



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

March 31, 2010

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

Re: NERC Notice of Penalty regarding Salt River Project Agricultural Improvement and Power District, FERC Docket No. NP10-_-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Salt River Project Agricultural Improvement and Power District (SRP),² NERC Registry ID# NCR05372,³ 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 on-site Compliance Audit conducted from January 7, 2008⁵ to January 11, 2008 (Audit), Western Electricity Coordinating Council (WECC) identified possible violations of Reliability Standards PRC-008-0 Requirement (R) 2, VAR-001-1 R3 and VAR-001-1 R4 for SRP's failure to (1) test and maintain one Under Frequency Load Shedding (UFLS) relay according to its UFLS equipment maintenance and testing program; (2) show evidence of a

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 On March 1, 2010, NERC filed a Notice of Penalty designated as NOC-404 regarding a separate Settlement Agreement between Western Electricity Coordinating Council and SRP for SRP's alleged violation of PRC-005-1 R2.

³ Western Electricity Coordinating Council confirmed that SRP was included on the NERC Compliance Registry as a Balancing Authority, Distribution Provider, Generator Operator, Generator Owner, Load Serving Entity, Planning Authority, Purchasing-Selling Entity, Resource Planner, Transmission Operator, Transmission Owner, Transmission Planner and Transmission Service Provider on June 17, 2007. As Transmission Owner and Distribution Provider, SRP is subject to the requirements of NERC Reliability Standard PRC-008-0 R2. As Transmission Operator, SRP is subject to the requirements of NERC Reliability Standard VAR-001-1 R3 and R4.

⁴ See 18 C.F.R. § 39.7(c)(2).

⁵ The Settlement Agreement incorrectly states the on-site Compliance Audit began on January 8, 2008.

process or procedure that established criteria to exempt generators from following a voltage or Reactive Power schedule; and (3) specify a voltage or Reactive Power schedules for each Generator Operator and provide the schedules to the Generator Operator.⁶ This Notice of Penalty is being filed with the Commission because, based on information from WECC, WECC and SRP have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in WECC's determination and findings of the enforceable alleged violations of PRC-008-0 R2, VAR-001-1 R3 and VAR-001-1 R4.

According to the Settlement Agreement, SRP neither admits nor denies the alleged violations, but has agreed to the proposed penalty of ten thousand dollars (\$10,000) to be assessed to SRP, 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 WECC200800599, WECC200800600 and WECC200800601 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 April 3, 2009, by and between WECC and SRP, 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 (\$)
WECC	Salt River Project Agricultural Improvement and Power District	NOC-191	WECC200800599	PRC-008-0	2	Medium	10,000
			WECC200800600	VAR-001-1	3	Lower	
			WECC200800601	VAR-001-1	4	Medium	

⁶ The Settlement Agreement also states that WECC discovered possible violations of CIP-001-1 R4, COM-002-2 R2 and EOP-001-0 R1 as a result of the Audit which were subsequently dismissed. For CIP-001-1 R4, NERC revised the auditing methods for this requirement and WECC determined that SRP would have been found to be in compliance with this Standard because SRP would not have been required to have established "two-way" communications with the FBI. For COM-002-2 R2, WECC re-reviewed multiple voice recordings of SRP issuing switching orders and concluded that the Audit Team incorrectly found SRP in violation of this Standard. For EOP-001-0 R1, WECC determined that SRP's participation in Southwest Reserve Sharing Group (SRSRG) and SRP's being a party to the SRSRG Participation agreement satisfied the requirements of the Standard and therefore, there was no violation.

PRC-008-0 R2

The purpose of Reliability Standard PRC-008-0 is to provide last resort system preservation measures by implementing a UFLS program.

PRC-008-0 R2 requires each Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Entity), such as SRP, to implement its UFLS equipment maintenance and testing program and provide the UFLS maintenance and testing program results to its Regional Entity and NERC on request (within 30 calendar days). PRC-008-0 R2 has a “Medium” Violation Risk Factor (VRF).

During the Audit, the WECC Audit team (Audit Team) reviewed SRP’s UFLS maintenance and testing program which stated that all UFLS relays shall be maintained and tested and shall establish maximum intervals for maintenance. The Audit Team found that one UFLS relay, out of 331, was behind schedule for maintenance and testing. During an interview with the SRP Lead Relay Technician, Relay Maintenance Supervisor and Senior Principal Engineer of System Protection, it was confirmed that one relay was behind schedule for maintenance and testing. The documentation provided by SRP indicated that the Pera UFLS relay had not been maintained by its due date of June 2, 2007. SRP relay personnel informed the Audit Team that the Pera UFLS relay was actually maintained on August 20, 2007, but was not documented as maintained until October 2, 2007. Therefore, the maintenance and testing on this relay was performed approximately two and a half months late; however, maintenance and testing was back on schedule at the time of the Audit.

WECC determined that SRP had an alleged violation of PRC-008-0 R2 because one of SRP’s UFLS relays was not maintained and tested according to the UFLS equipment maintenance and testing program. WECC determined the duration of the alleged violation to be from June 18, 2007, the date the Standard became enforceable, through October 2, 2007, when SRP completed the required maintenance on the UFLS relay in question.

WECC determined that the alleged violation of PRC-008-0 R2 did not pose a serious or substantial risk to the bulk power system because SRP was only non-compliant as to one relay. In addition, this one relay was tested only a few months outside its defined interval. Finally, WECC SMEs determined that SRP has ample UFLS capability and that a misoperation of the one non-compliant relay out of 331 relays would not result in a threat to the BPS.

VAR-001-1 R3 and R4

The purpose of Reliability Standard VAR-001-1 is to ensure that voltage levels, reactive flows and reactive resources are monitored, controlled and maintained within limits in real time to protect equipment and the reliable operation of the Interconnection.

VAR-001-1 R3 requires a Transmission Operator, such as SRP, to specify criteria that exempts generators from compliance with the requirements defined in R4 and R6.1. Specifically, (R3.1) each Transmission Operator shall maintain a list of generators in its area that are exempt from following a voltage or Reactive Power schedule and (R3.2) for each generator that is on the exemption list, the

Transmission Operator shall notify the associated Generator Owner. VAR-001-1 R3 and its requirements each have a “Lower” VRF.

VAR-001-1 R4 requires each Transmission Operator, such as SRP, to specify a voltage or Reactive Power schedule⁷ at the interconnection between the generator facility and the Transmission Owner’s facilities to be maintained by each generator. The Transmission Operator shall provide the voltage or Reactive Power schedule to the associated Generator Operator and direct the Generator Operator to comply with the schedule in automatic voltage control mode (AVR in service and controlling voltage). VAR-001-1 R4 has a “Medium” VRF.

During the Audit, the evidence provided by SRP was inadequate to demonstrate full compliance with VAR-001-1 R3. SRP did not provide evidence of a process or procedure that established criteria to exempt generators from following a voltage or Reactive Power schedule. The Audit Team interviewed the SRP Manager of Transmission Operations and requested additional evidence to demonstrate compliance; however, no additional evidence was provided to the Audit Team.

SRP provided the *ANPP Hassayampa Switchyard Interconnection Agreement* to demonstrate compliance with VAR-001-1 R4. This interconnection agreement contained no relevant voltage or Reactive Power schedule; but rather, only a statement that the generating facility is required to maintain minimum power factor requirements at rated capacity. In addition, the evidence did not direct the Generator Operators to comply with a schedule using Automatic Voltage Control (AVR in service and controlling voltage). The Audit Team interviewed the SRP Manager of Transmission Operations and requested additional evidence to demonstrate compliance; however, SRP did not provide any additional evidence to the Audit Team.

