



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

March 1, 2010

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

**Re: NERC Notice of Penalty regarding Verso Androscoggin LLC
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Verso Androscoggin LLC (Verso Androscoggin),² NERC Registry ID # NCR07229,³ 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

During an off-site Compliance Audit conducted from September 29, 2008 through October 8, 2008, (Audit), the Northeast Power Coordinating Council, Inc. (NPCC) auditors identified a possible violation of Reliability Standard CIP-001-1 Requirements (R) 1, R2, R3⁵ and R4. This Notice of Penalty is being filed with the Commission because, based on information from NPCC, NPCC and Verso Androscoggin have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in NPCC's determination and findings of the enforceable alleged violations of CIP-001-1 R1, R2 and R4.

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 (2008). *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).

² Verso is the parent company of Verso Androscoggin LLC and Verso Bucksport, LLC, NERC Registry ID # NCR10239. Alleged violations for the Bucksport facility are addressed in a separate Notice of Penalty that is being concurrently filed with this instant Notice of Penalty.

³ The Northeast Power Coordinating Council, Inc. (NPCC) confirmed that Verso Androscoggin was included on the NERC Compliance Registry as a Generator Operator and as a Generator Owner on June 21, 2007. As a Generator Operator, Verso Androscoggin is subject to the requirements of NERC Reliability Standard CIP-001-1.

⁴ *See* 18 C.F.R. § 39.7(c)(2).

⁵ Prior to the issuance of the Public Audit Report, NPCC Enforcement staff determined that there was no violation of R3 because Verso Androscoggin had sabotage response guidelines for its operating personnel to use including personnel to contact in the event of a sabotage threat.

According to the Settlement Agreement, Verso Androscoggin neither admits nor denies the alleged violations, but has agreed to the proposed penalty of two thousand five hundred dollars (\$2,500) to be assessed to Verso Androscoggin, in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the alleged violations identified as NERC Violation Tracking Identification Numbers NPCC200800059, NPCC200800060 and NPCC200800061 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Alleged Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on November 2, 2009, by and between NPCC and Verso Androscoggin, which is included as Attachment b. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty 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 (2007), NERC provides the following summary table identifying each alleged 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 (\$)
NPCC	Verso Androscoggin LLC	NOC-155	NPCC200800059	CIP-001-1	1	Medium	2,500
NPCC	Verso Androscoggin LLC	NOC-155	NPCC200800060	CIP-001-1	2	Medium	
NPCC	Verso Androscoggin LLC	NOC-155	NPCC200800061	CIP-001-1	4	Medium	

CIP-001-1

The purpose of Reliability Standard CIP-001-1 is to ensure that all disturbances or unusual occurrences, suspected or determined to be caused by sabotage, are reported to the appropriate systems, governmental agencies, and regulatory bodies.

CIP-001-1 R1 requires each Generator Operator, such as Verso Androscoggin, to have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection. CIP-001-1 R1 has a "Medium" VRF.

CIP-001-1 R2 requires each Generator Operator, such as Verso Androscoggin, to have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection. CIP-001-1 R2 has a “Medium” VRF.

CIP-001-1 R4 requires each Generator Operator, such as Verso Androscoggin, to establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances. CIP-001-1 R4 has a “Medium” VRF.

During the Audit, NPCC auditors identified possible violations of NERC Reliability Standard CIP-001-1 R1, R2, R3 and R4 because Verso Androscoggin’s sabotage procedure was not compliant with the Reliability Standard.

NPCC Compliance Enforcement Staff (Enforcement) performed a compliance assessment, reviewed the Audit findings along with the evidence provided by Verso Androscoggin and determined that Verso Androscoggin was not in compliance with CIP-001-1 R1, R2 and R4, but was compliant with R3 because the emergency procedures Verso Androscoggin had in place provided its operating personnel with sabotage reporting guidelines, including personnel to contact, for reporting disturbances due to sabotage events.

In regard to CIP-001-1 R1, Verso Androscoggin’s Sabotage Procedure was not dated or signed, it did not contain a revision history and it did not contain all required elements of the Reliability Standard. For example, while the procedure addressed operating personnel notifications, it did not have a provision for operator notification if parties other than operators at the generating plant are made aware of a sabotage event.

In regard to CIP-001-1 R2, Verso Androscoggin did not have a provision in its Sabotage Procedure for notification or contacting appropriate parties in the Interconnection regarding a sabotage event.

In regard to CIP-001-1 R4, even though the Sabotage Procedure required contacting the FBI regarding a sabotage event, Verso Androscoggin did not include a telephone number for the FBI.

Enforcement determined the duration of the alleged violation to be from June 21, 2007, the date Verso Androscoggin was included on the NERC Compliance Registry, through February 11, 2009, when Verso Androscoggin completed its Mitigation Plan.

