



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 28, 2011

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

**Re: NERC Abbreviated Notice of Penalty regarding Ripon Cogeneration LLC,
FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Ripon Cogeneration LLC (RIPO), with information and details regarding the nature and resolution of the violation¹ discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Document (Attachment b), 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 RIPO 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 Requirement 2.1. According to the Settlement Agreement, RIPO stipulates to the facts of the violation 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 WECC201001833 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

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 (2011). *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).

Statement of Findings Underlying the Violation

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on September 21, 2010, by and between WECC and RIPO. 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-688	WECC201001833	PRC-005-1	2.1	High ³	6/18/07-6/5/09	12,500

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

PRC-005-1/2.1 - OVERVIEW

This violation was discovered during an off-site Compliance Audit of RIPO on February 11, 2010. WECC determined that RIPO, as a Generator Owner, failed to provide battery maintenance records for eight out of eleven quarters prior to June 5, 2009.⁴ RIPO has quarterly maintenance intervals for its station batteries and therefore failed to provide evidence that station batteries were maintained within stated intervals.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁵

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,⁶ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on July 11, 2011. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a twelve thousand five hundred dollars (\$12,500) financial penalty against RIPO

³ 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. In the context of this case, WECC determined that the violation related to 2.1, and therefore a "High" VRF is appropriate in this case.

⁴ One of the eight quarters was not a full quarter as the standards became enforceable during the second quarter of 2007.

⁵ See 18 C.F.R. § 39.7(d)(4).

⁶ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

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:⁷

1. the violation constituted RIPO's first occurrence of violation of the subject NERC Reliability Standards;
2. WECC reported that RIPO was cooperative throughout the compliance enforcement process;
3. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. WECC determined that the violation posed a minimal and not serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Document; and
5. 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.

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

Attachments to be included as Part of this Notice of Penalty

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

- a) Settlement Agreement by and between WECC and RIPO executed September 21, 2010, included as Attachment a;
- b) Disposition Document included as Attachment b;
- c) WECC's Regional Determination of Alleged Violation Summary for PRC-005-1 R2.1 discovery date February 11, 2010, included as Attachment c;
- d) RIPO's Mitigation Plan MIT-07-3668 undated, submitted March 8, 2011, included as Attachment d;
- e) RIPO's Certification of Mitigation Plan Completion submitted May 18, 2011, included as Attachment e; and⁸
- f) WECC's Notice of Completed Mitigation Plan Acceptance dated June 2, 2011, included as Attachment f.

A Form of Notice Suitable for Publication⁹

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

⁸ The Certification of Mitigation Plan Completion has a signature date of May 17, 2011 and is dated March 8, 2011.

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 david.cook@nerc.net</p> <p>Mark Maher* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (360) 213-2673 (801) 582-3918 – facsimile Mark@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) 883-6855 (801) 883-6894 – facsimile CWhite@wecc.biz</p> <p>Sandy Mooy* Associate General 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>	<p>Rebecca J. Michael* Associate General Counsel for Corporate and Regulatory Matters 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>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>James Hinrichs* Vice President - Operations Ripon Cogeneration LLC 300 Rancheros Drive, Suite 300 San Marcos, CA 92069 (760) 510-9102 (760) 510-9754 – facsimile jhinrichs@fortchicago.com</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>
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Ripon Cogeneration LLC
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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
North American Electric Reliability Corporation
116-390 Village Boulevard
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david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Associate General Counsel for Corporate
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rebecca.michael@nerc.net

cc: Ripon Cogeneration LLC
Western Electricity Coordinating Council

Attachments

Attachment a

Settlement Agreement by and between WECC and RIPO executed September 21, 2010

**SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
RIPON COGENERATION LLC**

Western Electricity Coordinating Council ("WECC") and Ripon Cogeneration LLC ("RIPO")(collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 14 day of SEPT, 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 RIPO by WECC that resulted in certain WECC determinations and findings regarding an Alleged Violation of the following North American Electric Reliability Corporation ("NERC") Reliability Standard ("Reliability Standard" or "Standard");

WECC201001833: PRC-005-1 R.2.1, Protection and Control ("PRC")

B. RIPO is a private company with principal offices located in Ripon, CA. The RIPON generation facility has been in operation since 1988 and has a generation capacity of 49.5 megawatts. RIPO was registered on the NERC Compliance Registry on June 17, 2007 as a Generator Owner ("GO").

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. Thus, for the purposes of this agreement, RIPO admits to the stipulated violations facts as set forth herein.

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

I. Stipulated Violation Facts

A. NERC Reliability Standard PRC-005-1, Requirement 2.1

PRC-005-1 R. 2.1: *Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall 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.