WECC determined that SRP had an alleged violation of VAR-001-1 R3 because SRP failed to show evidence of a process or procedure that established criteria to exempt generators from following a voltage or Reactive Power schedule. WECC determined the duration of the alleged violation to be from June 18, 2007, the date the Standard became enforceable, through May 1, 2008, when SRP completed its Mitigation Plan.

WECC also determined that SRP had an alleged violation of VAR-001-1 R4 because the evidence provided by SRP to the Audit Team did not include voltage schedules or Reactive Power schedules for each Generator Operator or evidence that these schedules had been provided to the Generator Operator. WECC determined the duration of the alleged violation to be from June 18, 2007, the date the Standard became enforceable, through May 1, 2008, when SRP completed its Mitigation Plan.

WECC determined that the alleged violations of VAR-001-1 R3 and R4 did not pose a serious or substantial risk to the BPS. Specifically, WECC determined that (1) SRP’s generators were maintaining nominal voltage at their interconnection point within an established voltage range and were operating with their AVR in voltage control mode, (2) none of the SRP generators were

⁷ The voltage schedule is a target voltage to be maintained within a tolerance band during a specified period.

operating under an exemption from this established voltage range, and (3) this voltage range was being monitored by the Transmission Operator and the Transmission Operator was notified if the generators ever exceed this voltage range. Therefore, these violations had minimal impact on the reliability of the BPS.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of ten thousand dollars (\$10,000) for the above-referenced alleged violations. In reaching this determination, WECC considered the following mitigating factors: (1) these alleged violations constituted SRP's first occurrence of violations of these applicable NERC Reliability Standards; (2) SRP was cooperative throughout the enforcement process; (3) there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and (4) the alleged violations did not pose a serious or substantial risk to the bulk power system, as discussed above.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of ten thousand dollars (\$10,000) is appropriate and bears a reasonable relation to the seriousness and duration of the alleged violations.

Status of Mitigation Plans⁸

PRC-008-0 R2

SRP's completed Mitigation Plan to address its alleged violation of PRC-008-0 R2 was signed on May 12, 2008 and submitted to WECC on May 14, 2008⁹ with a completion date of April 4, 2008. The Mitigation Plan was accepted by WECC on May 28, 2008 and approved by NERC on September 16, 2008. The Mitigation Plan for this alleged violation is designated as MIT-08-0818 and was submitted as non-public information to FERC on September 16, 2008 in accordance with FERC orders.

SRP's Mitigation Plan stated that SRP implemented a process for monthly reporting on the status of Underfrequency and Undervoltage relay maintenance. Additionally, the Mitigation Plan stated that SRP will ensure that relays approaching the due date for maintenance are given priority status.

SRP certified on May 14, 2008, on a form signed on May 12, 2008, that the above Mitigation Plan requirements were completed on April 4, 2008.¹⁰ As evidence of completion of its Mitigation Plan, SRP submitted the following:

- An example of its Underfrequency Relay Maintenance monthly report title *Apr-7-08 UF UV NERC Rpt 2*.

⁸ See 18 C.F.R. § 39.7(d)(7).

⁹ The Mitigation Plan incorrectly states that it was submitted on May 1, 2008.

¹⁰ Although, the example of the Underfrequency Relay Maintenance monthly report is dated April 7, 2008, the monthly reported process was actually completed on April 4, 2008 and printed on April 7, 2008 to demonstrate that the process was complete.

On February 24, 2009, after reviewing SRP's submitted evidence, WECC verified that SRP's Mitigation Plan was completed on April 4, 2008 and that SRP was in compliance with PRC-008-0 R2.

VAR-001-1 R3 and R4

SRP's completed Mitigation Plans to address its alleged violations of VAR-001-1 R3 and R4 were submitted to WECC on May 14, 2008 with completion dates of May 1, 2008.¹¹ The Mitigation Plans were accepted by WECC on May 28, 2008 and approved by NERC on September 16, 2008. The Mitigation Plans for these alleged violations are designated as MIT-08-0819 and MIT-08-0820, respectively, and were submitted as non-public information to FERC on September 16, 2008 in accordance with FERC orders.

SRP's Mitigation Plan for VAR-001-1 R3 stated that SRP prepared a written document detailing its methodology for exempting generators from following the voltage schedule described in its *Generator Voltage Schedule Point of Interconnection* document. After this had been completed, SRP distributed the document to all Generator Operators interconnected to SRP's transmission system.

SRP certified on May 14, 2008, on a form signed on May 12, 2008, that the above Mitigation Plan requirements for VAR-001-1 R3 were completed on May 1, 2008. As evidence of completion of its Mitigation Plan, SRP submitted a copy of its *Generator Voltage Schedule Point of Interconnection* document which contained SRP's methodology for exempting generators from following a voltage schedule. SRP also attached its *SRP Policy Generator Voltage Schedule at the Point of Interconnection* document which demonstrated that the document had been distributed.

SRP's Mitigation Plan for VAR-001-1 R4 stated that SRP developed a written document detailing a voltage schedule that is currently described in the SRP Interconnection Agreements and distributed it to Generator Operators interconnected to SRP's transmission system.

SRP certified on May 14, 2008, on a form signed on May 12, 2008, that the above Mitigation Plan requirements for VAR-001-1 R4 were completed on May 1, 2008. As evidence of completion of its Mitigation Plan, SRP submitted its *Generator Voltage Schedule Point of Interconnection* which contained detailed tables with voltage schedules to be followed by Generator Operators interconnected to the SRP transmission system. Additionally, SRP submitted its *SRP Policy Generator Voltage Schedule at the Point of Interconnection* document which demonstrated that the document had been distributed.

On October 29, 2008, after WECC's review of SRP's submitted evidence, WECC verified that SRP's Mitigation Plans were completed on May 1, 2008 and notified SRP in a letter dated November 7, 2008 that it was in compliance with VAR-001-1 R3 and R4.

¹¹ The Mitigation Plan incorrectly states that it was submitted on May 1, 2008 and that it was signed by the authorized representative on April 12, 2008.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹²

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,¹³ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on February 10, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty, assessing a penalty of ten thousand dollars (\$10,000) against SRP 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) these alleged violations constituted SRP's first occurrence of violations of the applicable NERC Reliability Standards;
- (2) WECC reported SRP was cooperative throughout the enforcement process;
- (3) there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and
- (4) WECC determined that the alleged violations did not pose a serious or substantial risk, as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of ten thousand dollars (\$10,000) is appropriate for the violations and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the bulk power system.

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.

¹² See 18 C.F.R. § 39.7(d)(4).

¹³ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

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) SRP's Public Audit Screen Shots for PRC-008-0 R2 and VAR-001-1 R3 and R4 showing a deemed date of January 17, 2008, included as Attachment a;
- b) Settlement Agreement by and between WECC and SRP executed April 3, 2009, included as Attachment b;
- c) SRP's Mitigation Plan designated as MIT-08-0818 for PRC-008-0 R2 submitted on May 14, 2008, included as Attachment c;
- d) SRP's Certification of Completion of the Mitigation Plan for PRC-008-0 R2 dated May 12, 2008, included as Attachment d;
- e) WECC's Verification of Completion of the Mitigation Plan for PRC-008-0 R2 dated February 24, 2009, included as Attachment e;
- f) SRP's Mitigation Plan designated as MIT-08-0819 for VAR-001-1 R3 submitted on May 14, 2008, included as Attachment f;
- g) SRP's Certification of Completion of the Mitigation Plan for VAR-001-1 R3 dated May 12, 2008, included as Attachment g;
- h) SRP's Mitigation Plan designated as MIT-08-0820 for VAR-001-1 R4 submitted on May 14, 2008, included as Attachment h;
- i) SRP's Certification of Completion of the Mitigation Plan for VAR-001-1 R4 dated May 12, 2008, included as Attachment i; and
- j) WECC's Verification of Completion of the Mitigation Plan for VAR-001-1 R3 and R4 dated November 7, 2008, included as Attachment j.