Enforcement determined that the alleged violations did not create a serious or substantial risk to the bulk power system (BPS) because, while it did not contain all of the elements required by the Reliability Standard, there was a Sabotage Procedure in place for the operators of the plant to follow in case of a sabotage event. Additionally, Verso Androscoggin has a control room where the operators of the plant have the ability to control the generator’s connection to the grid, so had there been a need to remove the unit from service due to a threat or sabotage event, the operators would have been able to do so.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, NPCC has assessed a penalty of two thousand five hundred dollars (\$2,500) for the referenced alleged violations. In reaching this determination, NPCC considered the following factors:

- these violations constituted Verso Androscoggin's first occurrence of violations of the NERC Reliability Standards;
- Verso Androscoggin agreed to resolve the violations by settlement prior to NPCC issuing a Notice of Alleged Violation and Proposed Penalty or Sanction (NAVAPS); and
- the alleged violations did not create a serious or substantial risk to the BPS, as discussed above.

After consideration of these and the above factors, NPCC determined that, in this instance, the penalty amount of two thousand five hundred dollars (\$2,500) is appropriate and bears a reasonable relation to the seriousness and duration of the alleged violations.

Status of Mitigation Plan⁶

Verso Androscoggin's initial Mitigation Plan to address its alleged violation of CIP-001-1 R1, R2 and R4 was submitted to NPCC on January 16, 2009 with a proposed completion date of February 11, 2009. Verso Androscoggin revised its Mitigation Plan at NPCC's request to make corrections, clarifications and additions therein and it was submitted to NPCC on January 22, 2009.⁷ This Mitigation Plan was accepted by NPCC on February 12, 2009 and approved by NERC on March 16, 2009. The Mitigation Plan for these alleged violations is designated as MIT-07-1406 and was submitted as non-public information to FERC on March 18, 2009 in accordance with FERC orders.

Specifically, the Mitigation Plan required Verso Androscoggin to create a new Sabotage Procedure to comply with NERC Reliability Standard CIP-001-1 by February 4, 2009, and provide training to Operations personnel on the new Sabotage Procedure by February 11, 2009.

On February 4, 2009, Verso Androscoggin submitted its new Sabotage Procedure to NPCC as evidence of completion of its Mitigation Plan. The new Sabotage Procedure was dated February 2, 2009. It was signed and contained a revision history. In addition, the new Sabotage Procedure contained the following information, which brought it into compliance with the alleged violations of CIP-001-1 R1, R2 and R4:

1. instructions for recognizing and for making its operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection;
2. instructions for communicating information concerning sabotage events to appropriate parties in the Interconnection; and

⁶ See 18 C.F.R § 39.7(d)(7).

⁷ Verso Androscoggin originally did not sign the Mitigation Plan. On February 9, 2009, Verso Androscoggin signed the January 22, 2009 Mitigation Plan and resubmitted it to NPCC.

3. established communications contacts with the local FBI, including the telephone numbers.

On February 11, 2009, Verso Androscoggin submitted completed Operations personnel training records to NPCC in order to complete its evidence of completion.

On April 8, 2009, Verso Androscoggin certified that its Mitigation Plan was completed as of February 11, 2009.

On April 9, 2009, after reviewing Verso Androscoggin's submitted evidence, NPCC verified that Verso Androscoggin's Mitigation Plan was completed⁸ and notified Verso Androscoggin that it was in compliance with CIP-001-1 R1, R2 and R4 in a letter dated May 6, 2009.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁹

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,¹⁰ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on January 15, 2010. The NERC BOTCC approved the Settlement Agreement, including NPCC's imposition of a financial penalty, assessing a penalty of two thousand five hundred dollars (\$2,500) against Verso Androscoggin 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 alleged violations at issue.

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

- (1) Verso Androscoggin had a Sabotage Procedure that set forth certain guidelines to and obligations of personnel in the event of a sabotage event;
- (2) these violations constituted Verso Androscoggin's first occurrence of violations of the instant NERC Reliability Standards;
- (3) Verso Androscoggin agreed to settlement negotiations prior to NPCC issuing the NAVAPS; and
- (4) the violations did not create a serious or substantial risk to the BPS, as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of two thousand five hundred dollars (\$2,500) is appropriate for the

⁸ NPCC's verification letter incorrectly states that NPCC verified completion of the January 16, 2009 Mitigation Plan.

⁹ See 18 C.F.R. § 39.7(d)(4).

¹⁰ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

violations and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to Order No. 693, the penalty 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 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 Notice of Penalty are the following documents and material:

- a) Verso Androscoggin's Public Audit Report for CIP-001-1 R1, R2 and R4 dated October 8, 2008, included as Attachment a;
- b) Settlement Agreement by and between Verso Androscoggin and NPCC executed November 2, 2009, included as Attachment b;
- c) Verso Androscoggin's Mitigation Plan designated as MIT-07-1406 for CIP-001-1 R1, R2 and R4, Rev 2 submitted January 22, 2009, included as Attachment c;
- d) Verso Androscoggin's Certification of Completion of the Mitigation Plan for CIP-001-1 R1, R2 and R4 submitted April 8, 2009, included as Attachment d; and
- e) NPCC's Verification of Completion of the Mitigation Plan for CIP-001-1 R1, R2 and R4 dated May 6, 2009, included as Attachment e.

