

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am General Manager of Salem Electric (SAL).
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Salem Electric (SAL).
 3. I understand Salem Electric (SAL) 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. Salem Electric (SAL) 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): Robert J. Speckman
Title: General Manager
Date: 12/08/2008



Section G: Comments and Additional Information

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

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

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 Compliance Manuals website as Manual 2.12:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>

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.



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- 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.
- 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

**SAL's Extension Request/Revised Mitigation Plan
for PRC-005-1 R1 and R2 submitted September 1,
2009**



Mitigation Plan Submittal Form

New or Revised

Date this Mitigation Plan is being submitted: 9/1/2009

If this Mitigation Plan has already been completed:

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

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review 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: Salem Electric (SAL)
 Registered Entity Address: PO Box 5588 Salem, OR 97304
 NERC Compliance Registry ID: NCR05370

- 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: Robert J. Speckman
 Title: General Manager
 Email: speckman@salemelectric.com
 Phone: (503) 362-3601

¹ A copy of the WECC CMEP is posted on WECC's website at <http://www.wecc.biz/documents/library/compliance/manuals/Att%20A%20-%20WECC%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: PRC-005-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R1		10/8/2008	Self-Report
		R2		10/8/2008	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:

SAL has no clearly documented system maintenance program for the maintenance and upkeep of its existing transmission protection systems. SAL currently has failed to provide evidence that the transmission protection systems have undergone a regimented maintenance and testing program [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:

SAL currently has 4 separate protection systems, one in Hughes Substation, two in Alumina substation, and one in the Read Substation. In all instances the



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transmission protection systems control substation circuit switchers that were installed to protect our station transformers and not the transmission systems directly. The equipment was purchased from Bonneville Power Administration, which had been testing the equipment to industry standards.

SAL currently operates approximately 4000' of 115KV transmission line that taps off of a Bonneville Power Administration transmission feed to supply energy to the SAL Read Substation.

Prior to now we have considered all of our feeds to be radial and thereby exempt from the PRC-005-1 standard. However, given the latest interpretation of the Bulk Electric System (BES), and the changes to the radial facilities definition we now appear to fall under the PRC-005-1 jurisdiction.

To complete the required testing SAL will need to de-energize the affected substations, to do this the loading will need to be reduced so that the load can be transferred to alternate sources. This load transfer is not prudent during winter loading, therefore the testing will not be started until at least early summer of 2009. At which time, the equipment associated with the transmission protections systems will be tested and verified one system at a time as loading permits.

[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:

R1: Develop and implement a maintenance plan and procedure for the continuing upkeep of our transmission protection systems. The plan will show the maintenance and testing intervals and their basis, as well as the maintenance and testing procedures that we are going to follow

R2: Provide evidence that Protection System devices were maintained and tested within the intervals defined in the maintenance plan. We will also provide the date each Protection System device was last tested and maintained, and the next required date that the system is to be tested and maintained.



[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: 12/31/2009

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)
Identify Equipment involved in transmission protection systems	1/8/2009
Develop a maintenance plan	4/8/2009
Project updates	7/8/2009, 10/8/2009, 1/8/2010, 4/8/2010
Mitigation plan completion	7/8/2010

(*) 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:



Western Electricity Coordinating Council



To complete all of the required testing to comply with the standard SAL will have to completely shut down its substations. To do this SAL must wait for specific loading conditions that will allow them to transfer load from one substation to another. This will most likely not be an option until summer of 2009, hence the request for the 14 month mitigation window.

REVISED PLAN:

SAL has to coordinate efforts with ABB to test Read Substation at times when de-energization of the substation will not adversely effect the reliability of the service. Read Substation is a self contained ABB/ASEA metal clad substation design that is no longer available in the US market.

The result of this is that the only service company that is qualified to do any maintenance is ABB High Voltage Field Services. Given the availability of their technicians and the timing of the winter storm season we have had to postpone testing until the April/May 2010 time frame.

Additionally, at a date in the future we are planning a rebuild of the substation to a more standard open bus design with distribution relaying equipment that we will be able to test using in house personnel. This will make servicing of the equipment much simpler and we won't be at the mercy of an outside testing firm.

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



Section E: Interim and Future Reliability Risk

Check this box and proceed and respond to Part E.2, 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. The current status of the transmission protection system is unverified. Therefore the systems ability to protect against unforeseen disturbances is unknown.

ii. SAL will continue our monthly visual inspections, and operational verification as necessary, of all equipment in the transmission protection system. If found deficient in any way SAL will immediately address the shortcoming.

[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:

Once the maintenance and testing plan is put into place the recurring tests will be documented and analyzed. Any discrepancies will be address and remedied as deemed necessary.