A Form of Notice Suitable for Publication¹⁴

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

¹⁴ 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 germy.cauley@nerc.net david.cook@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>Gary Harper* Compliance Executive and Manager, System Operations Mail Station POB009 P.O. Box 52025 Phoenix, AZ 85072-2025 (602) 236-4343 (602) 236-3873 – facsimile Gary.Harper@srpnet.com</p> <p>Steve Cobb* Manager, Electric Reliability Compliance Mail Station POB300 P.O. Box 52025 Phoenix, AZ 85072-2025 (602) 236-3065 (602) 236-0995 – facsimile Steven.Cobb@srpnet.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>	<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>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Steven Goodwill* Associate General Counsel Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</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,

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

/s/ Rebecca J. Michael
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

cc: Salt River Project Agricultural Improvement and Power District
Western Electricity Coordinating Council


Attachments

Attachment a

**SRP's Public Audit Screen Shots for PRC-008-0
R2 and VAR-001-1 R3 and R4 showing a deemed
date of January 17, 2008**

WECC Compliance Database

Post June 18th Violations

**WECC**
Western Electricity Coordinating Council

Compliance and Registration Database
Post Violations Tracking and Reporting

Region: WECC

Violation Date: 1/11/2008

WECC ID: SRP_WECC2008625

Entity: Salt River Project Agricultural Improve

Acronym: SRP

Registry ID: NCR05372

NERC violation ID: WECC200800599

Standard: PRC-008-0

Underfrequency Load Shedding Equipment Maintenance Programs

Disposition & Final Record

Mitigation Plan

RAD & RAD Appeal

Internal Notes

Initial Notice

NAVAPS

Proposed Sanction Penalty

Contested Hearing

Requirement: 2

Repeat Alleged Violation? ☐

Initial Determination by Region: 1/18/2008

Reporting Method: Compliance Audit

On Site Audit ☒ Off Site Audit ☐

Deemed Date: 1/17/2008

Violation Level: LNC - Level 2

Violation Risk Factor: MEDIUM

Alleged Violation Time:

Alleged Violation End Date:

Violation Description:
The entity was not implementing its UFLS equipment maintenance and testing as required by its program.

Regional Contact Person: Rieger, Mary

Applicable Functions: TO,DP

Regional Determination of Impact to BPS:

Detailed Description of Potential Impact to BPS:
Moderate impact.

ID sent to Entity: 1/21/2008

Additional Comments

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WECC Compliance Database

Post June 18th Violations



Western Electricity Coordinating Council

Compliance and Registration Database
Post Violations Tracking and Reporting

Region: WECC

Violation Date: 1/11/2008

WECC ID: SRP_WECC2008626

Entity: Salt River Project Agricultural Improve

Acronym: SRP

Registry ID: NCR05372

NERC violation ID: WECC200800600

Standard: VAR-001-1

Voltage and Reactive Control

48HR REPORT REQUIRED

Disposition & Final Record

Mitigation Plan

RAD & RAD Appeal

Internal Notes

Initial Notice

NAVAPS

Proposed Sanction Penalty

Contested Hearing

Requirement: 5

Repeat Alleged Violation? ☐

Initial Determination by Region: 1/18/2008

Reporting Method: Compliance Audit

On Site Audit ☒ Off Site Audit ☐

Deemed Date: 1/17/2008

Violation Level: LNC - Level 1

Violation Risk Factor: LOWER

Alleged Violation Time:

Alleged Violation End Date:

Violation Description:
No specific methodology for exempting generators from compliance with R4 and R6.1 of this standard

Regional Contact Person: Wells, Mike

Applicable Functions: TOP

Regional Determination of Impact to BPS:

Detailed Description of Potential Impact to BPS:
Minimal- This is a documentation issue. SRP has no process to establish criteria that exempts generators from compliance.

ID sent to Entity: 1/21/2008

Additional Comments

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WECC Compliance Database

Post June 18th Violations



Western Electricity Coordinating Council

Compliance and Registration Database

Post Violations Tracking and Reporting

Region: WECC

Violation Date: 1/11/2008

WECC ID: SRP_WECC2008627

Entity: Salt River Project Agricultural Improve

Acronym: SRP

Registry ID: NCR05372

NERC violation ID: WECC200800601

Standard: VAR-001-1

Voltage and Reactive Control

48HR REPORT REQUIRED

Disposition & Final Record

Mitigation Plan

RAD & RAD Appeal

Internal Notes

Initial Notice

NAVAPS

Proposed Sanction Penalty

Contested Hearing

Requirement: 4

Repeat Alleged Violation? ☐

Initial Determination by Region: 1/18/2008

Reporting Method: Compliance Audit

On Site Audit ☒ Off Site Audit ☐

Deemed Date: 1/17/2008

Violation Level: LNC - Level 4

Violation Risk Factor: MEDIUM

Alleged Violation Time:

Alleged Violation End Date:

Violation Description:
SRP did not supply sufficient documentation to convince the audit team that the cited evidence provides a Voltage Schedule or Reactive Power Schedule to each Generator Operator. The Interconnection Agreement listed above as evidence has no relevant schedule in the document, only a statement that

Regional Contact Person: Wells, Mike

Applicable Functions: TOP

Regional Determination of Impact to BPS:

Detailed Description of Potential Impact to BPS:
Minimal- No documented voltage schedules for generators

ID sent to Entity: 1/21/2008

Additional Comments

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RE: Documents Requ...

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WECC Compliance Da...

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Attachment b

Settlement Agreement by and between WECC and SRP executed April 3, 2009



**SETTLEMENT AGREEMENT
BETWEEN
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT
DATED 4-3-09**

I. INTRODUCTION

The Western Electricity Coordinating Council ("WECC") and Salt River Project Agricultural Improvement and Power District ("SRP") (NERC Compliance Registry ID# 05372) (sometimes each referred to as a "Party," and collectively as the "Parties"), enter into this Settlement Agreement ("Agreement") to resolve Alleged Violations by SRP of certain North American Electric Reliability Corporation ("NERC") Reliability Standards. These Alleged Violations include those potential violations found during WECC's January 8 - 11, 2008, Compliance Audit of SRP as set forth and described in the Notice of Alleged Violation and Proposed Penalty or Sanction, dated October 22, 2008.

II. Alleged Violations

Through this settlement, the Parties have agreed to resolve SRP's Alleged Violations of the NERC Reliability Standards outlined below. WECC has agreed to conduct an expedited review of relevant Mitigation Plans for all of the following Alleged Violations and SRP has agreed to submit any additional information necessary to close out these Mitigation Plans. The resolution of the Alleged Violations addressed herein and listed below is contingent upon WECC's receipt and approval of Completed Mitigation Plans for each Alleged Violation. SRP submitted completed Mitigation Plans for all 6 of the Alleged Violations on May 14, 2008. As of January 26, 2009, WECC has approved Completed Mitigation Plans for VAR-001-1 R3, VAR-001-1 R4, and PRC-008-0 R2. Although the WECC has acknowledged receipt of the Mitigation Plan completion forms for CIP-001-1 R4, COM-002-2 R2, and EOP-001-0 R1, the WECC is withdrawing its allegations that SRP has violated the requirements associated with these Reliability Standards, thus obviating the need for the WECC's approval of these Completed Mitigation Plans.