A Form of Notice Suitable for Publication¹¹

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

¹¹ 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* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Edward A. Schwerdt* President & Chief Executive Officer Northeast Power Coordinating Council, Inc. 1040 Avenue of the Americas-10th Fl. New York, N.Y. 10018-3703 212- 840-1070 212-302-2782 - facsimile eschwerdt@npcc.org</p> <p>Stanley E. Kopman* Assistant Vice President of Compliance Northeast Power Coordinating Council, Inc. 1040 Avenue of the Americas-10th Fl. New York, N.Y. 10018-3703212- 840-1070 212-302-2782 – facsimile skopman@npcc.org</p> <p>Walter Cintron* Manager of Compliance Enforcement Northeast Power Coordinating Council, Inc. 1040 Avenue of the Americas-10th Fl. New York, N.Y. 10018-3703212-840-1070 212-302-2782 – facsimile wcintron@npcc.org</p>	<p>Rebecca J. Michael* Assistant General Counsel Holly A. Hawkins* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net</p> <p>Glenn Poole* Manufacturing Support Manager-Energy Verso Paper Corp.2 River Road PO Box 1200 Bucksport, Maine 04416 207-469-1230 207-469-1704 – facsimile Glenn.Poole@versopaper.com</p> <p>Peter H. Kesser* Vice President, General Counsel and Secretary Verso Paper Corp. 6775 Lenox Center Court, Suite 400 Memphis, TN 38115-4436 901-369-4105 901-369-4228 - facsimile peter.kesser@versopaper.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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Conclusion

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

Respectfully submitted,

/s/ Rebecca J. Michael

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cc: Verso Androscoggin LLC
Northeast Power Coordinating Council, Inc.

Attachments

Attachment a

Verso Androscoggin's Public Audit Report for CIP-001-1 R1, R2 and R4 dated October 8, 2008



NORTHEAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, NEW YORK, NY 10036-8901 TELEPHONE: (212) 840-1070 FAX: (212) 302-2782

Compliance Audit Report Public Version

Verso Androscoggin LLC
NCR07229

September 29 to October 8, 2008

**Confidential Information (including Privileged and
Critical Energy Infrastructure Information)
Has Been Removed**

October 8, 2008

Confidential Information (including Privileged and
Critical Energy Infrastructure Information) Has Been Removed

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Executive Summary

This final compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

The off-site compliance audit of Verso Anderscoggin (Verso A) was conducted between September 29 and October 8, 2008. The audit was completed using data submitted by VERSO A prior to the audit and data acquired through telephone calls and email responses to questions.

The audit team evaluated VERSO A's compliance with sixteen reliability standards identified in the NERC 2008 Implementation Plan for the period of the last twelve months or monitoring timeframes specified in each, reliability standard. Of the sixteen standards audited, eight were judged to be compliant, seven were judged to be not applicable and one was judged to be non-compliant. VERSO A provided subject matter experts for each standard resulting in a clearer understanding of the VERSO A business model and accelerated the audit process. The evidence provided to demonstrate compliance was complete and well organized. The audit team would like to thank the VERSO A audit preparation team for the support offered through the audit.

Audit Process

The compliance audit process steps are detailed in the NERC CMEP. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.¹ The audit objectives are:

- Independently review VERSO A compliance with the requirements of the reliability standards that are applicable to VERSO A based on the VERSO A registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document the VERSO A compliance culture.

¹ North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

Scope

The audit included all standards identified in the July 8, 2008 audit letter for the previous year. The audit was a regularly scheduled audit; there were no self reported violations. No compliance investigations were involved.

Confidentiality and Conflict of Interest

The audited entity was informed in advance of the audit that the independent contractors executed confidentiality agreements and code of conduct documentation was in place for the NERC representative and regional entity staff. Work history and conflict of interest forms submitted by each audit team member are on file in the NPCC corporate offices. The audited entity was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. The audited entity accepted the audit team member participants with no objections.

Off-site Audit

VERSO A was provided with a pre-audit request letter identifying the standards and requirements subject to audit. The audit letter was sent to VERSO A more than 60 days in advance of the scheduled audit. This is an off-site audit conducted every six years or as determined to be necessary by the region.

The audit team leader requested interviews with VERSO A employees representing subject matter expertise regarding all of registered functions of VERSO A. These interviews in conjunction with evidence provide the audit team with a basis for professional judgment when validating compliance with reliability standards.

Methodology

The audit team prepared reliability standards auditor worksheets (RSAWs) to evaluate each standard. The RSAW's are used to ensure consistency and to document evidence of compliance or non-compliance with the standards. All relevant documents are considered and to the extent they form portion of the audit trail are included in the RSAW's.

Audit Overview

The audit overview was conducted at 9:00 AM September 23, 2008 via conference call. The auditor reviewed his career and noted he had signed confidentially agreements. A brief explanation of the audit process was given and the timelines were discussed. VERSO A was

given the opportunity to reject the auditor should they feel that there was a possible conflict of interest or they thought the auditor would not be impartial. VERSO A accepted the audit team.

Audit

Garth Arnott as the audit lead performed the audit off site. Prior to calls to VERSO A, the auditor developed a list of questions for VERSO A and asked the questions. VERSO A then took the time necessary to develop the answer and submitted them by email to the auditor.

