



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

September 30, 2010

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

**Re: NERC Abbreviated Notice of Penalty regarding Klickitat County PUD,  
FERC Docket No. NP10-\_\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Klickitat County PUD (KCPD),<sup>1</sup> with information and details regarding the nature and resolution of the violation<sup>2</sup> discussed in detail in the Settlement Agreement (Attachment c) and the Disposition Document (Attachment a), in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).<sup>3</sup>

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<sup>1</sup> Concurrently being filed is a Notice of Penalty designated as NOC-488 regarding a separate Settlement Agreement between Western Electricity Coordinating Council and KCPD for violations of CIP-001-1 R4 and FAC-001-0 R1, R2 and R3. WECC determined that the concurrently filed violations should not serve as a basis for aggravating the penalty because the subject violations of NOC-488 involved unrelated standards and the Mitigation Plans in NOC-488 would not have resolved or prevented the instant violation. The two sets of violations entered the enforcement process at different times. The instant violation was self-reported in May 2007 and the violations in NOC-488 were self-certified in January 2008 and January 2009. The May 2007 violation became a post-June 18, 2007 violation when WECC determined that the Mitigation Plan was not timely completed. Moreover, there was nothing in the record to suggest that broader corporate issues were implicated.

<sup>2</sup> For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

<sup>3</sup> *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).

On May 11, 2007, KCPD self-reported a violation of PRC-005-1 Requirement (R) 2 to the Western Electricity Coordinating Council (WECC) for KCPD's failure to implement its Protection System<sup>4</sup> maintenance and testing program.<sup>5</sup> The violation became a post-June 18, 2007 violation because KCPD failed to test its Protection System devices at its EE Clouse substation by its approved pre-June 18, 2007 Mitigation Plan completion date. This NOP is being filed with the Commission because WECC and KCPD have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC's determination and findings of the enforceable violation of PRC-005-1 R2. According to the Settlement Agreement, KCPD stipulates that the facts were sufficient to support a determination that there was a violation of PRC-005-1 R2 and has agreed to the assessed penalty of twelve thousand five hundred dollars (\$12,500), in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violation identified as NERC Violation Tracking Identification Number WECC200910421 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

### Statement of Findings Underlying the Violation

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on May 3, 2010, by and between WECC and KCPD. 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.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Klickitat County PUD	NOC-552	WECC200910421	PRC-005-1	2/2.1	High <sup>6</sup>	12,500

The text of the Reliability Standard at issue is set forth in the Disposition Document.

### PRC-005-1 R2 - OVERVIEW<sup>7</sup>

WECC determined that KCPD, as a Distribution Provider and Transmission Owner that owns a transmission Protection System, failed to maintain and test its nineteen Protection System

<sup>4</sup> 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."

<sup>5</sup> KCPD also self-reported a violation of PRC-005-1 R1 because it did not have a Protection System maintenance and testing program. The violation of PRC-005-1 R1 was resolved as a pre-June 18, 2007 violation as KCPD completed its pre-June 18, 2007 Mitigation Plan on time.

<sup>6</sup> PRC-005-1 R2 has a "Lower" Violation Risk Factor (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 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.

<sup>7</sup> Further information on this violation is contained in the Disposition Document.

devices (100% of all applicable devices) at its EE Clouse substation within the defined maintenance and testing intervals.

The duration of the violation was from June 18, 2007, when the Standard became mandatory and enforceable, through March 24, 2009, the date KCPD completed its Mitigation Plan.<sup>8</sup>

WECC determined that this violation did not pose a serious or substantial risk to the reliability of the bulk power system because the Protection System devices at KCPD's EE Clouse Substation were less than seven years old at the time of the violation and the substation connects to a generating unit that is operated only during peak hours or when natural gas prices are favorable for operation, ultimately operating less than 40 percent of all hours. Additionally, KCPD tested the Protection System devices when it placed the EE Clouse Substation into service. KCPD's Testing and Maintenance Program includes a 5-year maintenance and testing interval; KCPD tested the devices at the EE Clouse Substation in the sixth year.

### **Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>9</sup>**

#### **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,<sup>10</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on August 3, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a twelve thousand five hundred dollar (\$12,500) financial penalty against KCPD 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 violation at issue.

In reaching this determination, the NERC BOTCC considered the following factors:<sup>11</sup>

1. the violations constituted KCPD's first occurrence of violations of the subject NERC Reliability;
2. KCPD self-reported the original pre-June 18, 2007 violation of PRC-005-1 R2;
3. WECC reported that KCPD 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;

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<sup>8</sup> The May 29, 2009 Mitigation Plan incorrectly states that the Mitigation Plan was completed on March 25, 2009.