Alleged Violations Resulting from WECC's Compliance Audit

Based on the results of WECC's January 8 - 11, 2008 Compliance Audit, WECC has alleged that SRP has violated the following NERC Reliability Standards, as described in

the Notice of Alleged Violation and Proposed Penalty or Sanction, dated October 22, 2008:

- CIP-001-1 – R4 – Sabotage Reporting
- COM-002-2 – R2 – Communications and Coordination
- EOP-001-0 – R1 – Emergency Operations Planning
- PRC-008-0 – R2 – Underfrequency Load Shedding Equipment Maintenance Programs
- VAR-001-1 – R3 – Voltage and Reactive Control
- VAR-001-1 – R4 – Voltage and Reactive Control

III. STIPULATIONS

The facts stipulated to in this document are stipulated to solely for the purpose of resolving the matters discussed herein, and do not constitute stipulations or admissions for any other purpose by either Party.

A. Background

SRP, an agricultural improvement district organized under the laws of the State of Arizona, provides retail and wholesale electric services to approximately one million customers in portions of Maricopa, Gila and Pinal counties, Arizona. SRP is variously engaged in energy production, transmission and distribution and other energy-related services in Arizona and, to a limited extent, other Western states. Its corporate headquarters are located at 1521 North Project Drive, Tempe, Arizona 85281-1206.

SRP owns and/or operates a 500kV transmission system comprised of 1352 miles of line, a 230kV transmission system comprised of 389 miles of line; and a 115kV transmission system with a total of 262 miles of line. SRP owns facilities within WECC defined paths, but it is not a WECC path operator.

SRP is registered on the NERC Compliance Registry as a Balancing Authority, Transmission Planner, Transmission Owner, Distribution Provider, Generator Operator, Purchasing-Selling Entity, Transmission Operator, Planning Authority, Transmission Service Provider, Resource Planner, Generator Owner and Load Serving Entity.

B. Settlement History

On January 8 - 11, 2008, WECC conducted an on-site, non-public Compliance Audit of SRP ("Compliance Audit"), pursuant to the NERC Rules of Procedure, at SRP's Power Operations Building in Scottsdale, Arizona. The WECC Compliance Department reviewed forty-eight (48) NERC Reliability Standards and related requirements from the

2008 NERC Implementation Plan. In addition, two NERC Regional Reliability Standards applicable to the Western Interconnection were reviewed during this audit.

As a result of this Compliance Audit, WECC issued a Notice of Alleged Violation and Proposed Penalty or Sanction ("NAVAPS") on October 22, 2008, alleging violations of the following NERC Reliability Standards:

- CIP-001-1 – R4 Sabotage Reporting
- COM-002-2 – R2 Communications and Coordination
- EOP-001-0 – R1 Emergency Operations Planning
- PRC-008-0 – R2 Underfrequency Load Shedding Equipment Maintenance Programs
- VAR-001-1 – R3 Voltage and Reactive Control
- VAR-001-1 – R4 Voltage and Reactive Control

On November 20, 2008, SRP submitted to WECC an official response to the NAVAPS ("Response to the NAVAPS").

On November 6 and November 21, 2008, the Parties held settlement conferences to discuss the Alleged Violations listed above. During these settlement conferences, the parties agreed to stipulate to SRP's violation of the following NERC Reliability Standards.

- PRC-008-0 – R2 – Underfrequency Load Shedding Equipment Maintenance Programs
- VAR-001-1 – R3 – Voltage and Reactive Control
- VAR-001-1 – R4 – Voltage and Reactive Control

During these settlement conferences the parties also agreed that the following Alleged Violations were not violations and would be withdrawn:

- CIP-001-1 – R4 – Sabotage Reporting
- COM-002-2 – R2 – Communications and Coordination
- EOP-001-0 – R1 – Emergency Operations Planning

CIP-001-1 R4 was withdrawn because NERC has revised the auditing methods for this requirement. Under NERC's revised audit methodology, WECC believes that SRP would have been found to be in compliance with this requirement at the Compliance Audit because SRP would not have been required to have established "two-way" communications with the FBI. COM-002-2 R2 was withdrawn because WECC has re-reviewed multiple voice recordings of SRP issuing switching orders and has concluded that the audit incorrectly found that SRP had a Potential Violation of this requirement. EOP-001-0 R1 was dismissed because the WECC Enforcement Department

determined, and SRP agrees, that SRP's participation in Southwest Reserve Sharing Group (SRSG) and SRP's being a party to the SRSG Participation agreement satisfies the requirements of the standard such that no violation occurred.

C. Violation Facts for Each Alleged Violation

1. PRC-008-0 – R2 – Underfrequency Load Shedding Equipment Maintenance Programs

Purpose of PRC-008-0: Provide last resort system preservation measures by implementing an Under Frequency Load Shedding ("UFLS") Program.

Requirements Allegedly Violated:

R2. The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall implement its UFLS equipment maintenance and testing program and shall provide UFLS maintenance and testing program results to its Regional Reliability Organization and NERC on request (within 30 calendar days).

WECC found a potential violation of PRC-008-0 R2 when its audit team reviewed SRP's UFLS maintenance and testing program. The program states that all UFLS relays shall be maintained and tested and shall establish maximum intervals for maintenance. Review of the maintenance and testing records revealed that one UFLS relay was behind schedule for maintenance and testing. During an interview with the SRP Lead Relay Technician, Relay Maintenance Supervisor and Senior Principal Engineer of System Protection, it was confirmed that one relay was behind schedule for maintenance and testing. The documentation provided by SRP indicated that the Pera UFLS relay had not been maintained by its due date of June 2, 2007. SRP relay personnel informed the audit team that the Pera UFLS relay was actually maintained on August 20, 2007, but was not documented as maintained until October 2, 2007. The maintenance and testing on this relay was performed approximately 2.5 months late, but maintenance and testing was back on schedule at the time of the Compliance Audit.

On May 14, 2008, SRP submitted a Mitigation Plan for this Alleged Violation and also certified completion of this Mitigation Plan. This Mitigation Plan stated that SRP would implement a monthly reporting system to ensure that Underfrequency Relays are maintained as per the schedule. This Mitigation Plan was accepted by WECC on May 28, 2008, and approved by NERC on September 16, 2008. To demonstrate completion of the Mitigation Plan SRP attached an example of its Underfrequency Relay Maintenance monthly report titled Apr-7-08 UF UV NERC Rpt 2. WECC Subject Matter

Experts (SME) reviewed the completion documentation and verified completion of the Mitigation Plan.

2. VAR-001-1 – R3 – Voltage and Reactive Control

Purpose of VAR-001-1: To ensure that voltage levels, reactive flows, and reactive resources are monitored, controlled and maintained within limits in real time to protect equipment and the reliable operation of the interconnection.

Requirement Allegedly Violated:

R3. The Transmission Operator shall specify criteria that exempts generators from compliance with the requirements defined in Requirement 4 and Requirement 6.1.

R3.1. Each Transmission Operator shall maintain a list of generators in its area that are exempt from following a voltage or Reactive Power schedule.

R3.2. For each generator that is on this exemption list, the Transmission Operator shall notify the associated Generator Owner.

At the Compliance Audit, the evidence provided by SRP to the audit team was inadequate to demonstrate full compliance. SRP did not provide evidence of a process or procedure that establishes criteria to exempt generators from following a voltage or Reactive Power schedule. The audit team interviewed the SRP Manager of Transmission Operations and requested additional evidence before a determination of non-compliance was made. No additional evidence was provided to the audit team.