Exit Briefing

The exit briefing was conducted by conference call on October 8, 2008 between Garth Arnott of NPCC Kris LaRouche of VERSO A, Brian Evan-Mongeon of Utility services and Mark Vastano of NERC. NPCC staff reviewed the audit process and summarized the findings of the audit. The results of the audit were that eight standards were judged to be compliant seven was judged to be not applicable and one was judged to be non-compliant. VERSO A was given an opportunity to question the audit findings and provide comment on the audit. VERSO A had no additional comment.

Company Profile

Built in 1965, VERSO A is located in western Maine on the banks of the Androscoggin River in the town of Jay. Over the years, we've grown with the addition of several paper machines and a new fiber line to arrive at our current configuration. We are a fully integrated mill with: 4 paper machines, 1 pulp machine, 2 pulp lines, a groundwood operation, 2 recovery boilers, a waste fuel incinerator, 2 power boilers and a gas turbine cogeneration facility. We also have a third party Precipitated Calcium Carbonate plant on site. The Verso Androscoggin LLC cogeneration plant produces energy in the form of steam and electricity. The steam is used to support the paper making process & the electricity is sent out onto the grid. The main components of the facility consist of (3) Siemens Westinghouse 251 B12A gas turbines, (3) Brush Generators, (3) Nooter Eriksen HRSG's and various auxiliary balance of plant systems including high yard equipment with voltages of 4.16 kV, 13.8 kV, & 115 kV. The 251 combustion turbines are dual fuel capable of running on both natural gas and kerosene. Total cogeneration plant output from the 3 individual assets based on the plant winter seasonal claimed capability is 165.38 MW's. Verso Androscoggin LLC has a total of (4) 115 kV synchronous interconnection points including the 3 generator outputs at the cogeneration plant. All points tie into the Central Maine Power Riley substation.

In addition to the generation from the Verso Androscoggin LLC cogeneration plant, Verso Androscoggin LLC owns additional generation including both hydro & steam turbine generation, all of which is used internally to support the paper making process. The fuels used to support the Mill in-house generation includes biomass, black liquor, # 6 oil, & low sulfur waste oil.

ISO New England is the Balancing Authority & Reliability Coordinator for the Verso Androscoggin LLC Cogeneration Center. Central Maine Power acts as the local

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control center & transmission operator.

Audit Specifics

The compliance audit was conducted between September 29 and October 8, 2008 at the auditor's offices

Audit Team Role	Title	Company
Lead	Contracted Consultant	NPCC-Compliance Audit Program
Member	Manager Compliance Audit Program	NPCC-Compliance Audit Program

BED

Title	[Audited Entity] Organization
Cogen Area Manager	VERSO A
Consultant	Utility Services

Audit Results

VERSO A provided electronic files and emails containing data used to demonstrate their compliance with the standards identified in the audit letter from NPCC. When the auditor had additional questions conference calls were used to request additional documentation until the auditors were convinced that the standards and requirements had been met and VERSO A had demonstrated compliance.

After reviewing all the data VERSO A was judged to be compliant with eight standards, seven were judged to be not applicable and one was judged to be non-compliant.

Findings

The following table details the summarized auditor notes relating to evidence reviewed for compliance with the reliability standards listed in the NERC 2008 Implementation Plan. This table can also include details summarizing auditor notes relating to evidence reviewed for reliability standard requirements for self-reported violations, ongoing mitigation plans, and other discussions.

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Reliability Standard	Requirement	Finding
BAL-005-0	R1.	Compliant
CIP-001-1	R1	Non-compliant
CIP-001-1	R2	Non-compliant
CIP-001-1	R3	Compliant
CIP-001-1	R4	Non-compliant
COM-002-2	R1	Compliant
EOP-004-1	R2	Compliant
EOP-004-1	R3	Compliant
EOP-009-0	R1	N/A
EOP-009-0	R2	N/A
FAC-008-1	R1	N/A
FAC-008-1	R2	N/A
FAC-008-1	R3	N/A
FAC-009-1	R1	N/A
FAC-009-1	R2	N/A
IRO-001-1	R8	Compliant
IRO-004-1	R4	Compliant
PRC-004-1	R2	N/A
PRC-004-1	R3	N/A
PRC-005-1	R1	N/A
PRC-005-1	R2	N/A
PRC-016-0	R1	N/A
PRC-016-0	R2	N/A
PRC-016-0	R3	N/A
PRC-017-0	R1	N/A
PRC-017-0	R2	N/A
TOP-002-2	R3	Compliant
TOP-002-2	R13	Compliant
TOP-002-2	R14	Compliant
TOP-002-2	R15	Compliant
TOP-002-2	R18	Compliant
TOP-003-0	R1	Compliant
TOP-003-0	R2	Compliant
TOP-003-0	R3	Compliant
VAR-002-1	R1	Compliant
VAR-002-1	R2	Compliant
VAR-002-1	R3	Compliant
VAR-002-1	R4	Compliant
VAR-002-1	R5	Compliant

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Critical Energy Infrastructure Information) Has Been Removed

Compliance Culture

The audit team reviewed VERSO A's compliance culture. The regional entity compliance staff may review additional aspects of VERSO A's compliance culture. During all contacts VERSO A staff was professional in their approach to compliance and understood the importance of the compliance and its role in maintaining reliability.