<sup>9</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>10</sup> *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).

<sup>11</sup> KCPD did not receive credit for having a compliance program because it was not reviewed by WECC.

5. the violations did not pose a serious or substantial risk to the BPS, as discussed above and 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 twelve thousand five hundred dollars (\$12,500) is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30 day period following the filing of this NOP with 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) Disposition Document for PRC-005-1 R2 dated August 3, 2010, included as Attachment a;
- b) KCPD's Self-Report for dated May 11, 2007, included as Attachment b;
- c) Settlement Agreement by and between WECC and KCPD executed May 3, 2010, included as Attachment c;
- d) KCPD's Mitigation Plan submitted May 29, 2009, included as Attachment d;
- e) KCPD'S Certification of Mitigation Plan Completion dated August 17, 2009, included as Attachment e;
- f) WECC's Verification of Mitigation Plan Completion dated September 24, 2009, included as Attachment f.

#### **A Form of Notice Suitable for Publication<sup>12</sup>**

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

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<sup>12</sup> 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>Jim Smith* General Manager Klickitat County PUD 1313 S. Columbus Ave. Goldendale, WA 98620 (509) 773-7617 JSmith@klickpud.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>Sandy Mooy* Senior Legal Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-7658 (801) 883-6894 – facsimile SMooy@wecc.biz</p> <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>
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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  
Rebecca J. Michael  
Assistant General Counsel  
North American Electric Reliability  
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Washington, DC 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net

cc: Klickitat County PUD  
Western Electricity Coordinating Council

Attachments

## **Attachment a**

### **Disposition Document for PRC-005-1 R2 dated August 3, 2010**

# **DISPOSITION OF VIOLATION<sup>1</sup>**

**Dated August 3, 2010**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
<b>WECC200910421</b>	<b>KCPD_WECC20091158</b>	<b>NOC-552</b>

REGISTERED ENTITY <b>Klickitat County PUD (KCPD)</b>	NERC REGISTRY ID <b>NCR05206</b>
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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		X				X			
	6/17/07				6/17/07		6/17/07				6/17/07			

\* VIOLATION APPLIES TO SHADED FUNCTIONS

### DESCRIPTION OF THE REGISTERED ENTITY

**KCPD is a public utility district. Its principal offices are located in Goldendale, Washington. KCPD is a winter-peaking entity, with a peak load of 77 MW. KCPD owns 22 miles of 230 kV transmission line and 130 miles of 115 kV and 69 kV transmission line. KCPD owns one 10.5 MW gas-fired generating plant, fifty percent of one 10 MW hydroelectric project, and a thirteen percent stake in a wind-based generating facility.**

## **II. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>PRC-005-1</b>	<b>2</b>	<b>2.1</b>	<b>High<sup>2</sup></b>	<b>Severe</b>

<sup>1</sup> 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.

<sup>2</sup> PRC-005-1 R2 has a "Lower" Violation Risk Factor (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,



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<sup>3</sup> affecting the reliability of the Bulk Electric System (BES) are maintained and tested.” (Footnote added)**

**PRC-005-1 R2 provides:**

**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 [Entity] 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.**

VIOLATION DESCRIPTION

**On March 30, 2007, while conducting a self-evaluation in preparation for the June 18, 2007 mandatory compliance with NERC Reliability Standards, KCPD discovered possible noncompliance with PRC-005-1. As a result, on May 11, 2007, KCPD submitted a Self-Report addressing its noncompliance with PRC-005-1 R2.<sup>4</sup> KCPD did not have a program in place and therefore could not implement that program as required by R2.**

**The violation became a post-June 18, 2007 violation because KCPD did not complete its pre-June 18, 2007 Mitigation Plan by the approved completion date of February 28, 2009. KCPD certified in a completed Mitigation Plan on February 27, 2009 that its Mitigation Plan had been completed. Nevertheless, WECC determined that KCPD had failed to maintain and test the Protection System at its EE Clouse substation according to its *Procedure Bulletin No. 43 - Transmission Protection System Maintenance & Testing Program*. Specifically, KCPD did not test its nineteen**

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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 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.

<sup>3</sup> *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.”

<sup>4</sup> KCPD also self-report non-compliance with PRC-005-1 R1 because it did not have a Protection System maintenance and testing program in place for Protection Systems that affect the reliability of the bulk power system. This non-compliance was resolved as a pre-June 18, 2007 violation as KCPD completed its pre-June 18, 2007 Mitigation Plan on time.