SRP submitted a Mitigation Plan to address this Alleged Violation and certified its completion on May 14, 2008. This Mitigation Plan stated that SRP would describe its methodology for exempting generators from following the voltage schedule described in its Generator Voltage Schedule Point of Interconnection document. After this has been completed, SRP will distribute the document to all Generator Operators that are interconnected to SRP's transmission system. This Mitigation Plan was accepted by WECC on May 28, 2008, and approved by NERC on September 16, 2008. To demonstrate completion of the Mitigation Plan SRP attached a copy of its Generator Voltage Schedule Point of Interconnection document. This document contains SRP's methodology for exempting generators from following a voltage schedule. SRP also attached its SRP Policy Generator Voltage Schedule at the Point of Interconnection document demonstrating that the document had been distributed. On October 29, 2008, WECC SME's reviewed the completion documentation and verified completion of the Mitigation Plan.

3. VAR-001-1 – R4 – Voltage and Reactive Control

Purpose of VAR-001-1: To ensure that voltage levels, reactive flows, and reactive resources are monitored, controlled, and maintained within limits in real time to protect equipment and the reliable operation of the interconnection.

Requirement Allegedly Violated:

R4. Each Transmission Operator shall specify a voltage or Reactive Power schedule at the interconnection between the generator facility and the Transmission Owner's facilities to be maintained by each generator. The Transmission Operator shall provide the voltage or Reactive Power schedule to the associated Generator Operator and direct the Generator Operator to comply with the schedule in automatic voltage control mode (AVR in service and controlling voltage).

At the compliance audit, the evidence provided by SRP to the audit team was inadequate to demonstrate full compliance because it did not include voltage schedules or Reactive Power schedules for each Generator Operator or evidence that these schedules had been provided to the Generator Operator. The ANPP Hassayampa Switchyard Interconnection Agreement, the interconnection agreement SRP listed as evidence, contained no relevant schedule; but rather, only a statement that the generating facility is required to maintain minimum power factor requirements at rated capacity. In addition, the evidence did not direct the Generator Operators to comply with a schedule using Automatic Voltage Control (AVR in service and controlling voltage). The audit team interviewed the SRP Manager of Transmission Operations and requested additional evidence before a determination of non-compliance was made; however, SRP did not provide any additional evidence to the audit team.

SRP submitted a Mitigation Plan for this violation and certified its completion on May 14, 2008. This Mitigation Plan stated that SRP would provide a written document detailing a voltage schedule and distribute this documentation to Generator Operators interconnected to SRP's transmission system. This Mitigation Plan was accepted by WECC on May 28, 2008, and approved by NERC on September 16, 2008. To demonstrate completion of the Mitigation Plan SRP attached its Generator Voltage Schedule Point of Interconnection which contains detailed tables with voltage schedules to be followed by Generator Operators interconnected to the SRP transmission system. SRP also attached its SRP Policy Generator Voltage Schedule at the Point of Interconnection document demonstrating that the document had been distributed. On October 29, 2008, WECC SME's reviewed the completion documentation and verified completion of the Mitigation Plan.

IV. PARTIES' SEPARATE REPRESENTATIONS

A. Statement of WECC and Summary of Findings

As a result of information obtained at the compliance audit, and through subsequent review by WECC Enforcement staff, WECC has established sufficient facts to support the finding of Alleged Violations of NERC Reliability Standards PRC-008-0 R2 and VAR-001-1 R3 and R4 as detailed above.

B. Statement of SRP

For purposes of this Agreement only, to avoid uncertainty and potentially protracted litigation and to effectuate a complete and final resolution of the issues described herein, SRP does not contest the facts set forth above. As agreed to by the Parties, this Agreement is limited to a stipulated agreement between the WECC and SRP regarding the Alleged Violations by SRP of PRC-008-0 R2 and VAR-001-1 R3 and R4. SRP does not admit or deny these Alleged Violations. However, for purposes of this Agreement, SRP maintains that these Alleged Violations were minor violations and posed no significant risk to the Bulk Power System ("BPS").

V. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

For purposes of final settlement of any and all disputes arising from the Alleged Violations addressed in this Agreement, WECC and SRP agree that on and after the effective date of this Agreement, SRP shall continue to take whatever steps are necessary to complete Mitigation Plans for the all Alleged Violations addressed in this Agreement. The Parties agree that this Agreement is contingent upon the completion of these Mitigation Plans. As of the date of this Agreement WECC has received Completed Mitigation Plans for all Alleged Violations addressed in this agreement.

It is understood that WECC staff shall audit the progress of Mitigation Plans and any other remedies of this Agreement. WECC staff may conduct, but is not limited to, on-site inspections, interviews, and requests for other documentation, to validate progress and/or completion of the Mitigation Plans and any other remedies of this Agreement. WECC shall reasonably coordinate audits and information requests with SRP related to this Agreement.

Based on the foregoing, the Parties agree that WECC shall assess, and SRP shall pay, a monetary penalty in the amount of \$10,000 for all of the Alleged Violations addressed in this Agreement. The Parties agree that this payment shall be made to WECC via wire transfer of immediately available funds in United States Dollars to an account or accounts to be provided by WECC at a later date.

Such payment shall be made to WECC by SRP within thirty days after this Agreement is either approved by the Federal Energy Regulatory Commission ("FERC" or "Commission") or by operation of law, and WECC shall inform NERC if the payment is not timely received. If SRP does not make the monetary penalty payment above, at the time agreed to by the parties, then interest payable to WECC will begin to accrue pursuant to FERC's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.

Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Agreement, shall be deemed a violation of the same Alleged Violations that initiated this settlement, and/or additional violation(s), and may subject SRP to new or additional enforcement, penalty, or sanction actions in accordance with the NERC Rules of Procedure. If SRP fails to complete the actions described above, WECC reserves the right to assess and collect a monetary penalty, to impose a sanction or otherwise to impose enforcement actions.

WECC's determination of penalties, as well as its agreement to certain penalty amounts in settlement, 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 the [Registered Entity] to remedy the violation in a timely manner." In addition, WECC considers the direction of the Commission provided in Order No. 693, the NERC Sanction Guidelines, and the Commission's July 3, 2008 Guidance Order. Specifically, WECC considers the following factors: (1) the relation of the penalty to the seriousness of the violation, including consideration of the applicable Violation Risk Factor and Violation Severity Level, as well as the actual and foreseen risk to the reliability of the Bulk Electric System as determined by WECC subject matter experts; (2) the violation duration; (3) the Registered Entity's compliance history; (4) the Registered Entity's self-disclosure 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 directed; (6) the presence and quality of the Registered Entity's compliance program; (7) the violation time horizon; (8) the failure of the Registered Entity to comply with compliance directives, (9) any attempt by the Registered Entity to conceal the violation or information needed to investigate the violation, (10) intentional violation, (11) any other extenuating circumstances, and (12) the Registered Entity's ability to pay a penalty.

In this case, WECC and SRP agree that the \$10,000 penalty bears a reasonable relation to the seriousness of the violations. Specifically, the violations stipulated herein are SRP's first violations of NERC Reliability Standards and together posed minimal risk to the reliability of the BPS. WECC also reviewed and considered all applicable mitigation plans pertaining to this Agreement. At the time of execution of this agreement, all violations had been promptly and completely mitigated. Additionally,

SRP has promptly and completely cooperated with WECC throughout the audit and enforcement process, demonstrating a compliance culture dedicated to finding and fixing violations as quickly as possible. WECC further determined that there were no aggravating factors to warrant a higher penalty; specifically, there was no repeat violation, no relevant negative compliance history, no applicable compliance directives, no evidence of any attempt by SRP to conceal the violation or that the violation was intentional, and no other aggravating circumstances warranting a higher penalty.

