

January 30, 2014

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

**Re: NERC Spreadsheet Notice of Penalty
FERC Docket No. NP14-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides the attached Spreadsheet Notice of Penalty¹ (Spreadsheet NOP) in Attachment A regarding 9 Registered Entities² listed therein,³ 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)).⁴

The Spreadsheet NOP resolves 29 violations⁵ of 9 Reliability Standards. In order to be a candidate for inclusion in the Spreadsheet NOP, the violations are those that had a minimal or moderate impact on the reliability of the bulk power system (BPS). In all cases, the NOP sets forth whether the violations have been mitigated, certified by the respective Registered Entities as mitigated, and verified by the Regional Entity as having been mitigated.

¹ *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). See also *Notice of No Further Review and Guidance Order*, 132 FERC ¶ 61,182 (2010).

² Corresponding NERC Registry ID Numbers for each Registered Entity are identified in Attachment A.

³ Attachment A is an excel spreadsheet.

⁴ See 18 C.F.R. § 39.7(c)(2).

⁵ 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.

3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
404-446-2560 | www.nerc.com

The violations at issue in the Spreadsheet NOP are being filed with the Commission because the Regional Entities have respectively entered into settlement agreements with, or have issued Notices of Confirmed Violations (NOCVs) to, the Registered Entities identified in Attachment A and have resolved all outstanding issues arising from preliminary and non-public assessments resulting in the Regional Entities' determination and findings of the enforceable violation of the Reliability Standards identified in Attachment A. As designated in the attached spreadsheet, some of the Registered Entities have admitted to the violations, while the others have indicated that they neither admit nor deny the violations and have agreed to the proposed penalty as stated in Attachment A or did not dispute the violations and proposed penalty amount stated in Attachment A, in addition to other remedies and mitigation actions to mitigate the instant violations and ensure future compliance with the Reliability Standards. Accordingly, all of the violations, identified as NERC Violation Tracking Identification Numbers in Attachment A, are being filed in accordance with the NERC Rules of Procedure and the CMEP.

As discussed below, this Spreadsheet NOP resolves 29 violations. NERC respectfully requests that the Commission accept this Spreadsheet NOP.

Statement of Findings Underlying the Alleged Violations

The descriptions of the violations and related risk assessments are set forth in Attachment A.

This filing contains the basis for approval in accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2013). Each Reliability Standard at issue in this Notice of Penalty is set forth in Attachment A.

Text of the Reliability Standards at issue in the Spreadsheet NOP may be found on NERC's web site at <http://www.nerc.com/page.php?cid=2120>. For each respective violation, the Reliability Standard Requirement at issue and the applicable Violation Risk Factor are set forth in Attachment A.

Unless otherwise detailed within the Spreadsheet NOP, the Registered Entities were cooperative throughout the compliance enforcement process; there was no evidence of any attempt to conceal a violation or evidence of intent to do so. In accordance with the Guidance Order issued by FERC concerning treatment of repeat violations and violations of corporate affiliates, the violation history for the Registered Entities and affiliated entities who share a common corporate compliance program is detailed in Attachment A when that history includes violations of the same or similar Standard. Additional mitigating, aggravating, or extenuating circumstances beyond those listed above are detailed in Attachment A.

Status of Mitigation⁶

The mitigation activities are described in Attachment A for each respective violation. Information also is provided regarding the dates of Registered Entity certification and the Regional Entity verification of such completion where applicable.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁷

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order, the October 26, 2009 Guidance Order, the August 27, 2010 Guidance Order and the March 15, 2012 Compliance Enforcement Initiative Order,⁸ the violations in the Spreadsheet were approved by NERC Enforcement staff under delegated authority from the NERC Board of Trustees Compliance Committee. Such considerations include the Regional Entities' imposition of financial penalties as reflected in Attachment A, based upon its findings and determinations, the NERC Enforcement staff's review of the applicable requirements of the Commission-approved Reliability Standards, and the underlying facts and circumstances of the violations at issue.

Pursuant to Order No. 693, the penalties will be effective upon expiration of the 30-day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review any specific penalty, upon final determination by FERC.

⁶ See 18 C.F.R § 39.7(d)(7).

⁷ See 18 C.F.R § 39.7(d)(4).

⁸ *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*, 132 FERC ¶ 61,182 (2010); *North American Electric Reliability Corporation*, "Order Accepting with Conditions the Electric Reliability Organization's Petition Requesting Approval of New Enforcement Mechanisms and Requiring Compliance Filing," 138 FERC ¶ 61,193 (2012).

Attachments to be included as Part of this Spreadsheet Notice of Penalty

The attachments to be included as part of this Spreadsheet Notice of Penalty are the following documents and material:

- a) Spreadsheet Notice of Penalty, included as Attachment A; and
- b) Additions to the service list, included as Attachment B.

Notices and Communications

Notices and communications with respect to this filing may be addressed to the following as well as to the entities included in Attachment B to this Spreadsheet NOP:

<p>Gerald W. Cauley President and Chief Executive Officer North American Electric Reliability Corporation 3353 Peachtree Road NE Suite 600, North Tower Atlanta, GA 30326</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>Sonia C. Mendonça* Assistant General Counsel and Director of Enforcement North American Electric Reliability Corporation 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile sonia.mendonca@nerc.net</p> <p>Edwin G. Kichline* Senior Counsel and Associate Director of Enforcement North American Electric Reliability Corporation 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile edwin.kichline@nerc.net</p>
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Conclusion

Accordingly, NERC respectfully requests that the Commission accept this Spreadsheet Notice of Penalty as compliant with its rules, regulations and orders.