**Protection System devices (100% of all applicable devices) within the defined maintenance and testing intervals.**

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**WECC determined that this violation did not pose a serious or substantial risk to the reliability of the bulk power system because the Protection System devices at KCPD's EE Clouse Substation were less than seven years old at the time of the violation and the substation connects to a generating unit that is operated only during peak hours or when natural gas prices are favorable for operation, ultimately operating less than 40 percent of all hours. Additionally, KCPD tested the Protection System devices when it placed the EE Clouse Substation into service. KCPD's Testing and Maintenance Program includes a 5-year maintenance and testing interval; KCPD tested the devices at the EE Clouse Substation in the sixth year.**

IS THERE A SETTLEMENT AGREEMENT      YES ☒      NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)      YES ☐  
 ADMITS TO IT      YES ☒

**Stipulates to the facts**

DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)      YES ☐

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT      YES ☒

**III. DISCOVERY INFORMATION**

METHOD OF DISCOVERY

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

**KCPD self-reported the original pre-June 18, 2007 violation of PRC-005-1 R2. This violation became a post-June 18, 2007 violation when KCPD failed to complete its pre-June 18, 2007 Mitigation Plan by the February 28, 2009 deadline.**

DURATION DATE(S) **6/18/07 (when the Standard became mandatory and enforceable) through 3/24/09 (Mitigation Plan completion)**<sup>5</sup>

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **5/11/07 (the violation became a post-June 18, 2007 violation on March 1, 2009)**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>

#### IV. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-2017**

DATE SUBMITTED TO REGIONAL ENTITY **5/29/09**

DATE ACCEPTED BY REGIONAL ENTITY **9/2/09**

DATE APPROVED BY NERC **10/7/09**

DATE PROVIDED TO FERC **10/12/09**

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

**On June 15, 2007, KCPD submitted a Mitigation Plan for its pre-June 18, 2007 violation with a proposed completion date of November 30, 2007.**

**On November 27, 2007, KCPD requested an extension and submitted a revised Mitigation Plan with a proposed completion date of February 28, 2008. In the revised Mitigation Plan, KCPD planned to review its Protection System Maintenance and Testing Procedure, implement its procedure and document the results. WECC accepted the extension request and revised Mitigation Plan on February 21, 2008.**

**On February 28, 2008, KCPD requested another extension and submitted a revised Mitigation Plan with a proposed completion date of May 31, 2008 because it needed more time to review and revise its procedures. On March 29, 2008, thirty days after the extension request and revised Mitigation Plan was submitted, the extension request and revised Mitigation Plan were considered accepted by WECC per the Uniform Compliance Monitoring and Enforcement Program.**

<sup>5</sup> The May 29, 2009 Mitigation Plan incorrectly states that the Mitigation Plan was completed on March 25, 2009.

**On May 30, 2008, KCPD requested another extension and submitted a revised Mitigation Plan with a proposed completion date of August 30, 2008. In the extension request, KCPD stated that it would not be able to meet the May 31, 2008 completion date and needed more time to review and revise its procedures. WECC accepted the extension request and revised Mitigation Plan on September 7, 2008.**

**On August 25, 2008, KCPD requested another extension and submitted a revised Mitigation Plan with a proposed completion date of November 30, 2008. In the revised Mitigation Plan, KCPD stated that it did not have a procedure in place for PRC-005-1 and its Engineering Department was creating a Transmission Protection System Maintenance Schedule. WECC accepted the extension request and revised Mitigation Plan on September 3, 2008.**

**On November 24, 2008, KCPD requested another extension and submitted a revised Mitigation Plan with a proposed completion date of February 28, 2009. WECC accepted the extension request and revised Mitigation Plan on December 8, 2008. In the revised Mitigation Plan, KCPD stated that it created a maintenance and testing procedure and planned to implement the procedure. KCPD included a draft substation relay testing and maintenance procedure and a draft testing schedule with the revised Mitigation Plan.**

**As discussed above, KCPD certified in a completed Mitigation Plan on February 27, 2009 that it completed its Mitigation Plan. WECC determined that KCPD was still in violation of PRC-005-1 R2 and therefore, rejected KCPD's completed Mitigation Plan on March 23, 2009. On May 6, 2009, WECC formally notified KCPD that WECC rejected the completed Mitigation Plan and the violation became a post-June 18, 2007 violation. KCPD submitted a revised Mitigation Plan for the post-June 18, 2007 violation of PRC-005-1 R2 on May 29, 2009 (dates discussed above).**