VI. ADDITIONAL TERMS

The signatories to this Agreement agree that they enter into this 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 WECC or SRP has been made to induce the signatories or any other Party to enter into the Agreement.

WECC 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 WECC and SRP of their acceptance or rejection. If NERC does not approve the settlement, NERC will provide specific written reasons for such rejection and changes to the settlement that could result in its approval. 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 FERC for FERC'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.

This Agreement shall become effective upon FERC's approval of this Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.

SRP agrees that this Agreement, when approved by NERC and made effective by FERC, shall represent a final settlement of all matters set forth herein relating to Alleged Violations by SRP of NERC Reliability Standards PRC-008-0 R2 and VAR-001-1 R3 and R4, and, upon the effectiveness of this Agreement SRP waives its right to further hearings and appeals for these Alleged Violations. WECC reserves all rights to initiate enforcement, penalty or sanction actions against SRP in accordance with the NERC Rules of Procedure in the event that SRP fails to comply with any Mitigation Plan and/or compliance program agreed to in this Agreement. In the event SRP fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Agreement, WECC will initiate enforcement, penalty, or sanction actions against SRP to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum


statutorily allowed penalty. SRP shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to execute and deliver the Agreement on such entity's behalf and does so intending that such entity shall be bound by the terms hereof. The undersigned representative of each Party affirms that he or she has read this Agreement, that all of the matters set forth in this Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that this 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.

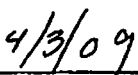
This Agreement may be signed in counterparts.

This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

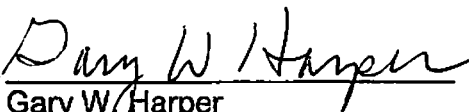
Agreed to and accepted:



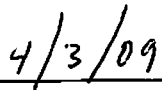
Constance B. White
Vice President of Compliance
WECC



Date



Gary W. Harper
Manager, System Operations
SRP



Date

Attachment c

**SRP's Mitigation Plan designated as MIT-08-0818
for PRC-008-0 R2 submitted on May 14, 2008**



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: May 1, 2008

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: April 4, 2008

Section A: Compliance Notices & Mitigation Plan Requirements

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

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Salt River Project Agricultural Improvement and Power District (SRP)

Registered Entity Address: P.O. Box 52025, Phoenix, AZ 85072

NERC Compliance Registry ID: NCR05372

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: Steven C. Cobb

Title: Manager, Electric Reliability Compliance

Email: Steven.Cobb@srpnet.com

¹ A copy of the WECC CMEP is posted on WECC's website at <http://www.wecc.biz/documents/library/compliance/manuals/Att%20A%20-%20WECC%20CMEP.pdf>. Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



Western Electricity Coordinating Council

Phone: 602-236-3965



Section C: Identity of Alleged or Confirmed Reliability Standard Violations Associated with this Mitigation Plan

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: PRC-008-0
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R2		01/11/08	audit

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use.

C.3 Identify the cause of the alleged or confirmed violation(s) identified above:

Per the WECC "Compliance Audit Report":

Possible violation. Complete documentation of the maintenance and testing program was provided, but records indicate that implementation was not on schedule.

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

C.4 **[Optional]** Provide any relevant additional information regarding the alleged or confirmed violations associated with this Mitigation Plan:



Western Electricity Coordinating Council

The submittal of this mitigation plan does not represent the agreement of Salt River Project Agricultural Improvement and Power District (SRP) with the Preliminary Alleged Violation. Submittal of this mitigation plan does not in anyway limit SRP's ability to contest the alleged WECC On-site Compliance Audit findings.

The WECC conducted an On-site Compliance Audit of SRP on January 7 through January 11, 2008 and identified this alleged violation. SRP is filing a mitigation plan according to direction received from Mr. Steve McCoy, WECC Vice President of Compliance. Mr. McCoy explained during the Compliance Users Group meeting on April 2 through April 3, 2008, that the WECC was taking the submittal and status of Mitigation Plans into account when determining the sanction amount for a alleged non-compliance finding. Although this process is not described in the WECC Compliance Monitoring and Enforcement Program (CMEP), the WECC has informed SRP to file a Mitigation Plan as soon as possible.

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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

SRP will implement a mothly reporting system to ensure that Underfrequency Relays are maintained as per the schedule.

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

Check this box ☒ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones



Western Electricity Coordinating Council



D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected:

D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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

Additional Relevant Information (Optional)

D.4 If you have any relevant additional information that you wish to include regarding the Mitigation Plan, milestones, milestones dates and completion date proposed above you may include it here:

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



Section E: Interim and Future Reliability Risk

Check this box ☒ and proceed and respond to Part E.2, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

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

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization will incur further violations of the same or similar reliability standards requirements in the future:

SRP has implemented a process for monthly reporting on the status of all Bulk Electric System, Underfrequency and Undervoltage relay maintenance. SRP will ensure that relays approaching the due date for maintenance are given priority status.

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

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability



Western Electricity Coordinating Council



standards. If so, identify and describe any such action, including milestones and completion dates:

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




Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am the Compliance Executive] of Salt River Project Agricultural Improvement and Power District..
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Salt River Project Agricultural Improvement and Power District.
 3. I understand Salt River Project Agricultural Improvement and Power District's obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Salt River Project Agricultural Improvement and Power District agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature:


(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Gary W. Harper

Title: Compliance Executive

Date: May 12, 2008



Western Electricity Coordinating Council

NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Section 1. Authority

The Western Electricity Coordinating Council (WECC) is a voluntary association of electric utilities and other entities in the Western United States and Canada. The Council was established in 1954 to promote the reliability of the electric power system in the Western United States and Canada. The Council is the primary organization responsible for the development and implementation of the Western System Coordinating Council (WSCC) Reliability Standards. The Council is also responsible for the development and implementation of the Western System Coordinating Council (WSCC) Reliability Standards. The Council is also responsible for the development and implementation of the Western System Coordinating Council (WSCC) Reliability Standards.

Section 2. Membership

The Council is composed of the following members:

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The Council is composed of the following members:

The Council is composed of the following members:



Section G: Comments and Additional Information

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

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

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer

Email: JStuart@wecc.biz

Phone: (801) 883-6887

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the Compliance Manuals website as Manual 2.12:

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



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



Western Electricity Coordinating Council



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment d

SRP's Certification of Completion of the Mitigation Plan for PRC-008-0 R2 dated May 12, 2008



Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Salt River Project Agricultural Improvement and Power District

Standard Title: Implementation and Documentation of Underfrequency Load Shedding Equipment Maintenance Program

Standard Number: PRC-008-0

Requirement Number(s): R2

Actual completion date of Mitigation Plan: April 4, 2008

Check this box ☒ to indicate that you understand that the submittal of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

The document titled Apr-7-08 UF UV NERC Rpt 2 is an example of the Underfrequency Relay Maintenance monthly report. This report ensures that all relays that have been identified by the SRP Relay Maintenance Program are maintained prior to the due date. A work order (gen_date, column F) is generated one year in advance of the maintenance due date. The completion date (Comp Date, Column H) is the date the maintenance is completed.

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that [insert company name] is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Gary W Harper

Authorized Officer's Name: Gary W. Harper

Authorized Officer's Title: Compliance Executive

Date: May 12, 2008



Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Salt River Project Agricultural Improvement and Power District

Standard Title: Implementation and Documentation of Underfrequency Load Shedding Equipment Maintenance Program

Standard Number: PRC-008-0

Environment Number(s): RS-001

Actual completion date of Mitigation Plan: April 4, 2008

Check this box ☒ to indicate that you understand that the subject of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph number, page number) in the documentation / evidence submitted to verify compliance.