Attachment b

**Settlement Agreement by and between Verso
Androscoggin and NPCC executed November
2, 2009**

**SETTLEMENT AGREEMENT
OF
VERSO ANDROSCOGGIN, L.L.C.
AND
NORTHEAST POWER COORDINATING COUNCIL, INC.**

I. INTRODUCTION

1. Verso Androscoggin, L.L.C. (“VERSO ANDROSCOGGIN”) and Northeast Power Coordinating Council, Inc. (“NPCC”) enter into this Settlement Agreement (“Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in NPCC’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, for alleged violations by VERSO ANDROSCOGGIN of the NERC Reliability Standard CIP-001-1.

II. STIPULATION

2. The facts stipulated herein are stipulated solely for the purpose of resolving between VERSO ANDROSCOGGIN and NPCC the matters discussed herein and do not constitute stipulations or admissions for any other purpose. VERSO ANDROSCOGGIN and NPCC hereby stipulate and agree to the following:

A. Background

3. VERSO ANDROSCOGGIN is a registered Generator Owner and Generator Operator in Maine registered on June 21, 2007. The VERSO ANDROSCOGGIN 165 MW cogeneration plant, located at 300 Riley Road, Jay, Maine 04239, produces energy in the form of steam and electricity. The steam is used to support the paper making process and the electricity is sent out onto the grid.

B. Alleged Violation(s)

4. NERC Reliability Standard CIP-001-1 Sabotage Reporting was written with the purpose of communicating to the appropriate systems, governmental agencies and regulatory bodies’ disturbances or unusual occurrences, suspected or determined to be caused by sabotage. The standard requires that:

R1. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel

aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.

R2. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.

R3. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.

R4. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances.

5. During a NPCC offsite audit of VERSO ANDROSCOGGIN conducted between September 29, 2008 and October 8, 2008, NPCC auditors identified possible violations by VERSO ANDROSCOGGIN with NERC Reliability Standard CIP-001-1, Requirements R1, R2 and R4 but was compliant with Requirement R3 because VERSO ANDROSCOGGIN had sabotage response guidelines for its operating personnel to use including personnel to contact in the event of a sabotage threat.
6. NPCC Compliance Enforcement Staff performed a compliance assessment and reviewed the audit findings along with the evidence provided by VERSO ANDROSCOGGIN and determined that VERSO ANDROSCOGGIN was not in compliance with NERC Reliability Standard CIP-001-1, Requirements R1, R2 and R4, but was compliant with Requirement R3.
7. NERC Reliability Standard CIP-001-1, Requirements R1, R2 and R4 each have a "MEDIUM" Violation Risk Factor ("VRF").

III. PARTIES' SEPARATE REPRESENTATIONS

A. Statement of NPCC and Summary of Findings

8. NPCC Compliance Enforcement Staff confirmed that VERSO ANDROSCOGGIN is a registered entity in the NERC registry as a Generator Owner and a Generator Operator.
9. VERSO ANDROSCOGGIN was audited for the applicable Requirements outlined in the NERC 2008 Implementation Plan. The NPCC audit team

identified possible violations by VERSO ANDROSCOGGIN with NERC reliability Standard CIP-001-1 Requirements R1, R2 and R4. NPCC Compliance Enforcement Staff reviewed the findings by the NPCC audit team and evidence submitted by VERSO ANDROSCOGGIN, and confirmed that VERSO ANDROSCOGGIN was not in compliance with CIP-001-1 Requirements R1, R2 and R4, but was compliant with Requirement R3. VERSO ANDROSCOGGIN was found compliant with Requirement R3 by NPCC Compliance Enforcement Staff because the emergency procedures they had in place provided its operating personnel with sabotage reporting guidelines, including personnel to contact, for reporting disturbances due to sabotage events.

10. NPCC Compliance Enforcement Staff requested that VERSO ANDROSCOGGIN submit a Mitigation Plan to correct the alleged violations that were determined during the Compliance Enforcement Staff's investigation. VERSO ANDROSCOGGIN submitted the Mitigation Plan as requested on January 16, 2009.
11. NPCC Compliance Enforcement Staff reviewed the evidence submitted by VERSO ANDROSCOGGIN and found VERSO ANDROSCOGGIN non-compliant with NERC Reliability Standard CIP-001-1, Requirements R1, R2 and R4 from June 21, 2007 until February 11, 2009 when the Mitigation Plan was completed.
 - a. In regard to R1, VERSO ANDROSCOGGIN had a draft Sabotage Procedure that was not dated, signed, or contained a revision history; in addition, the procedure did not have a provision for operator notification if other parties are made aware of a sabotage event.
 - b. In regard to R2, VERSO ANDROSCOGGIN did not have a provision for interconnection notification.
 - c. In regard to R4, even though the procedure did have direction for contacting the FBI, VERSO ANDROSCOGGIN did not include a telephone number.
12. Based on its findings into the investigation of VERSO ANDROSCOGGIN, NPCC Compliance Enforcement Staff issued a Preliminary Notice of Alleged Violation on December 2, 2008, identifying Requirements R1, R2 and R4 of NERC Reliability Standard CIP-001-1 as the alleged violations.
13. On January 22, 2009, VERSO ANDROSCOGGIN entered into settlement discussions with NPCC to address the alleged violations of NERC Reliability Standard CIP-001-1 Requirements R1, R2 and R4.
14. NPCC agrees that this Agreement is in the best interest of the parties and in the best interest of bulk power system reliability