Violation Facts: RIPO is subject to this Standard because it was registered on the NERC Compliance Registry on June 17, 2007 as a Generator Owner ("GO"). WECC conducted an off-site Compliance Audit of RIPO on February 11, 2010. During the Compliance Audit, the WECC Audit Team ("Audit Team") determined that RIPO failed to provide evidence that station batteries were maintained within stated intervals over the audit period. The Audit Team notified RIPO during the Compliance Audit closing presentation that there was a possible violation of the Standard.

On February 11, 2010, the Audit Team began to review the evidence filed by RIPO to demonstrate compliance with PRC-005-1 R2. As evidence of its compliance, RIPO provided a documentation package that included testing intervals and testing records for its Protection System devices. The Audit Team's review of the RIPO records confirmed compliance with most Protection Systems devices, with the exception of station batteries. The Audit Team determined RIPO used quarterly maintenance intervals for its batteries, however maintenance records were only found for June 2009, September 2009 &

December 2009. Unable to locate records prior to June 2009, the WECC Audit Team requested that RIPO provide all quarterly maintenance records from June 18, 2007 to the date of the Compliance Audit.

On February 11, 2010, RIPO responded by email to WECC's request, confirming that all available battery maintenance records had been submitted, and no other records were available. Based on this response and test records previously submitted, the Audit Team confirmed RIPO was missing battery maintenance records for 8 out of 11 quarters. Because RIPO has quarterly maintenance intervals for its station batteries, it is required to have evidence that its Protection System devices were maintained and tested within RIPO's defined intervals.

Based on the Audit Team's review of evidence, data request responses, and interviews conducted during the Compliance Audit, it was determined that RIPO had a possible violation of PRC-005-1 Requirement 2.1. Specifically, RIPO failed to provide evidence that all Protection Systems were maintained and tested within the defined intervals. The Audit Team completed a Reliability Standard Audit Worksheet ("RSAW") detailing the findings and evidence reviewed, and forwarded the documentation to the WECC Compliance Enforcement Department ("Enforcement") for its review and consideration.

Enforcement reviewed the RSAW and concluded that RIPO had an Alleged Violation of PRC-005-1 R2.1 Standard because it failed to maintain evidence that its Protection System devices were maintained and tested within the defined intervals.

WECC Auditors determined that RIPO has been current with its maintenance and testing program since June 5, 2009. Thus, RIPO was in violation of this Standard from June 18, 2007 to June 5, 2009.

No mitigation plan has been filed at this time. The Parties agree this Agreement is contingent on RIPO submitting and completing a mitigation plan for PRC-005-1 R2.1. WECC must also determine acceptance of the plan.

II. Settlement Terms

A. **Payment.** To settle this matter, RIPO hereby agrees to pay \$12,500 to WECC via wire transfer or cashier's check. RIPO shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to RIPO upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). RIPO shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment Due. If this payment is not timely received, WECC shall assess, and RIPO agrees to pay, an interest charge calculated according to the method set forth at 18 CFR §35.19(a)(2)(iii) beginning on the 31st day following issuance 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 RIPO 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.

To determine penalty assessments, 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 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 following are the VRF and the reliability impact for [each] [the] Alleged Violation as determined by WECC:

1. The violation of PRC-005-1 R2.1 has a "High" VRF. WECC determined that this violation posed a Minimal risk to the reliability of the BPS because RIPO operates a small 49.5 MW generator which connects to the Bulk Electric System ("BES") at 115 kV. Furthermore, RIPO was found compliant with all other Protection System device maintenance, and was current with station battery maintenance as of June 5, 2009.

In addition, WECC considered that (1) the Alleged Violation addressed by this Agreement is RIPO's first assessed noncompliance with the applicable Reliability Standard, and (2) RIPO was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process.

Finally, there were no aggravating factors warranting a higher payment amount. Specifically, RIPO did not have any negative compliance history. There was no failure by RIPO to comply with applicable compliance directives, nor any evidence of an

attempt by RIPO to conceal a violation. Finally, there was no evidence that RIPO's violation was intentional.

III. 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 RIPO 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. RIPO agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. RIPO waives its right to further hearings and appeal, unless and only to the extent that RIPO 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 RIPO in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that RIPO fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against RIPO up to the maximum penalty allowed by the NERC Rules of Procedure. RIPO 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. RIPO 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 RIPO 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.

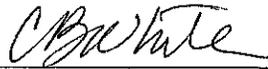
L. Captions. The Agreement's titles, headings and captions are for the purpose of convenience only and in no way define, describe or limit the scope or intent of the Agreement.