The document titled Apr-7-08 UR UV NERC Rpt 2 is an example of the Underfrequency Relay Maintenance monthly report. This report answers that all relays that have been identified by the SRP Relay Maintenance Program are maintained prior to the due date. A work order (gen_date column F) is generated one year in advance of the maintenance due date. The completion date (Comp Date, Column H) is the date the maintenance is completed.

Additional Notes or Comments pertaining to the violation:

By endorsement of this document I attest that [insert company name] is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Gary W. Harper

Authorized Officer's Name: Gary W. Harper

Attachment e

WECC's Verification of Completion of the Mitigation Plan for PRC-008-0 R2 dated February 24, 2009

CONFIDENTIAL



Bob Kiser
Manager of Compliance Audits and Investigations

360.567.4058
bkiser@wecc.biz

February 24, 2009

Steven Cobb
Manager, Electric Reliability Compliance
Salt River Project Agricultural Improvement and Power District
NCR05372
Mail Station POB300
Phoenix, Arizona 85072-2025

Subject: Certification of Completion Response Letter

Dear Steven Cobb,

The Western Electricity Coordinating Council (WECC) has received Salt River Project Agricultural Improvement and Power District SRP's Certification of Completion and supporting evidence on 5/14/2008 for SRP's alleged violation of Reliability Standard PRC-008-0 and Requirement(s) 2. Listed below is the outcome of WECC's official review.

WECC has accepted the Certification of Completion for Requirement(s) 2 of the Reliability Standard PRC-008-0 and have found these requirements to be fully mitigated. No further mitigation of these requirements will be required at this time.

If you have any questions or concerns, please contact Ed Riley at eriley@wecc.biz. Thanks for your assistance in this effort.

Sincerely,

Bob Kiser

Bob Kiser
Manager of Compliance Audits and
Investigations

BK:cm

cc: Kathy Murdock, SRP Transmission Scheduler, Electric Reliability Compliance
Lisa Milanes, WECC Manager of Compliance Administration
Ed Riley, WECC Senior Compliance Engineer

Attachment f

**SRP's Mitigation Plan designated as MIT-08-0819
for VAR-001-1 R3 submitted on May 14, 2008**



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: May 1, 2008

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: May 1, 2008

Section A: Compliance Notices & Mitigation Plan Requirements

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

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Salt River Project Agricultural Improvement and Power District (SRP)
 Registered Entity Address: P.O. Box 52025, Phoenix, AZ 85072
 NERC Compliance Registry ID: NCR05372

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: Steven C. Cobb
 Title: Manager, Electric Reliability Compliance
 Email: Steven.Cobb@srpnet.com

¹ A copy of the WECC CMEP is posted on WECC's website at <http://www.wecc.biz/documents/library/compliance/manuals/Att%20A%20-%20WECC%20CMEP.pdf>. Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



Western Electricity Coordinating Council

Phone: 602-236-3965



Section C: Identity of Alleged or Confirmed Reliability Standard Violations Associated with this Mitigation Plan

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: VAR-001-1

[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:

[Enter information in the following Table]

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
WECC200800600		R3		01/11/08	audit

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use .

C.3 Identify the cause of the alleged or confirmed violation(s) identified above:

Per the WECC "Compliance Audit Report":

Possible Violation. No specific methodology for exempting generators from compliance with R4 and R6.1 of this standard

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

C.4 **[Optional]** Provide any relevant additional information regarding the alleged or confirmed violations associated with this Mitigation Plan:

The submittal of this mitigation plan does not represent the agreement of Salt River Project Agricultural Improvement and Power District (SRP)



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FOR PUBLIC RELEASE - MARCH 31, 2010



with the Preliminary Alleged Violation and submittal of this mitigation plan does not in anyway limit SRP's ability to contest the WECC On-site Compliance Audit findings.

The WECC conducted an On-site Compliance Audit of SRP on January 7 through January 11, 2008 and identified this possible violation. SRP is filing a mitigation plan according to direction received from Mr. Steve McCoy, WECC Vice President of Compliance. Mr. McCoy explained during the Compliance Users Group meeting on April 2 through April 3, 2008 that the WECC was taking the status of mitigation plans into account when determining the sanction amount for the potential non-compliance. Although this process is not described in the WECC Compliance Monitoring and Enforcement Program (CMEP), the WECC has informed SRP to file a mitigation plan as soon as possible. SRP is submitting this mitigation plan per the WECC instruction.

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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

SRP will describe its methodology to exempt generators from following the voltage schedule described in the Generator Voltage Schedule Point of Interconnection. When the document is complete, it will be distributed to all Generator Operators that are interconnected to SRP's Transmission System.

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

Check this box ☒ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.



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Mitigation Plan Timeline and Milestones

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected:
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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

Additional Relevant Information (Optional)

- D.4 If you have any relevant additional information that you wish to include regarding the Mitigation Plan, milestones, milestones dates and completion date proposed above you may include it here:

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



Section E: Interim and Future Reliability Risk

Check this box ☒ and proceed and respond to Part E.2, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

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

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization will incur further violations of the same or similar reliability standards requirements in the future:

SRP will provide a written document detailing the methodology for exempting generators from following voltage schedule that is currently described in SRP Interconnection Agreements and distribute this documentation to Generator Operators interconnected to SRP's Transmission System.

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

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability



standards. If so, identify and describe any such action, including milestones and completion dates:

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am the Compliance Executive of Salt River Project Agricultural Improvement and Power District.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Salt River Project Agricultural Improvement and Power District.
 3. I understand Salt River Project Agricultural Improvement and Power District's obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Salt River Project Agricultural Improvement and Power District agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: _____

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Gary W. Harper

Title: Compliance Executive

Date: April 12, 2008





Section G: Comments and Additional Information

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

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

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer

Email: JStuart@wecc.biz

Phone: (801) 883-6887

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the Compliance Manuals website as Manual 2.12:

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



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



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- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment g

SRP's Certification of Completion of the Mitigation Plan for VAR-001-1 R3 dated May 12, 2008



CONFIDENTIAL

Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Salt River Project Agricultural Improvement and Power District (SRP)

Standard Title: Voltage and Reactive Control

Standard Number: VAR-001-1

Requirement Number(s): R3

Actual completion date of Mitigation Plan: May 1, 2008

Check this box ☒ to indicate that you understand that the submittal of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

The methodology for exempting generators from following a voltage schedule is detailed on page 2 of the Generator Voltage Schedule Point of Interconnection under the header Exemptions.

Documentation of the distribution of the Generator Voltage Schedule Point of Interconnection is provided in the document titled "SRP Policy Generator Voltage Schedule at the Point of Interconnection." The entirety of the document demonstrates compliance.

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that [insert company name] is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: _____

A handwritten signature in dark ink, appearing to read 'Gary W. Harper', is written over a horizontal line.

Authorized Officer's Name: Gary W. Harper

Authorized Officer's Title: Compliance Executive

Date: April 12, 2008

May



Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion Form for each fully mitigated violation and return to Compliance/VECC, along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: (e.g. River Project Agricultural Improvement and Power District (SRP))

Standard Title: Voltage and Reactive Control

Standard Number: VAR-001

Requirement Number(s): N/A

Actual completion date of Mitigation Plan: May 1, 2008

Check this box ☒ to indicate that you understand that the submission of this Completion Form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph number, page number) in the documentation / evidence submitted to verify compliance.

The methodology for exempting generators from following a voltage schedule is detailed on page 2 of the Generator Voltage Set Point of Interconnection under the header Exemptions.