MITIGATION PLAN COMPLETED      YES ☒      NO ☐

EXPECTED COMPLETION DATE      **Submitted as complete**

EXTENSIONS GRANTED      **See discussion above**

ACTUAL COMPLETION DATE      **3/24/09**

DATE OF CERTIFICATION LETTER **8/17/09**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **3/24/09**

DATE OF VERIFICATION LETTER **9/24/09**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **3/24/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**KCPD completed the required testing at its EE Clouse substation.**

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)

**WECC reviewed KCPD's *Procedure Bulletin No. 43 Klickitat PUD Transmission Protection System Maintenance and Testing Program* dated December 2, 2008 and KCPD's testing log sheet showing that testing was completed on March 24, 2009.**

**V. PENALTY INFORMATION**

TOTAL ASSESSED PENALTY OR SANCTION OF **\$12,500** FOR **ONE** VIOLATION OF RELIABILITY STANDARDS.

**(1) REGISTERED ENTITY'S COMPLIANCE HISTORY**

PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER  
YES ☐ NO ☒

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER  
YES ☐ NO ☐

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

**Concurrently being filed with the Commission is a separate Settlement Agreement between WECC and KCPD designated as NOC-488 for violations of CIP-001-1 R4 and FAC-001-0 R1, R2 and R3.<sup>6</sup>**

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<sup>6</sup> WECC determined that the concurrently filed violations should not serve as a basis for aggravating the penalty because the subject violations of NOC-488 involved unrelated standards and the Mitigation Plans in NOC-488 would not have resolved or prevented the instant violation. The two sets of violations entered the enforcement process at different times. The instant violation was self-reported in May 2007 and the violations in NOC-488 were self-certified in January 2008 and January 2009. The May 2007 violation

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

FULL COOPERATION      YES ☒      NO ☐  
IF NO, EXPLAIN

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

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

**WECC did not review KCPD's internal compliance program.**

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

**See above.**

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

YES ☐      NO ☒  
IF YES, EXPLAIN

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

YES ☐      NO ☒  
IF YES, EXPLAIN

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became a post-June 18, 2007 violation when WECC determined that the Mitigation Plan was not timely completed. Moreover, there was nothing in the record to suggest that broader corporate issues were implicated.

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒  
IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒  
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒  
IF YES, EXPLAIN

EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):

SOURCE DOCUMENT  
**Self-Report dated May 11, 2007**

MITIGATION PLAN  
**Mitigation Plan dated May 29, 2009**

CERTIFICATION BY REGISTERED ENTITY  
**Certification of Mitigation Plan Completion dated August 17, 2009**

VERIFICATION BY REGIONAL ENTITY  
**Verification of Mitigation Plan Completion dated September 24, 2009**

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR  
SANCTION ISSUED  
DATE: **12/7/09** OR N/A ☐

SETTLEMENT DISCUSSIONS COMMENCED  
DATE: **1/29/10** 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 b**

### **KCPD's Self-Report for dated May 11, 2007**

## Compliance Violation Self-Reporting Form

Registered Entity Name: Public Utility District No. 1 of Klickitat County

Contact Name: Allen Barkley

Contact Phone: 509-773-7608

Contact email: abarkley@klickpud.com

Date noncompliance was discovered: 3/30/07

Date noncompliance was reported: 5/11/07

**Standard Title:** TRANSMISSION AND GENERATION PROTECTION SYSTEM MAINTENANCE AND TESTING

**Standard Number:** PRC-005-1

**Requirement / Measure Number(s)\*:** R2

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

A comprehensive self evaluation of applicable new standards to make our own determination of non-compliance

**\*Submit a Complete Mitigation Plan in conjunction with this report to show that corrective steps are being taken. If a complete 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 insufficient time to remedy the non-compliance between its discovery and the effective date of the mandatory standards.

Describe the reliability impact of this non-compliance:

This utility individually has minimal impact on bulk electric system

Expected date of Mitigation Plan submittal: 6/15/07

---

\* Violations are on a per requirement basis.

## Compliance Violation Self-Reporting Form

Registered Entity Name: Public Utility District No. 1 of Klickitat County

Contact Name: Allen Barkley

Contact Phone: 509-773-7608

Contact email: abarkley@klickpud.com

Date noncompliance was discovered: 3/30/07

Date noncompliance was reported: 5/11/07

**Standard Title:** TRANSMISSION AND GENERATION PROTECTION SYSTEM MAINTENANCE AND TESTING

**Standard Number:** PRC-005-1

**Requirement / Measure Number(s)\*:** R2.1

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

A comprehensive self evaluation of applicable new standards to make our own determination of non-compliance

**\*Submit a Complete Mitigation Plan in conjunction with this report to show that corrective steps are being taken. If a complete 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 insufficient time to remedy the non-compliance between its discovery and the effective date of the mandatory standards.