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.

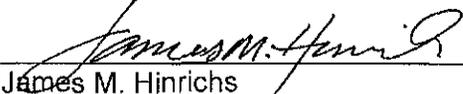
***[Remainder of page intentionally left blank -
signatures affixed to following page]***

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

 9/21/10
Constance B. White Date
Vice President of Compliance

RIPON COGENERATION LLC

 9/14/2010
James M. Hinrichs Date
Vice President of Operations

Attachment b

Disposition Document

DISPOSITION OF VIOLATION¹

Dated July 11, 2011

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
WECC201001833	RIPO_WECC20102073	NOC-688

REGISTERED ENTITY Ripon Cogeneration LLC (RIPO)	NERC REGISTRY ID NCR05363
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REGIONAL ENTITY
Western Electricity Coordinating Council (WECC)

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS (BOTTOM ROW INDICATES REGISTRATION DATE):

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

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

RIPO is a private holding company with its principal offices located in Ripon, California. In 2005, RIPO's generation facilities were purchased by Countryside Power Income Fund. The Ripon generation facility has been in operation since 1988 and has a generation capacity of 49.5 MW. RIPO currently operates as a subsidiary of Fort Chicago Power Ltd., a subsidiary of Veresen Inc.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	2	2.1	High²	Severe

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.

² 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 was PRC-005-1 R2.1.

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 affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”³

PRC-005-1 R2 provides in pertinent part:

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^[4] 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.

(Footnotes added.)

VIOLATION DESCRIPTION

WECC conducted an off-site Compliance Audit of RIPO on February 11, 2010. During the Compliance Audit, the WECC Audit Team (Audit Team) determined that RIPO failed to provide evidence that station batteries were maintained within stated intervals over the audit period. On February 11, 2010, the Audit Team began to review the evidence filed by RIPO to demonstrate compliance with PRC-005-1 R2. As evidence of its compliance, RIPO provided a documentation package that included testing intervals and testing records for its Protection System devices. The Audit Team’s review of the RIPO records identified noncompliance with respect to station batteries. Based upon the evidence reviewed, the Audit Team did not identify noncompliance with respect to the other Protection Systems devices. The Audit Team determined RIPO used quarterly maintenance intervals for its batteries, but maintenance records were only found for June 2009, September 2009 and December 2009. Unable to locate records prior to June 2009, the WECC Audit

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. In the context of this case, WECC determined that the violation related to 2.1, and therefore a “High” VRF is appropriate in this case.

³ *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.”

⁴ Consistent with applicable FERC precedent, the term “Regional Reliability Organization” in this context refers to WECC.

DURATION DATE(S) **6/18/07 (when the Standard became mandatory and enforceable) through 6/5/09 (when RIPO became current with its maintenance and testing program)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **2/11/10**

IS THE VIOLATION STILL OCCURRING YES NO
IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES NO
PRE TO POST JUNE 18, 2007 VIOLATION YES NO

IV. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-3668**
DATE SUBMITTED TO REGIONAL ENTITY **3/8/11**
DATE ACCEPTED BY REGIONAL ENTITY **4/28/11**
DATE APPROVED BY NERC **6/10/11**
DATE PROVIDED TO FERC **6/10/11**

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

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **Submitted as complete**
EXTENSIONS GRANTED
ACTUAL COMPLETION DATE **9/15/10**

DATE OF CERTIFICATION LETTER **5/18/11⁵**
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **9/15/10**

DATE OF VERIFICATION LETTER **6/2/11**
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **9/15/10**

⁵The Certification Letter is dated March 8, 2011 and signed on May 17, 2011 but the Certification Letter was submitted May 18, 2011.

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

- 1. Monthly, quarterly, and yearly checks are accomplished per the manufacturer of the equipment's recommendation.**
- 2. Document retention is maintained by the following methods**
 - a. Monthly quarterly and yearly tasks have been created within the CMMS system to track and ensure timely compliance.**
 - b. When a date for checks/inspections arrives, the CMMS generates a work order which is then issued to a trained technician for completion.**
 - c. Along with the work order, the technician uses a Battery Monthly Maintenance Checklist and Inspection sheet to log data which includes the manufacturer's recommendation for periodic system checks.**
 - d. Once this form is completed, it is inputted into the electronic version for retention and then attached to the work order for physical copy retention by the Compliance Manager.**
 - e. Once the technician completes the tasks and documents are updated and provided for retention, the CMMS is updated to reflect the results or outcome of the inspection/check where it is saved.**
- 3. Training on the document retention policy was conducted with plant personnel who conduct the testing and inspection.**

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)

The WECC SME reviewed RIPO's monthly and quarterly battery testing maintenance and testing records. RIPO also provided its Record Retention Procedures and employee sign-off for training on the program that was conducted with plant personnel who conduct the testing and inspection.