[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:

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am General Manager of Salem Electric (SAL).
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Salem Electric (SAL).
 3. I understand Salem Electric (SAL) 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. Salem Electric (SAL) 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): Robert J. Speckman
 Title: General Manager
 Date: 9/1/2009



Section G: Comments and Additional Information

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

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

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 Compliance Manuals website as Manual 2.12:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>



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.



Western Electricity Coordinating Council



- 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.
- 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 e

**SAL'S Certification of Mitigation Plan
Completion for PRC-005-1 R1 and R2 dated June
21, 2010**



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: Salem Electric (SAL)

NERC Registry ID: NCR05370

Date of Submittal of Certification: 6/21/2010

NERC Violation ID No(s) (if known): WECC200801163, WECC200801164

Standard: PRC-005-1

Requirement(s): R1, R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: 7/8/2010

Date Mitigation Plan was actually completed: 6/18/2010

Additional Comments (or List of Documents Attached): SAL PRC-005-1 Mitigation Plan Completion Report

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: Robert J. Speckman

Title: General Manager

Email: speckman@salemelectric.com

Phone: (503)362-3601

Authorized Signature: Robert J. Speckman

Date: 6/21/10

Attachment f

WECC's Verification of Mitigation Plan Completion for PRC-005-1 R1 and R2 dated July 6, 2010

CONFIDENTIAL



Western Electricity Coordinating Council

Laura Scholl
Managing Director of Compliance

801-819-7619
lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

July 6, 2010

Roger Kuhlman
Engineering and Operations Manager
Salem Electric
PO Box 5588
Salem, Oregon 97304

NERC Registration ID: NCR05370
Violation ID: WECC200801163 and WECC200801164

Subject: Notice of Completed Mitigation Plan Acceptance
Reliability Standard PRC-005-1 Requirements 1 and 2

Dear Roger,

The Western Electricity Coordinating Council (WECC) received the Certification of Mitigation Plan Completion submitted by Salem Electric (SAL) for the alleged violation of Reliability Standard PRC-005-1 Requirements 1 and 2 on 6/21/2010. After thorough review, WECC accepted the Certification of Mitigation Plan Completion.

If you have any questions or concerns, please contact Mary Rieger at mrieger@wecc.biz.

Sincerely,

Laura Scholl
Managing Director of Compliance

LS:rph

cc: Anthony Schacher, SAL Engineer
John McGhee, WECC Director of Audits and Investigations
Chris Luras, WECC Manager of Compliance Enforcement
Mary Rieger, WECC Compliance Engineer

Attachment g

Disposition Document dated September 10, 2010

DISPOSITION OF VIOLATION¹
Dated September 10, 2010

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
WECC200801163	SAL_WECC20081265	NOC-524
WECC200801164	SAL_WECC20081268	

REGISTERED ENTITY Salem Electric (SAL)	NERC REGISTRY ID NCR05370
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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

SAL was founded in 1938. SAL is a consumer-owned non-profit electric cooperative serving a seventeen and half square mile service area in Salem and Keizer, Oregon. SAL's 78 MW peak load is supplied by the Bonneville Power Administration (BPA), and is located within the BPA Balancing Area. SAL owns 4,000 feet of a radial 115 kV transmission line that integrates SAL's load into BPA's transmission grid at BPA's Chemawa Substation. Although SAL owns the transmission line and circuit switches, BPA owns, operates, and maintains the 115 kV power circuit breakers at the point where the transmission line connects to the transmission substation.

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.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	1	1.1, 1.2	HIGH²	SEVERE
PRC-005-1	2	2.1, 2.2	HIGH³	SEVERE

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

The purpose statement of PRC-005-1 provides: “To ensure all transmission and generation Protection Systems^[4] affecting the reliability of the Bulk Electric System (BES) are maintained and tested.” (footnote added)

PRC-005-1 R1 and R2 provide:

R1. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

R1.1. Maintenance and testing intervals and their basis.

R1.2. Summary of maintenance and testing procedures.

R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization^[5] on request (within 30

² When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a “Medium” VRF to PRC-005-1 R1. In the Commission’s May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified “High” VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the “Medium” VRF was in effect from June 18, 2007 until August 9, 2007 and the “High” VRF has been in effect since August 9, 2007.

³ PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 each have a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005-1 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007. WECC determined that the “High” VRF was applicable.

⁴ *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.”

⁵ Consistent with applicable FERC precedent, the term ‘Regional Reliability Organization’ in this context refers to WECC.

calendar days). The documentation of the program implementation shall include:

R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.

R2.2. Date each Protection System device was last tested/maintained.

VIOLATION DESCRIPTION

On March 14, 2008, WECC conducted an off-site audit of SAL's facilities and determined that PRC-005-1 was not applicable to SAL, as SAL did not own a transmission Protection System. Subsequent to the audit, at a Compliance User Group meeting from June 9, 2008 through June 11, 2008, WECC presented a PowerPoint which clarified its definition for facilities that are subject to PRC-005-1.