Describe the reliability impact of this non-compliance:

This utility individually has minimal impact on bulk electric system

Expected date of Mitigation Plan submittal: 6/15/07

---

\* Violations are on a per requirement basis.

## Compliance Violation Self-Reporting Form

Registered Entity Name: Public Utility District No. 1 of Klickitat County

Contact Name: Allen Barkley

Contact Phone: 509-773-7608

Contact email: abarkley@klickpud.com

Date noncompliance was discovered: 3/30/07

Date noncompliance was reported: 5/11/07

**Standard Title:** TRANSMISSION AND GENERATION PROTECTION SYSTEM MAINTENANCE AND TESTING

**Standard Number:** PRC-005-1

**Requirement / Measure Number(s)\*:** R2.2

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

A comprehensive self evaluation of applicable new standards to make our own determination of non-compliance

**\*Submit a Complete Mitigation Plan in conjunction with this report to show that corrective steps are being taken. If a complete 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 insufficient time to remedy the non-compliance between its discovery and the effective date of the mandatory standards.

Describe the reliability impact of this non-compliance:

This utility individually has minimal impact on bulk electric system

Expected date of Mitigation Plan submittal: 6/15/07

---

\* Violations are on a per requirement basis.

## **Attachment c**

### **Settlement Agreement by and between WECC and KCPD executed May 3, 2010**

**SETTLEMENT AGREEMENT  
OF  
WESTERN ELECTRICITY COORDINATING COUNCIL  
AND  
KLICKITAT COUNTY PUD**

Western Electricity Coordinating Council ("WECC") and Klickitat County PUD ("KCPD") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 20 day of April, 2010.

**RECITALS**

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

WECC200910421

PRC-005-1 R2

*Transmission and Generation Protection  
System Maintenance and Testing*

B. KCPD is a public utility district. Its principal offices are located in Goldendale, Washington. KCPD is a winter-peaking entity, with a peak load of 77 MW. KCPD owns 22 miles of 230 kV transmission line and 130 miles of 115 kV and 69 kV transmission line. KCPD owns one 10.5 MW gas-fired generating plant, fifty percent of one 10 MW hydroelectric project, and a thirteen percent stake in a wind-based generating facility. KCPD was registered on the NERC Compliance Registry on June 17, 2007 as a Distribution Provider, Load-Serving Entity, Purchase-Selling Entity, and Transmission Owner. The violation addressed herein relates to KCPD's Transmission Owner and Distribution Provider functions.

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, denial or waiver of either party's rights. Except, however, nothing in this Agreement shall limit or prevent WECC from evaluating KCPD for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action can include assessing penalties against KCPD 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 KCPD hereby agree and stipulate to the following:

## **I. Representations of the Parties**

For purposes of this Agreement, KCPD stipulates to the facts contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that KCPD has a Confirmed Violation as this term is defined in the WECC Compliance and Monitoring Enforcement Program ("CMEP"), of the Reliability Standard described below in detail.

## **II. Confirmed Violation**

### **A. NERC Reliability Standard PRC-005-1, Requirement 2**

**PRC-005-1 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 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*

KCPD is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Transmission Owner and Distribution Provider. On March 30, 2007, while conducting a self-evaluation in preparation for the June 18, 2007 mandatory compliance with NERC Reliability Standards, KCPD discovered possible noncompliance with this Standard. As a result, on May 11, 2007, KCPD submitted a Self-Report addressing its possible noncompliance. KCPD stated in its Self-Report that it was noncompliant as a result of "insufficient time to remedy the non-compliance between its discovery and the effective date of the mandatory standards." On June 15, 2007, KCPD submitted a mitigation plan to address its noncompliance. KCPD stated in the associated mitigation plan that it lacked "documentation to support compliance" with PRC-005-1 R2.

KCPD's violation became a sanctionable post-June 18, 2007 violation on March 23, 2009, when WECC rejected KCPD's associated completed mitigation plan. Specifically, on March 23, 2009, a WECC subject matter expert ("SME") reviewed KCPD's *Procedure Bulletin No. 43 – Transmission Protection System Maintenance & Testing Program* (revision 2, dated 12/02/2008), KCPD's one-line diagram (dated 2/27/2009), and KCPD's *Table of Testing* (dated 2/27/2009). During the SME's review, the SME conducted telephone interviews with KCPD personnel. The SME determined that KCPD failed to maintain and test the Protection System at KCPD's EE Clouse substation according to KCPD's *Procedure Bulletin No. 43 – Transmission Protection System Maintenance & Testing Program*. The SME determined KCPD's failure to maintain the Protection System at the EE Clouse substation was a possible violation of PRC-005-1 R2. Specifically, KCPD failed to provide evidence it maintained its protective devices within the intervals defined in KCPD's *Procedure Bulletin No. 43 – Transmission Protection System Maintenance & Testing Program*. The SME forwarded the SME's findings to the WECC Compliance Enforcement Department ("Enforcement").