V. PENALTY INFORMATION

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

RIPO 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

EXHIBITS:

SOURCE DOCUMENT

**Regional Determination of Alleged Violation Summary discovery date
February 11, 2010**

MITIGATION PLAN

RIPO's Mitigation Plan MIT-07-3668 undated, submitted March 8, 2011

CERTIFICATION BY REGISTERED ENTITY

RIPO's Certification of Mitigation Plan Completion submitted May 18, 2011

VERIFICATION BY REGIONAL ENTITY

WECC's Verification of Mitigation Plan Completion dated June 2, 2011

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: **3/24/10** OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **4/12/10** 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 DID NOT CONTEST

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

Attachment c

**WECC's Regional Determination of Alleged
Violation Summary for PRC-005-1 R2.1 discovery
date February 11, 2010**



Non-Public and CONFIDENTIAL

Regional Determination of Alleged Violation Summary

Region: WECC

Registered Entity: Ripon Cogeneration LLC

NERC Registry ID: NCR05363

NERC Violation ID: WECC201001833

Date Alleged Violation reported to or discovered by WECC: 02/11/2010

Method of Discovery: Compliance Audit

Standard: PRC-005-1

Requirement: 2.1

Regional description of Alleged Violation:

The entity has a new possible violation of PRC-005-1 requirement 2.1 for failing to provide evidence that station batteries were maintained within stated intervals over the audit period.

Repeat Alleged Violation: . Yes X No

If Yes, NERC Violation ID:

NAVAPS Issue Date: 03/24/2010

Violation Risk Factor: HIGH

Violation Severity Level (VSL): VSL - Severe

Regional Determination of VSL:

Regional Determination of Impact to BPS: Minimal

Regional Detailed Description of Impact to BPS:

*DIMI - Minimal Impact - Document Issue -

Begin Date of Alleged Violation: 06/18/2007

Time of Alleged Violation:

End Date of Alleged Violation:

Mitigation Plan Submittal Date:

Mitigation Plan Target Completion Date:

Registered Entity Certification of Closure Date:

Mitigation Plan Actual Completion Date:



Non-Public and CONFIDENTIAL

Additional Comments:

WECC Contact:

Name: Chris Luras

Title: Manager of Enforcement

Phone Number: 801-582-0353

Email: cluras@wecc.biz

Attachment d

**RIPO's Mitigation Plan MIT-07-3668 undated,
submitted March 8, 2011**

Logged in as:

Suzanne Brignone

Log Out

Edit - Mitigation Plan

Save PDF | Return To Search Results | Mitigation Plan Closure | Create Revision

* Required Fields

Status: Saved

Mitigation Plan Summary

Mitigation Plan Status:	Entity Implementing Mitigation Plan
NERC Mitigation Plan #:	
Associated Violations:	WECC201001833
Mitigation Plan Due Date:	
Expected Completion Date:	9/15/2010

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form.
- A.2 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization
- Company Name: Ripon Cogeneration LLC
 Company Address: 300 Rancheros Drive, Suite 100
 San Marcos, California
 92069
 NERC Compliance Registry ID: NCR05363
- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.
- Name: * |
 E-Mail: rcharal@riponcogen.com

Section C: Identification of Alleged or Confirmed Violation(s) Associated with this Mitigation Plan

- C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.
- Applicable Standard, Requirement(s) and Date Reported to Region:
- Standard:
- PRC-005-1 R2.[PRC-005-1 R2.1.] (02/11/2010)
- C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment:
- *
- C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment:
- *

Section D: Details of Proposed Mitigation Plan

- ▶ System Administration
- ▶ Compliance
- ▶ Self Reports
- ▶ Complaints
- ▶ TFE Request
- ▶ Mitigation Plans
- ▶ Violation Retractions
- ▶ File Upload

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 Alleged or Confirmed violations identified above in Part C.1 of this form.