Respectfully submitted,

/s/ Sonia C. Mendonça

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326

Sonia C. Mendonça
Assistant General Counsel and Director of
Enforcement
North American Electric Reliability
Corporation
1325 G Street N.W.
Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
sonia.mendonca@nerc.net

Edwin G. Kichline
Senior Counsel and Associate Director of
Enforcement
North American Electric Reliability
Corporation
1325 G Street N.W.
Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
edwin.kichline@nerc.net

cc: Entities listed in Attachment B

Attachment a

Spreadsheet Notice of Penalty (Included in a Separate Document)

Attachment b

Additions to the service list

ATTACHMENT B

REGIONAL ENTITY AND REGISTERED ENTITY SERVICE LIST FOR JANUARY 2014 SPREADSHEET NOP INFORMATIONAL FILING

FOR FRCC:

Stacy Dochoda*
President and Chief Executive Officer
Florida Reliability Coordinating Council, Inc.
3000 Bayport Drive, Suite 600
Tampa, Florida 33607-8411
(813) 207-7960
(813) 289-5646 – facsimile
sdochoda@frcc.com

Linda Campbell*
VP and Executive Director Standards & Compliance
Florida Reliability Coordinating Council, Inc.
3000 Bayport Drive, Suite 600
Tampa, Florida 33607-8411
(813) 207-7961
(813) 289-5646 – facsimile
lcampbell@frcc.com

Barry Pagel*
Director of Compliance
Florida Reliability Coordinating Council, Inc.
3000 Bayport Drive, Suite 600
Tampa, Florida 33607-8402
(813) 207-7968
(813) 289-5646 – facsimile
bpagel@frcc.com

FOR NPCC:

Walter Cintron*
Manager, Compliance Enforcement
Northeast Power Coordinating Council, Inc.
1040 Avenue of the Americas, 10th Floor
New York, NY 10018-3703
(212) 840-1070
(212) 302-2782 – facsimile
wcintron@npcc.org

Edward A. Schwerdt*
President and Chief Executive Officer
Northeast Power Coordinating Council, Inc.
1040 Avenue of the Americas, 10th Floor
New York, NY 10018-3703
(212) 840-1070
(212) 302-2782 – facsimile
eschwerdt@npcc.org

Stanley E. Kopman*
Assistant Vice President of Compliance
Northeast Power Coordinating Council, Inc.
1040 Avenue of the Americas, 10th Floor
New York, NY 10018-3703
(212) 840-1070
(212) 302-2782 – facsimile
skopman@npcc.org

FOR RFC:

Robert K. Wargo*
Director of Analytics & Enforcement
ReliabilityFirst Corporation
320 Springside Drive, Suite 300
Akron, OH 44333
(330) 456-2488
bob.wargo@rfirst.org

L. Jason Blake*
General Counsel
ReliabilityFirst Corporation
320 Springside Drive, Suite 300
Akron, OH 44333
(330) 456-2488
jason.blake@rfirst.org

Megan E. Gambrel*
Attorney
ReliabilityFirst Corporation
320 Springside Drive, Suite 300
Akron, OH 44333
(330) 456-2488
megan.gambrel@rfirst.org

Niki Schaefer*
Managing Enforcement Attorney
ReliabilityFirst Corporation
320 Springside Drive, Suite 300
Akron, OH 44333
(330) 456-2488
Niki.schaefer@rfirst.org

FOR SERC:

John R. Twitchell*
VP and Chief Program Officer
SERC Reliability Corporation
2815 Coliseum Centre Drive, Suite 500
Charlotte, NC 28217
(704) 940-8205
(704) 357-7914 – facsimile
jtwitchell@serc1.org

Marisa A. Sifontes*
General Counsel
SERC Reliability Corporation
2815 Coliseum Centre Drive, Suite 500
Charlotte, NC 28217
(704) 494-7775
(704) 357-7914 – facsimile
msifontes@serc1.org

Maggie A. Sallah*
Senior Counsel
SERC Reliability Corporation
2815 Coliseum Centre Drive, Suite 500
Charlotte, NC 28217
(704) 494-7778
(704) 357-7914 – facsimile
msallah@serc1.org

James M. McGrane*
Legal Counsel
SERC Reliability Corporation
2815 Coliseum Centre Drive, Suite 500
Charlotte, NC 28217
(704) 494-7787
(704) 357-7914 – facsimile
jmcgrane@serc1.org

Andrea B. Koch*
Manager, Compliance Enforcement and Mitigation
SERC Reliability Corporation
2815 Coliseum Centre Drive, Suite 500
Charlotte, NC 28217
(704) 940-8219
(704) 357-7914 – facsimile
akoch@serc1.org

FOR TEXAS RE:

Rashida Caraway*
Manager, Compliance Enforcement
Texas Reliability Entity, Inc.
805 Las Cimas Parkway
Suite 200
Austin, TX 78746
(512) 583-4977
(512) 233-2233 – facsimile
rashida.caraway@texasre.org

Derrick Davis*
Senior Corporate Counsel
Texas Reliability Entity, Inc.
805 Las Cimas Parkway
Suite 200
Austin, TX 78746
(512) 583-4923
(512) 233-2233 – facsimile
Derrick.Davis@texasre.org

FOR WECC:

Jim Robb*
Chief Executive Officer
Western Electricity Coordinating Council
155 N. 400 W. Suite 200
Salt Lake City, UT 84103
(801) 883-6853
jrobb@wecc.biz

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

Christopher Luras*
Director of 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

Ruben Arredondo*
Senior Legal Counsel
Western Electricity Coordinating Council
155 North 400 West, Suite 200
Salt Lake City, UT 84103
(801) 819-7674
(801) 883-6894 – facsimile
rarredondo@wecc.biz