Enforcement reviewed the Self-Report, information in the mitigation plans (described in more detail below), and the SME's findings. Enforcement determined that KCPD did not test its nineteen Protection System devices (100% of all applicable devices) at the EE Clouse substation within KCPD's defined maintenance and testing intervals. Enforcement concluded KCPD's failure to test these devices is an Alleged Violation of PRC-005-1 R2.

On June 15, 2007, KCPD submitted a mitigation plan to address this violation. This mitigation plan included an expected completion date of November 30, 2007.

On November 27, 2007, KCPD requested an extension and submitted a revised mitigation plan ("revised plan") with a proposed completion date of February 28, 2008. In the revised mitigation plan, KCPD planned to review its Protection System Maintenance and Testing Procedure, implement its procedure and document results.

On February 21, 2008, WECC reviewed the revised plan and determined the revised plan included the necessary actions to mitigate the violation and an appropriate timeframe for completion. Accordingly, WECC accepted the revised plan on February 21, 2008.

On February 28, 2008, KCPD requested an extension and submitted a revised mitigation plan ("February plan"). The February plan included a proposed completion date of May 31, 2008.

On May 30, 2008, KCPD requested an extension and submitted a revised mitigation plan ("May plan"). KCPD stated on the extension request that it "will not be able to reach the May 31, 2008 Completion Date." The May plan included a proposed completion date of August 30, 2008.



On August 25, 2008, KCPD requested an extension and submitted a revised mitigation plan ("August plan"). The August plan included an expected completion date of November 30, 2008.

KCPD stated in the August plan that KCPD "did not have a procedure in place for PRC-005-1 and [KCPD's Engineering Department is] creating a Transmission Protection System Maintenance Schedule."

On September 3, 2008, WECC reviewed the August plan. WECC determined the August plan identified the cause of the violation, included the necessary steps to mitigate the violation, and included an appropriate timeframe for completion. Thus, WECC accepted the August plan on September 3, 2008.

On November 24, 2008, KCPD requested an extension and submitted a revised mitigation plan ("November plan"). KCPD stated on the extension request that it "will not be able to reach the November 30, 2008 Completion Date." KCPD stated in the November plan that it "did not have a procedure in place for PRC-005-1." To mitigate this violation, KCPD created a maintenance and testing procedure and planned to implement the procedure (i.e., maintain and test) to ensure compliance with this Standard. KCPD included a draft substation relay testing and maintenance procedure and a draft testing schedule with the November plan. The November plan included a February 28, 2009 expected completion date.

On February 27, 2009, KCPD submitted its completed mitigation plan. On February 27, 2009, KCPD's Power Manager certified that KCPD completed the actions outlined in the mitigation plan by February 27, 2009. Along with the completed mitigation plan, KCPD submitted its *Procedure Bulletin No. 43 – Transmission Protection System Maintenance & Testing Program* (dated 12/2/08).

On March 10, 2009, WECC began reviewing the completed mitigation plan. During this review, WECC contacted KCPD and asked KCPD to provide a one-line diagram of KCPD's system and a listing of KCPD's Protective System devices, including the date each was last maintained and tested and the date each was next scheduled to be maintained and tested. In response to this request, KCPD provided its one-line diagram (dated 3/17/2009) and KCPD's *Table of Testing* (dated 2/27/2009).

In reviewing this documentation, WECC determined KCPD failed to maintain the Protection System at the EE Clouse substation. Thus, WECC rejected the mitigation plan on March 23, 2009 because KCPD had failed to maintain and test its Protection System devices according to KCPD's *Procedure Bulletin No. 43 – Transmission Protection System Maintenance & Testing Program*. On May 6, 2009, WECC formally notified KCPD that WECC rejected this mitigation plan.

On May 29, 2009, KCPD submitted a revised and completed mitigation plan ("completed plan"). KCPD submitted a formal Certification of Completion on August 17, 2009 in which KCPD's Power Manager certified that KCPD completed the actions outlined in the completed plan by March 24, 2009. Specifically, KCPD completed the

maintenance and testing of its Protection System and included the date it last maintained and tested each Protection System device.