On October 6, 2008, SAL discovered that it was not in compliance with PRC-005-1 R1 and R2, following WECC's presentations on the definition of equipment that is subject to PRC-005-1, and on October 8, 2008, submitted a Self-Report addressing those violations. SAL self-reported that it purchased its transmission Protection System from BPA, which had been testing the equipment according to industry standards. However, while SAL tested and maintained its equipment, SAL did not have a formal program in place for the maintenance and testing of its transmission Protection Systems that affect the reliability of the bulk power system (BPS).

WECC reviewed SAL's Self-Report and the findings of WECC subject matter experts and determined that the high-side substation transformer Protection Systems at SAL's Hughes, Alumina and Read Substations should be classified as part of the Protection Systems that could affect the BPS and thus subject to PRC-005-1.⁶

PRC-005-1 R1

Based on the above, WECC concluded that SAL's failure to include the high-side substation transformer Protection Systems at all its substations in its maintenance and testing program for Protection Systems constituted a violation of PRC-005-1 R1.

⁶ SAL was under the impression that its facilities were not subject to the requirements of PRC-005-1 because SAL believed the facilities were radial. WECC determined that the high-side substation transformer Protection Systems at the Hughes Substation are energized at 115 kV from two terminals on BPA's Salem - Chemawa 115 kV line, and cannot be considered radial transmission facilities. The facility can be supplied by transmission lines from two different switching devices. A failure of the high-side substation transformer Protection System to open the Hughes 115 kV breaker for a Bank 30 fault would cause the Salem and Chemawa breakers to clear the fault and remove the Salem - Chemawa 115 kV BPS line from service. WECC determined the high-side substation transformer Protection Systems at SAL's Alumina and Read Substations are also subject to PRC-005-1.

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATES: **From 6/18/07 (when the Standards became mandatory and enforceable) through 6/18/10 (when Mitigation Plan MIT-08-1461 was completed).**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **10/8/08**

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 for **PRC-005-1 R1 and R2:**
MITIGATION PLAN NO. **MIT-08-1461**
DATE SUBMITTED TO REGIONAL ENTITY **12/8/08**
DATE ACCEPTED BY REGIONAL ENTITY **12/12/08**
DATE APPROVED BY NERC **3/10/09**
DATE PROVIDED TO FERC **3/12/09**

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

MITIGATION PLAN COMPLETED YES NO
EXPECTED COMPLETION DATE **12/31/09**
EXTENSIONS GRANTED **Yes, to 7/8/10⁷**
ACTUAL COMPLETION DATE **6/18/10**

⁷ SAL submitted an extension request on September 1, 2009 on a revised Mitigation Plan form to coordinate efforts between the contractor and de-energizing one remaining substation in order to complete testing. WECC accepted the extension request on September 3, 2009.

DATE OF CERTIFICATION LETTER **6/21/10**
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **6/18/10**

DATE OF VERIFICATION LETTER **7/6/10**
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **6/18/10**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

SAL proposed to develop and implement a formal maintenance and testing plan and procedure for its transmission Protection Systems. The plan would include maintenance and testing intervals and their basis, as well as a summary of the maintenance and testing procedures SAL planned to follow. It would also include the documentation required by the Standard, and provide evidence that SAL maintained and tested its Protection System devices within defined intervals and the dates SAL last maintained and tested each of the devices.

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)

SAL provided its *Substation Maintenance Plan* dated April 2009 and a monthly substation inspection schedule for its Alumina, Hughes, Read and Salem Substations.

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **TEN THOUSAND DOLLARS (\$10,000)** FOR **TWO** VIOLATIONS OF RELIABILITY STANDARDS.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PREVIOUSLY FILED VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER
YES NO

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES NO

LIST 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

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

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

On March 14, 2008, WECC conducted an off-site audit of SAL's facilities and determined that PRC-005-1 was not applicable to SAL, as SAL did not own a transmission Protection System. However, subsequent to the audit, WECC clarified its definition for facilities that are subject to PRC-005-1.

EXHIBITS:

SOURCE DOCUMENT
Self-Report dated 10/8/08

MITIGATION PLAN
MIT-08-1461 submitted 12/8/08 and Extension Request submitted 9/1/09

CERTIFICATION BY REGISTERED ENTITY
Certification of Mitigation Plan Completion dated 6/21/10

VERIFICATION BY REGIONAL ENTITY
Verification of Mitigation Plan Completion dated 7/6/10

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED

DATE: 9/16/09 OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: 10/30/09 OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: 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 h

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Salem Electric

Docket No. NP11-____-000

NOTICE OF FILING
November 5, 2010

Take notice that on November 5, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Salem Electric 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