Additional detailed information may be provided as an attachment:

* As part of our efforts to ensure 100% conformity and to further cultivate a culture of compliance here at RIPO, we are instituted the following measures: (Please note that this was put into place immediately following the results of the audit in February of 2010.) Monthly, quarterly, and yearly checks are accomplished per the manufacturer's recommendation. Document retention is maintained by the following methods: Monthly quarterly and yearly tasks have been created within our CMMS system (MP2) to track and ensure timely compliance. When a date for the aforementioned checks/inspections arrives, the CMMS generates a work order which is then issued to a trained technician for completion. Along with the work order, the technician uses a Battery Monthly Maintenance Checklist and Inspection sheet to log data which includes the manufacturer's recommendation for periodic system checks. Once this form is completed, it is inputted into the electronic version for retention and then attached to the work order for physical copy retention by the Compliance Manger. Once the technician completes the aforementioned tasks and all documents are updated and provided for retention, the CMMS is updated to reflect the results or outcome of the inspection/check where it is saved. To summarize our document retention policy for this standard: A) CMMS – logs and retains task and work orders for battery testing and maintenance. B) Electronic copies of battery monthly maintenance checklist and inspection sheets are maintained on plant servers. C) In addition, hard copies of the work orders and the checklist and inspection sheets are maintained with the Compliance Manager. Training has been conducted with plant personnel who conduct the testing and inspection on 9/15/10 on the document retention policy.

D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented:

* 9/15/2010

D.3 Enter Milestone Activities, with due dates, that your organization is proposing, or has completed, for this Mitigation Plan:

No Mitigation Milestones Defined for Mitigation Plan

Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take to mitigate this increased risk to the reliability of the BPS.

Additional detailed information may be provided as an attachment:

*

Prevention of Future BPS Reliability Risk

E.2 Describe how successful completion of this Mitigation Plan will prevent or minimize the probability that your organization incurs further risk of Alleged violations of the same or similar reliability standards requirements in the future.

Additional detailed information may be provided as an attachment:

* The identification of this oversight has led RIPO to take action on the way relevant compliance information is maintained and stored on site, as well as how tasks are scheduled using the facilities CMMS. Relevant personnel have been instructed how to track items such as battery maintenance through the effective use of the facilities CMMS. Employees have been made aware that storage of maintenance records on work station hard drives is unacceptable. RIPO has put into place steps to prevent the loss of documentation by using the plant CMMS to retain data which pertains to the facility's protection system as a back up to standard records. RIPO employees have been trained on proper maintenance document retention.

Section G: Regional Entity Contact

Please direct any questions regarding completion of this form to:

Duane Cook
Compliance Process Analyst
WECC
801-819-7639
dcooke@wecc.biz



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[Mitigation Plan Closure](#)

[Create Revision](#)

Attachment e

RIPO's Certification of Mitigation Plan Completion submitted May 18, 2011



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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)

Registered Entity: Ripon Cogeneration LLC

NERC Registry ID: NCR05363

Date of Submittal of Certification: 3/8/11

NERC Violation ID No(s) (if known): WECC201001833

Standard: PRC-005

Requirement(s): 2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: 9/15/10

Date Mitigation Plan was actually completed: 9/15/10

Additional Comments (or List of Documents Attached):

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.

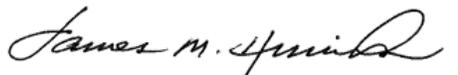
Name: James M. Hinrichs

Title: VP Operations

Email: jhinrichs@vereseninc.com

Phone: 619-224-4747

Authorized Signature:

A handwritten signature in black ink, appearing to read 'James M. Hinrichs', is written over a horizontal line.

Date: 5/17/11

Attachment f

WECC's Notice of Completed Mitigation Plan Acceptance dated June 2, 2011

CONFIDENTIAL



Chris Luras
Manager of Compliance Enforcement

(801) 883-6887
cluras@wecc.biz

VIA WECC COMPLIANCE PORTAL

June 2, 2011

Jim Hinrichs
Vice President - Operations
Ripon Cogeneration LLC
300 Rancheros Drive, Suite 100
San Marcos, California 92069

NERC Registration ID: NCR05363
NERC Violation ID: WECC201001833

Subject: Notice of Completed Mitigation Plan Acceptance
Reliability Standard PRC-005-1 Requirement 2.1

Dear Jim,

The Western Electricity Coordinating Council (WECC) received the Certification of Mitigation Plan Completion and evidence submitted by Ripon Cogeneration LLC (RIPO) on May 18, 2011 for the alleged violation of Reliability Standard PRC-005-1 Requirement 2.1. After a thorough review, WECC has accepted the Certification of Mitigation Plan Completion.

If you have any questions or concerns, please contact Roger Cummins at rcummins@wecc.biz.

Sincerely,



Chris Luras
Manager of Compliance Enforcement

CL:rph

cc: John McGhee, WECC Director of Audits and Investigations
Roger Cummins, WECC Compliance Engineer

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Ripon Cogeneration LLC

Docket No. NP11-____-000

NOTICE OF FILING
July 28, 2011

Take notice that on July 28, 2011, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Ripon Cogeneration LLC 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