B. Statement of VERSO ANDROSCOGGIN

15. VERSO ANDROSCOGGIN stipulates to the facts set forth in Section II.B. of this Agreement.
16. VERSO ANDROSCOGGIN neither admits nor denies that it violated the specific requirements of R1, R2, or R4 but has agreed to enter into this Agreement with NPCC to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. VERSO ANDROSCOGGIN agrees that this Agreement is in the best interest of the parties and is in the best interest of bulk power system reliability.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

17. On January 16, 2009, VERSO ANDROSCOGGIN submitted a Mitigation Plan demonstrating compliance with NERC Reliability Standard CIP-001-1 Requirements R1, R2 and R4 that were identified as possible violations during the NPCC audit.
18. For the purpose of settling any and all disputes arising from NPCC Compliance Enforcement Staff's review and assessment with respect to the alleged violations of NERC Reliability Standard CIP-001-1 Requirements R1, R2 and R4, VERSO ANDROSCOGGIN and NPCC agree that, on and after the effective date of this Agreement, VERSO ANDROSCOGGIN has taken or shall take the following actions:

In its Mitigation Plan, VERSO ANDROSCOGGIN proposed to do the following: create a new Sabotage Procedure to comply with NERC Reliability Standard CIP-001-1 by February 4, 2009, and provide training to Operations staff personnel on the new Sabotage Procedure by February 11, 2009.

19. The new Sabotage Procedure submitted to NPCC on February 4, 2009 was dated, signed, and contained a revision history. In addition, the new Sabotage Procedure contained the following information, which brought it into compliance with the alleged violations of NERC Reliability Standard CIP-001-1 Requirements R1, R2, and R4:
 - provided recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection;
 - provided for the communication of information concerning sabotage events to appropriate parties in the Interconnection; and
 - established communications contacts with the local FBI.

20. In addition, VERSO ANDROSCOGGIN submitted completed Operations staff personnel training records for the new Sabotage Procedure on February 11, 2009.
21. NPCC Compliance Enforcement Staff accepted the Mitigation Plan on February 12, 2009 and notified VERSO ANDROSCOGGIN the same day that the Mitigation Plan provided reasonable assurance that the alleged violations would not be repeated because of the mitigating actions being taken by VERSO ANDROSCOGGIN.
22. On April 8, 2009, VERSO ANDROSCOGGIN certified completion of its Mitigation Plan by submitting a Mitigation Plan Closure form referencing the new Sabotage Procedure and the completed Operations staff training records for the new Sabotage Procedure as evidence for the Mitigation Plan's completion. The Mitigation Plan was completed on February 11, 2009.
23. NPCC Compliance Enforcement Staff reviewed the evidence of the Mitigation Plan's completion submitted by VERSO ANDROSCOGGIN and verified completion of the Mitigation Plan on May 6, 2009.
24. Based on VERSO ANDROSCOGGIN's mitigation of the alleged violation, the above actions taken or to be taken by VERSO ANDROSCOGGIN, VERSO ANDROSCOGGIN agrees to pay \$2,500 (the Payment) to NPCC via wire transfer to an account to be identified by NPCC ("NPCC Account") within (20) twenty days after the Agreement is either approved by the Federal Energy Regulatory Commission or by operation of law, and NPCC will notify NERC if the payment is not received.
25. Failure of VERSO ANDROSCOGGIN to make a timely Payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of the Settlement Agreement, shall be deemed to be either the same alleged violations that initiated this Settlement and/or additional violations and may subject VERSO ANDROSCOGGIN to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure
26. If VERSO ANDROSCOGGIN does not remit the Payment by the required date, interest payable to NPCC will begin to accrue pursuant to FERC's regulations at 18 C.F.R. § 35.19a(a)(2)(iii) from the date that payment is due, and shall be payable in addition to the Payment.
27. It is understood that the mitigation plan is completed and that NPCC staff shall track the progress of any other remedies of this Agreement, including, but not limited to site inspection, interviews, and request other documentation to validate progress and/or completion of any remedies of this Agreement. Regional Entity shall reasonably coordinate its review and information requests with VERSO ANDROSCOGGIN related to this Agreement