Documentation of the distribution of the Generator Voltage Schedule Point of Interconnection is included in the document titled "SRP Policy Generator Voltage Schedule at the Point of Interconnection". The entirety of the document demonstrates compliance.

Additional Notes or Comments (pertaining to this violation):

By endorsement of this document I attest that (insert company name) is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: *Ray W. Harper*
Authorized Officer's Name: Ray W. Harper

Attachment h

**SRP's Mitigation Plan designated as MIT-08-0820
for VAR-001-1 R4 submitted on May 14, 2008**



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: May 1, 2008

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: May 1, 2008

Section A: Compliance Notices & Mitigation Plan Requirements

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

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Salt River Project Agricultural Improvement and Power District
 Registered Entity Address: P.O. Box 52025, Phoenix, AZ 85072
 NERC Compliance Registry ID: NCR05372

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: Steven C. Cobb
 Title: Manager, Electric Reliability Compliance
 Email: Steven.Cobb@srpnet.com

¹ A copy of the WECC CMEP is posted on WECC's website at <http://www.wecc.biz/documents/library/compliance/manuals/Att%20A%20-%20WECC%20CMEP.pdf>. Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



Western Electricity Coordinating Council

Phone: 602-236-3965



Section C: Identity of Alleged or Confirmed Reliability Standard Violations Associated with this Mitigation Plan

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: VAR-001-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R4		01/11/08	audit

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use.

C.3 Identify the cause of the alleged or confirmed violation(s) identified above:

Per the WECC "Compliance Audit Report":

Possible Violation. No documented voltage schedules for generators

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

C.4 **[Optional]** Provide any relevant additional information regarding the alleged or confirmed violations associated with this Mitigation Plan:

The submittal of this mitigation plan does not represent the agreement of Salt River Project Agricultural Improvement and Power District (SRP) with the Preliminary Alleged Violation and submittal of this mitigation plan does not in



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anyway limit SRP's ability to contest the WECC On-site Compliance Audit findings.

The WECC conducted an On-site Compliance Audit of SRP on January 7 through January 11, 2008 and identified this possible violation. SRP is filing a mitigation plan according to direction received from Mr. Steve McCoy, WECC Vice President of Compliance. Mr. McCoy explained during the Compliance Users Group meeting on April 2 through April 3, 2008 that the WECC was taking the status of mitigation plans into account when determining the sanction amount for the potential non-compliance. Although this process is not described in the WECC Compliance Monitoring and Enforcement Program (CMEP), the WECC has informed SRP to file a mitigation plan as soon as possible. SRP is submitting this mitigation plan per the WECC instruction. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

- D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

SRP will provide a written document detailing the voltage schedule that is currently described in SRP Interconnection Agreements and distribute this documentation to Generator Operators interconnected to SRP's Transmission System.

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

Check this box ☒ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented



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and the alleged or confirmed violations associated with this Mitigation Plan corrected:

- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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

Additional Relevant Information (Optional)

- D.4 If you have any relevant additional information that you wish to include regarding the Mitigation Plan, milestones, milestones dates and completion date proposed above you may include it here:

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



Section E: Interim and Future Reliability Risk

Check this box ☒ and proceed and respond to Part E.2, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

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

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization will incur further violations of the same or similar reliability standards requirements in the future:

SRP will annually review the Generator Voltage Schedule Point of Interconnection and SRP will re-distribute to the Generator Operators interconnected to the SRP Transmission System if there are any changes to the schedule.

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

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:



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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Compliance Executive of Salt River Project Agricultural Improvement and Power District.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Salt River Project Agricultural Improvement and Power District].
 3. I understand Salt River Project Agricultural Improvement and Power District's obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. Salt River Project Agricultural Improvement and Power District agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: _____

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Gary W. Harper

Title: Compliance Executive

Date: April 12, 2008





Section G: Comments and Additional Information

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

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

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer

Email: JStuart@wecc.biz

Phone: (801) 883-6887

For guidance on submitting this form, please refer to the "WECC Compliance Data Submittal Policy". This policy can be found on the Compliance Manuals website as Manual 2.12:

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



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



Western Electricity Coordinating Council



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment i

SRP's Certification of Completion of the Mitigation Plan for VAR-001-1 R4 dated May 12, 2008

**CONFIDENTIAL**

Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Salt River Project Agricultural Improvement and Power District (SRP)

Standard Title: Voltage and Reactive Control

Standard Number: VAR-001-1

Requirement Number(s): R4

Actual completion date of Mitigation Plan: May 1, 2008

Check this box ☒ to indicate that you understand that the submittal of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

The voltage schedule to be followed by Generator Operators interconnected to the SRP Transmission System is detailed in Table 1 and Table 2 of the Generator Voltage Schedule Point of Interconnection.

Documentation of the distribution of the Generator Voltage Schedule Point of Interconnection is provided in the document titled Fw SRP Policy Generator Voltage Schedule at the Point of Interconnection.msg. The entirety of the document demonstrates compliance.

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that [insert company name] is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Gary W Harper

Authorized Officer's Name: Gary W. Harper

WECC Compliance Monitoring and Enforcement Program
Mitigation Plan Completion Form

CONFIDENTIAL

Authorized Officer's Title: Compliance Executive

Date: April 12, 2008

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WECC Compliance Plan

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Attachment j

WECC's Verification of Completion of the Mitigation Plan for VAR-001-1 R3 and R4 dated November 7, 2008

CONFIDENTIAL



Bob Kiser
Manager of Audits and Investigations

360.980.2799
bkiser@wecc.biz

11/7/2008

Steve Cobb
Manager, Electric Reliability Compliance
Salt River Project Agricultural Improvement and Power District
Mail Station PAB221
Phoenix, Arizona 85072-2025

Subject: Mitigation Plan Completion Review(s)

Dear Steve Cobb,

The Western Electricity Coordinating Council (WECC) received Mitigation Plan Completion Form(s) and supporting evidence for each violation listed in Table 1 of Attachment A. The table indicates which plans have been completed and which remain incomplete. Attachment A also includes audit notes that detail the findings supporting this conclusion.

Each compliance violation associated with the incomplete Mitigation Plan(s) is now subject to sanctions and penalties under the Energy Policy Act of 2005. You will be receiving a letter from the WECC Compliance Department outlining the next steps in the penalty and sanction process regarding such violation(s).

Please submit a revised Mitigation Plan by November 21, 2008, including new proposed completion dates, for each unmitigated violation identified in Attachment A. The Mitigation Plan template form can be found on the WECC Compliance Manuals webpage, as Manual 03.03:

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

Upon review, the WECC Compliance Department will provide written notice of its acceptance or rejection of the newly submitted Mitigation Plan.

If you have any questions or concerns, please contact Mike Wells at (801) 883.6884 or mike@wecc.biz. Thanks for your assistance in this effort.

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Sincerely,

Bob Kiser

Bob Kiser
Manager of Audits and
Investigations

BK:gc

Attachment

Cc: Kathy Murdock, SRP Transmission Scheduler, Electric Reliability Compliance
Lisa Milanes, WECC Manager of Compliance Administration
Ed Ruck, NERC Regional Compliance Program Coordinator

Registered Entity: Salt River Project Agricultural Improvement and Power District

Date: November 7, 2008

	Standard Number	Requirement	Completion Received by WECC	Accepted	Rejected	Review Status
1	VAR-001-1	3	14-May-08	29-Oct-08		Compliant
2	VAR-001-1	4	14-May-08	29-Oct-08		Compliant

Attachment k

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Salt River Project Agricultural Improvement
and Power District

Docket No. NP10-____-000

NOTICE OF FILING
March 31, 2010

Take notice that on March 31, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Salt River Project Agricultural Improvement and Power District 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