On September 2, 2009, WECC completed its review of the completed plan. WECC determined that KCPD provided evidence (KCPD's testing log sheet, dated 3/25/2009) it maintained and tested its Protection System devices within KCPD's defined intervals and provided WECC the date KCPD last maintained and tested each device. Accordingly, WECC accepted the completed plan on September 2, 2009. In accepting the completed plan, WECC verified that KCPD completed all the actions outlined in the completed plan by March 24, 2009. On September 24, 2009, WECC notified KCPD that WECC accepted KCPD's completed plan.

### **III. Settlement Terms**

A. Payment. To settle this matter, KCPD hereby agrees to pay \$12,500 to WECC via wire transfer or cashier's check. KCPD shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to KCPD upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). KCPD 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 KCPD that includes any changes to the Agreement specified by NERC or FERC. 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 ("VRF") and Violation Severity Level, and the risk to the reliability of the BPS; (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 violation of PRC-005-1 R2 has a "High" VRF. WECC determined that this violation posed minimal risk to the reliability of the BPS because the Protection System devices at KCPD's EE Clouse Substation were less than seven years old at the time of the violation. The substation connects to a generating unit that is operated only during peak hours or when natural gas prices are favorable for operation, ultimately operating less than 40 percent of all hours. KCPD tested the Protection System devices when it placed the EE Clouse Substation into service. KCPD's Testing and Maintenance Program includes a 5-year maintenance and testing interval; KCPD tested the devices at the EE Clouse Substation in the sixth year.

In addition to the factors listed above, WECC considered several factors in reaching an agreement with KCPD regarding the penalty amount. First, the Alleged Violation addressed by this Agreement is KCPD's first assessed noncompliance with this Reliability Standard. Second, KCPD mitigated the violation prior to WECC issuing a Notice of Alleged Violation. Third, KCPD was cooperative throughout WECC's evaluation of KCPD's compliance with the Reliability Standards and throughout the enforcement process.

In reaching this Agreement, WECC considered that there were no aggravating factors warranting a higher payment amount. Specifically, KCPD did not have any negative compliance history. There was no failure by KCPD to comply with applicable compliance directives, nor any evidence of an attempt by KCPD to conceal a violation. Finally, there was no evidence that KCPD's violation was 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 KCPD 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. KCPD agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. KCPD waives its right to further hearings and appeal, unless and only to the extent that KCPD 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 KCPD in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that KCPD fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against KCPD up to the maximum penalty allowed by the NERC Rules of Procedure. KCPD 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. KCPD 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 KCPD 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.

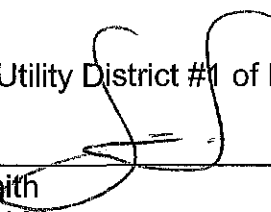
***[Remainder of page intentionally left blank -  
signatures affixed to following page]***

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

 5/3/10  
Constance B. White Date  
Vice President of Compliance

Public Utility District #1 of Klickitat County

 4/20/10  
Jim Smith Date  
General Manager

## **Attachment d**

**KCPD's Mitigation Plan submitted May 29, 2009**



## Mitigation Plan Submittal Form

New ☐ or Revised ☒

Date this Mitigation Plan is being submitted: 05/29/09

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: 03/25/2009

### **Section A: Compliance Notices & Mitigation Plan Requirements**

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

### **Section B: Registered Entity Information**

- B.1 Identify your organization:

Registered Entity Name: Public Utility District No.1 of Klickitat County

Registered Entity Address: 1313 S Columbus Goldendale WA  
NERC Compliance Registry ID: NCR05206

- 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.<sup>1</sup>

Name: Greg Gallagher  
Title: Power Manager  
Email: ggallagher@klickpud.com

<sup>1</sup> 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.





Western Electricity Coordinating Council

Phone: 509-773-7605



### **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 <sup>(*)</sup> (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R2		5/11/07	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:

Klickitat County PUD did not have a procedure and policy in place for PRC-005-1.

[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:

[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:

KPUD approved Procedure Bulletin #43 that is attached.

KPUD has a draft Substation Relay Testing and Equipment Maintenance Testing Procedure that is attached.

KPUD has a draft testing schedule spreadsheet, that is attached.

The non-compliance violation of R2 occurred as KPUD had not yet done required testing at the EE Clouse Substation. Testing was completed on 03/25/2009.