V. ADDITIONAL TERMS

28. The signatories to the Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of NPCC or VERSO ANDROSCOGGIN has been made to induce the signatories or any other party to enter into the Agreement.
29. NPCC shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify the Regional Entity and the Registered Entity of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and the NPCC will attempt to negotiate a revised settlement agreement with VERSO ANDROSCOGGIN including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.
30. This Agreement shall become effective upon the Commission's approval of the Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
31. VERSO ANDROSCOGGIN agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and VERSO ANDROSCOGGIN waives its right to further hearings and appeal, unless and only to the extent that VERSO ANDROSCOGGIN contends that any NERC or Commission action on the Agreement contains one or more material modifications to the Agreement NPCC reserves all rights to initiate enforcement, penalty or sanction actions against VERSO ANDROSCOGGIN in accordance with the NERC Rules of Procedure in the event that VERSO ANDROSCOGGIN fails to comply with the mitigation plan and compliance program agreed to in this Agreement. In the event VERSO ANDROSCOGGIN fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Agreement, NPCC will initiate enforcement, penalty, or sanction actions against VERSO ANDROSCOGGIN to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. VERSO ANDROSCOGGIN shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

32. VERSO ANDROSCOGGIN consents to the use of NPCC'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 Regional Entity; provided, however, that VERSO ANDROSCOGGIN 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 NPCC, nor does VERSO ANDROSCOGGIN consent to the use of this Agreement by any other party in any other action or proceeding.
33. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.
34. The undersigned representative of each party affirms that he or she has read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Agreement.
35. The Agreement may be signed in counterparts.
36. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

*Remainder of page intentionally blank.
Signatures to be affixed to the following page*

Agreed to and accepted:



Edward A. Schwerdt
President & CEO
NPCC

11/2/09
Date



Glenn S. Poole
Manufacturing Support Manager
VERSO ANDROSCOGGIN

Oct 29, 2009
Date

Attachment c

**Verso Androscoggin's Mitigation Plan
designated as MIT-07-1406 for CIP-001-1 R1,
R2 and R4, Rev 2 submitted January 22, 2009**



NORTHEAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, N.Y. YORK, NY 10036-8907 TELEPHONE: (212) 849-4100 FAX: (212) 849-4182

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: Jan 22, 2009 Rv2

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: Verso Androscoggin LLC
Company Address: 300 Riley Rd, Jay Me 04239
NERC Compliance Registry ID: NCR07229

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: Kris Larouche
Title: Sr. Area Manager
Email: Kristian.Larouche@VersoPaper.com
Phone: 207-897-2673

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 dates:

NERC Violation ID #	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
NPCC200800059	CIP-001-1	R1	Medium	10/8/08	Audit



NPCC, Inc.

NORTHEAST POWER COORDINATING COUNCIL, INC.
1413 BROADWAY, NEW YORK, NY 10006-8900 TELEPHONE: (212) 840-6000 FAX: (212) 840-6082

NPCC200800060	CIP-001-1	R2	Medium	10/8/08	Audit
NPCC200800061	CIP-001-1	R4	Medium	10/8/08	Audit

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by Registered Entity, and subject to modification by [RE acronym], as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by [RE acronym]. Questions regarding the date to use should be directed to the [RE acronym] contact identified in Section G of this form.

- C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above.
Additional detailed information may be provided as an attachment:

NERC Violation ID NPCC200800059- CIP-001-1 R1: Verso Androscoggin Sabotage procedure did not have signature, date, revision history, and/or provision for operator notification.

NERC Violation ID NPCC200800060- CIP-001-1 R2: Verso Androscoggin Sabotage procedure did not have signature, date, revision history, and/or provision for interconnection notification.

NERC Violation ID NPCC200800061- CIP-001-1 R4: Verso Androscoggin Sabotage procedure did not have signature, date, revision history, and also does not include FBI/local police telephone numbers.

- 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:

N/A

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 Alleged or Confirmed



NORTH EAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, NEW YORK, NY 10036-8000 TELEPHONE (212) 840-1000 FAX (212) 840-1002

violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment:

NERC Violation ID NPCC200800059- CIP-001-1 R1: We are currently working on reformatting the existing procedure& correcting all of the above noted deficiencies.

NERC Violation ID NPCC200800060- CIP-001-1 R2: We are currently working on reformatting the existing procedure& correcting all of the above noted deficiencies.

NERC Violation ID NPCC200800061- CIP-001-1 R4: We are currently working on reformatting the existing procedure& correcting all of the above noted deficiencies.

Mitigation Plan Timeline and Milestones

- 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: The mitigation plan was fully implemented on February 11, 2009.
- D.3 Enter Milestone Activities, with due dates, that your organization is proposing, or has completed, for this Mitigation Plan:

Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
Submit a rough draft of the new Verso Androscoggin LLC Sabotage procedure for NPCC review.	Jan 28, 2009
Submit a final draft of the new Verso Androscoggin LLC Sabotage procedure for NPCC approval.	Feb 4, 2009
Verso Androscoggin LLC shall complete operator training on the new sabotage procedure.	Feb 11, 2009

(*) Note: Implementation milestones no more than three (3) months apart are permissible only for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.



FOR PUBLIC RELEASE - MARCH 1, 2010

NORTHEAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, NEW YORK, NY 10036-8900 TELEPHONE (212) 840-1070 FAX (212) 902-2182



NPCC, Inc.

NORTHEAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, NEW YORK, NY 10036-8900 TELEPHONE (212) 846-1000 FAX (212) 846-1082

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:

The Verso Androscoggin, LLC Sabotage procedure has been revised and the deficiencies noted during the audit related to CIP-001 R1, R2, and R4 requirements have been corrected. The document currently exists in rough draft format which has been reviewed with our staff. We feel our staff is prepared to react to a Sabotage type event based on these corrective actions. Once the final draft has been reviewed and accepted, we will then retrain our staff.

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 or Alleged violations of the same or similar reliability standards requirements in the future. Additional detailed information may be provided as an attachment:

Upon completion of the mitigation plan, Verso Androscoggin LLC will have a compliant CIP-001 Sabotage Reporting procedure. The plan outlines the ongoing steps necessary to remain compliant on training, interconnection interaction, and contacting authorities.



NPCC, Inc.

FOR PUBLIC RELEASE - MARCH 1, 2010

NORTHEAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, NEW YORK, NY 10036-8500 TELEPHONE (212) 840-4700 FAX (212) 902-7182

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 this Mitigation Plan for acceptance by NPCC and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:

- 1. I am Glenn Poole of Verso Androscoggin, LLC.
- 2. I am qualified to sign this Mitigation Plan on behalf of Verso Androscoggin, LLC.
- 3. I understand Verso Androscoggin, LLC obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
- 3. I have read and am familiar with the contents of this Mitigation Plan.
- 4. Verso Androscoggin, LLC agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by NPCC and approved by NERC.

Authorized Individual Signature

Name (Print): Glenn Poole
Title: Manufacturing Support Manager- Energy
Date: 2/09/09



NPCC, Inc.

NORTHEAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, NEW YORK, NY 10036-8901 TEL: 212-840-1070 FAX: 212-302-2782

Section G: Regional Entity Contact

Please direct any questions regarding completion of this form to:

Robert J. Peplinski
Senior Compliance Engineer
Northeast Power Coordinating Council, Inc.
1515 Broadway – 43rd Floor
New York, N.Y. 10036-8901
Tel: 212-840-1070
Fax: 212-302-2782
Email: rpeplinski@npcc.org



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP¹ 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. Additional violations could be determined for not completing work associated with accepted milestones.
 - (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 must be used to provide a required Mitigation Plan for review and acceptance by NPCC and approval by NERC.
- III. This Mitigation Plan is submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



NPCC, Inc.

NORTH-EAST POWER COORDINATING COUNCIL, INC.
1515 BROADWAY, NEW YORK, NY 10036-8970 TELEPHONE (212) 540-1000 FAX (212) 540-1782

- IV. This Mitigation Plan Submittal 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 Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is accepted by NPCC and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. NPCC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.

Attachment d

**Verso Androscoggin's Certification of
Completion of the Mitigation Plan for CIP-
001-1 R1, R2 and R4 submitted April 8, 2009**



Verso Paper
Cogen Plant
Androscoggin Mill
P.O. Box 20
Riley Road
Jay, ME 04239

T 207 897-2673
F 207 897-7039

www.versopaper.com

Certification of a Completed Mitigation Plan

NPCC Violation Mitigation Plan Closure Form

Name of registered entity submitting certification: **Verso Androscoggin LLC**

Date of Certification: **April 8, 2009**

Name of Standard and the Requirement of which a violation was mitigated: **CIP-001-1**

Date of completion of the mitigation plan: **February 11, 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.

Please provide any additional information required for NPCC to verify completion of the mitigation plan.

Name: **Glenn Poole**
Title: **Manufacturing Support Manager- Energy**
Entity: **Verso Androscoggin LLC**
Email: **Glenn.Poole@VersoPaper.com**
Phone: **(207) 469-1230**

Executive Signature

Glenn S. Poole

Date

4/8/2009

Attachment e

NPCC's Verification of Completion of the Mitigation Plan for CIP-001-1 R1, R2 and R4 dated May 6, 2009



NORTHEAST POWER COORDINATING COUNCIL, INC.
1040 AVE OF THE AMERICAS, NEW YORK, NY 10018 TELEPHONE (212) 840-1070 FAX (212) 302-2782

Confidential

May 6, 2009

Mr. Glenn S. Poole
Manufacturing Support Manager – Energy
Verso Androscoggin LLC
300 Riley Road
Jay, ME 04239

Re: Mitigation Plan Tracking # MIT-07-1406, NERC Violation # NPCC200800059,
NPCC200800060, NPCC200800061

This letter is to notify you that on April 9, 2009, NPCC verified the completion of the mitigation plan Verso Androscoggin LLC submitted on January 16, 2009.

NPCC thanks you for your cooperation in this matter and for improving the reliability of the bulk electric system.

Please do not hesitate to call if you have any questions regarding this issue.

Sincerely,

Walter Cintron
Manager, Compliance Enforcement
Tel: 212 840-1070
Fax: 212 302-2782
wcintron@npcc.org

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Verso Androscoggin LLC

Docket No. NP10-____-000

NOTICE OF FILING
March 1, 2010

Take notice that on March 1, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Verso Androscoggin LLC in the Northeast Power Coordinating Council, Inc. 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