[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: 03/25/2009
- 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)
Take Draft Procedure Bulletin	February 2009



Western Electricity Coordinating Council



"Substation Relay Testing and Equipment Maintenance Testing Procedure" To staff meeting for approval	
R2 Testing at EE Clouse Substation	03/25/2009

(\*) 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:

Violation of PRC 005-1 R2 has been mitigated. We did testing of Relays and Equipment at EE Clouse Substation on 03/24 and 03/25/2009. Final Reports are being compiled, and drafts are complete. We are now in compliance with R2. [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:

Klickitat County PUD feels there is no risk or impact to the reliability of the bulk power system while we are implementing the mitigation plan. Klickitat County PUD is working towards compliance.

[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:

When Klickitat County PUD submits Self Certification; all documents will be reviewed thoroughly to ensure all standard requirements have a proper mitigation plan.

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

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or



*Western Electricity Coordinating Council*



similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

Since PRC 005-1 requirements have been outlined and KPUD now has Procedure Bulletin 43 in place, the Engineering Department has a published calendar with compliance deadlines. The KPUD Engineering Department will periodically review those calendar dates to insure the compliance deadlines are met.

[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 Power Manager of Klickitat County PUD.
  2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Klickitat County PUD.
  3. I understand Klickitat County PUD 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. Klickitat County PUD 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): Greg Gallagher  
Title: Power Manager  
Date: 5/29/09



## **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.

Attached is KPUD Procedure Bulletin #43 Transmission Protection System Maintenance and Testing Program and a Draft Procedure Bulletin Substation Relay Testing and Equipment Maintenance Testing Procedure.

[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:

Jim Stuart, Sr. Compliance Engineer

Email: [JStuart@wecc.biz](mailto:JStuart@wecc.biz)

Phone: (801) 883-6887

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**

### **KCPD'S Certification of Mitigation Plan Completion dated August 17, 2009**



**Non-Public and CONFIDENTIAL**

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## **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)

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**Registered Entity:** Klickitat County PUD

**NERC Registry ID:** NCR05206

**Date of Submittal of Certification:** 8/17/09

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

**Standard:** PRC-005

**Requirement(s):** R2

**Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan (if applicable):** 2/27/09

**Date Mitigation Plan was actually completed:** 3/24/09

**Additional Comments (or List of Documents Attached):** KPUD submitted a Compliant Form for Standard PRC-005 on February 27, 2009. At that time, KPUD was in the middle of Testing for EE Clouse. KPUD did not realize that we had to be completed with testing before submitting a Mitigation Completion Form for PRC-005 R.2. On May 29, 2009, KPUD submitted a Revised Mitigation Plan. Looking back a Mitigation Completion form should have been submitted since KPUD was compliant as of March 25, 2009. This fact was clearly stated in the Revised MP Form submitted. When KPUD discovered this error, we spoke with Fred Johnson at WECC and he suggested submitting the MP Completion form as soon as possible. Attached is KPUD's Testing Log Sheet confirming the testing completion date of March 24, 2009.

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:** Greg Gallagher

**Title:** Power Manager



**Non-Public and CONFIDENTIAL**

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Email: ggallagher@klickpud.com

Phone: 509-773-7605

Authorized Signature: 

Date: 8/17/09

## **Attachment f**

### **WECC's Verification of Mitigation Plan Completion dated September 24, 2009**

**CONFIDENTIAL**



**Laura Scholl**  
Managing Director of Compliance

801.819.7619  
[lscholl@wecc.biz](mailto:lscholl@wecc.biz)

September 24, 2009

Greg Gallagher  
Power Manager  
Klickitat County PUD  
1313 South Columbus Ave  
Goldendale, Washington 98620

NERC Registration ID: NCR05206

Subject: Certification of Completion Response Letter

Dear Greg Gallagher,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Klickitat County PUD (KCPD) on 8/17/2009 for the alleged violation of Reliability Standard PRC-005-1 Requirement 2.1.

WECC has accepted the Certification of Completion for Requirement(s) 2.1 of the Reliability Standard PRC-005-1 and has found this requirement to be fully mitigated. No further mitigation of these requirements will be required at this time.

If you have any questions or concerns, please contact Phil O'Donnell at [podonnell@wecc.biz](mailto:podonnell@wecc.biz). Thank you for your assistance in this effort.

Sincerely,

*Laura Scholl*

Laura Scholl  
Managing Director of Compliance

LS:ki

cc: Holly Dohrman, KCPD Energy Services Manager  
Lisa Milanes, WECC Manager of Compliance Program Administration  
Phil O'Donnell, WECC Senior Compliance Engineer

**Attachment g**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Klickitat County PUD

Docket No. NP10-\_\_\_\_-000

NOTICE OF FILING  
September 30, 2010

Take notice that on September 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Klickitat County PUD 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](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary