



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 6, 2010

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

**Re: NERC Notice of Penalty regarding Elk Hills Power, LLC
FERC Docket No. NP10-_-000**

Dear Secretary Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Elk Hills Power, LLC (EHP), NERC Registry ID NCR05143,² 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)).³

During an off-site Compliance Audit⁴ conducted on June 24, 2008 (Audit), the Western Electricity Coordinating Council (WECC) Audit Team (Audit Team) identified a violation⁵ of Reliability Standard PRC-005-1 Requirement (R) 1 for EHP's failure to provide documents that listed generation Protection System devices and failed to address the associated communication, current and potential sensing devices, and station batteries; and a violation of Standard PRC-005-1 R2, because EHP did not provide evidence that all generation Protection System devices were maintained and tested within defined intervals and the dates the devices were last tested and/or maintained.

This Notice of Penalty is being filed with the Commission because WECC and EHP have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary

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 (2010); *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A); 18 C.F.R. § 39.7(c)(2).

² Western Electricity Coordinating Council (WECC) confirmed that EHP was included on the NERC Compliance Registry as a Generator Operator and Generator Owner on June 17, 2007. The Settlement Agreement incorrectly states the registration date as April 10, 2007. As a Generator Owner, EHP was subject to PRC-005-1.

³ *See* 18 C.F.R. § 39.7(c)(2).

⁴ EHP had not gone through a Self-Certification prior to the June 24, 2008 Audit. The first Self-Certification for EHP was conducted in July 2008.

⁵ For purposes of this document, the violations at issue are described as "violations," regardless of their procedural posture and whether they were possible, alleged or confirmed violations.

and non-public assessment resulting in WECC's determination and findings of the enforceable violations of Reliability Standards PRC-005-1 R1 and R2. According to the Settlement Agreement, EHP neither admits nor denies the violations but has agreed to a proposed penalty of thirty thousand dollars (\$30,000), 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 violations identified as NERC Violation Tracking Identification Numbers WECC200801025 and WECC200801026 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement entered into as of November 20, 2009, by and between WECC and EHP, which is included as Attachment a. The details of the findings and basis for the penalty are set forth herein and in the Settlement Agreement. 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, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Elk Hills Power, LLC	NOC-427	WECC200801025	PRC-005-1	1	High ⁶	\$30,000
			WECC200801026	PRC-005-1	2	Lower ⁷	

PRC-005-1

The purpose of Reliability Standard PRC-005-1 is to ensure all transmission and generation Protection Systems⁸ affecting the reliability of the bulk power system (BPS) are maintained and tested.

PRC-005-1 R1 requires that:

Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System

⁶ When NERC filed VRFs, it originally assigned PRC-005-1 R1 a "Medium" VRF. The Commission approved the VRF but it directed NERC to submit modifications. NERC submitted the modified "High" VRF, which the Commission approved on August 9, 2007. Therefore, the "Medium" VRF for PRC-005-1 R1 was in effect from June 18, 2007 until August 9, 2007, when the "High" VRF became effective.

⁷ The Settlement Agreement, at page 5, states that the VRF that applies to EHP's violation of PRC-005-1 R2 is "High." PRC-005-1 R2 has a "Lower" VRF and its sub-requirements have "High" VRFs. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs. One of these was PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005-1 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

⁸ *The NERC Glossary of Terms Used in Reliability Standards*, updated April 20, 2009, defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BPS. The program shall include:

R1.1. Maintenance and testing intervals and their basis.

R1.2. Summary of maintenance and testing procedures.

PRC-005-1 R1 has a “High” Violation Risk Factor (VRF). The violation applies to EHP’s Generator Owner function.

During the Audit, the Audit Team determined that EHP had a violation of this Standard because the Protection System equipment documents that were provided by EHP⁹ listed transmission Protection System relays, but not generation Protection Systems. Specifically, the Audit Team found that the Protection System equipment documents that were provided failed to address the associated communication, current and potential sensing devices, and station batteries that are included in the NERC definition of Protection Systems.

WECC reviewed EHP’s submittals and the findings of the Audit Team and determined that EHP had violated this Standard because it did not have documentation of its Protection System maintenance and testing program for its generation Protection Systems.

WECC determined that the duration for this violation was from June 18, 2007, when the Standard became mandatory, through September 19, 2008, when EHP completed its Mitigation Plan.

WECC determined that the violation of PRC-005-1 R1 posed a moderate risk but did not pose a serious or substantial risk to the reliability of the BPS. Specifically, EHP did not have a comprehensive list of all generation Protection System devices and the dates that these devices were maintained and tested. In addition, EHP did not have testing and maintenance procedures in place that included maintenance and testing intervals and their basis and a summary of maintenance and testing procedures as required by the Standard. However, the risk was mitigated because EHP’s generation maintenance is managed by computer software (which had intervals built in based on manufacturer ratings) and the actual maintenance and testing were being performed by contractors.

PRC-005-1 R2 requires that:

Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Entity on request (within 30 calendar days). The documentation of the program implementation shall include:

R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.

⁹ EHP listed transmission Protection System relays even though EHP is not registered as a Transmission Owner or Transmission Operator. WECC is reviewing whether EHP should be included on the NERC Compliance Registry as a Transmission Owner or Transmission Operator.

R2.2. Date each Protection System device was last tested/maintained.

PRC-005-1 R2 has a “Lower” VRF, however R2.1 and R2.1 each have a “High” VRF.

The Elk Hills facility is operated and maintained using an enterprise resource planning (ERP) system that schedules maintenance and testing based on established intervals, albeit without a documented basis for the intervals. At the Audit, the Audit Team found that the documentation presented by EHP to demonstrate testing of its relays did not address all of its generation Protection System devices, specifically the associated communication devices, current and potential sensing devices, and station batteries. The Audit Team interviewed EHP personnel regarding generation Protection System maintenance. EHP personnel stated that its generation Protection System maintenance is managed by computer software and the actual testing and maintenance is performed by contractors. The Audit Team reviewed two-screen shots from the ERP system used in maintenance and testing operations. Although the Audit Team determined that testing occurred, the Audit Team concluded that EHP had a violation of this Standard because EHP did not have a comprehensive list of generation Protection System devices and the dates that EHP last tested and/or maintained these devices.

WECC reviewed the Audit Team’s findings and determined that EHP had a violation of PRC-005-1 R2 because EHP did not have a comprehensive list of its generation Protection System devices and, therefore, could not provide evidence that all generation Protection System devices were maintained and tested within defined intervals as required by R2.1 and could not provide the dates that generation Protection System devices were last tested and/or maintained as required by R2.2.

WECC determined that the duration for this violation was from June 18, 2007, when the Standard became mandatory, through September 19, 2008, when EHP completed its Mitigation Plan.

WECC determined that the violation of PRC-005-1 R.2 did not pose a serious or substantial risk to the BPS because EHP demonstrated through screenshots and reports that each piece of equipment and all maintenance was being performed and was tracked and current in EHP’s ERP system for the facility, even though (1) EHP could not show the last date the missing equipment had been tested because the equipment had not been identified as Protection System devices, and (2) EHP could not demonstrate that the missing equipment was maintained and tested within intervals because intervals had not been established for the missing equipment as required by R2.1.

WECC’s Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of thirty thousand dollars (\$30,000) against EHP for the referenced violations. WECC considered the seriousness of each violation and the VRFs noted above. In addition, WECC considered the following factors:

- (1) these violations were the first assessed non-compliance with the applicable Reliability Standards;
- (2) EHP was cooperative throughout the compliance enforcement process;

- (3) there was no evidence that EHP attempted to conceal a violation nor that the violations were intentional; and
- (4) the violations did not create a serious or substantial risk to the BPS, as discussed above.

After consideration of these and the above factors, WECC determined that, in this instance, the aggregate penalty amount of thirty thousand dollars (\$30,000) bears a reasonable relation to the scope, seriousness and duration of the violations. Furthermore, WECC determined that the penalty was appropriate based on EHP's cooperation, commitment to compliance, and agreement to reconcile this issue via settlement.

Status of Mitigation Plan¹⁰

PRC-005-1 R1 and R2

EHP's Mitigation Plan to address PRC-005-1 R1 and R2 was submitted to WECC on August 20, 2008 with a proposed completion date of September 24, 2008.¹¹ The Mitigation Plan was accepted by WECC on August 22, 2008 and approved by NERC on August 25, 2009. The Mitigation Plan for the violations is designated as MIT-08-1099 and was submitted as non-public information to FERC on August 25, 2009 in accordance with FERC orders.

EHP's Mitigation Plan MIT-08-1099 required EHP to:

1. have EHP personnel attend the August 2008 Relay Maintenance Workshop being presented by WECC in Portland, OR;
2. modify existing Plant Policies and Procedures to include maintenance and testing procedures and intervals, and basis for the intervals for generation Protection System relays; and
3. modify existing Plant Policies and Procedures to include information verifying generation Protection System relay maintenance and testing was actually completed, within defined intervals.

EHP certified on September 23, 2008¹² that Mitigation Plan MIT-08-1099 requirements were completed on September 19, 2008. As evidence of completion, EHP submitted *EHP Policies and Procedures Manual Section 9.35 – Relay and Protective System*, Revision 1 modified September 9, 2008. This document included Facility Rating information for each identified generation protective equipment, control board inspection forms for identified equipment dated August 17, 2008, and generator and high voltage protection equipment lists by manufacturer and type.

On October 1, 2008, after review of EHP's submitted evidence, WECC verified that EHP's Mitigation Plan was completed on September 19, 2008 and notified EHP in a letter dated October 7, 2008 that the Mitigation Plans for PRC-005-1 R1 and R2 had been completed..

¹⁰ See 18 C.F.R. § 39.7(d)(7).

¹¹ The Mitigation Plan was signed on August 1, 2008.

¹² EHP's Certification of Completion is dated September 19, 2008, however the Settlement Agreement and WECC's Verification of Completion states that WECC received the document on September 23, 2008.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹³

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 and October 26, 2009 Guidance Orders,¹⁴ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on May 14, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty, assessing a penalty of thirty thousand dollars (\$30,000) against EHP 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 violations at issue.

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

1. these violations were the first assessed non-compliance with the applicable Reliability Standards;
2. WECC reported that EHP was cooperative throughout the compliance enforcement process;
3. there was no evidence that EHP attempted to conceal a violation nor that the violations were intentional; and
4. the violations did not pose a serious or substantial risk to the BPS, as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the assessed penalty of thirty thousand dollars (\$30,000) is appropriate for the violations and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

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

¹³ See 18 C.F.R. § 39.7(d)(4).

¹⁴ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009)."

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:

- a) Settlement Agreement by and between EHP and WECC entered into as of November 20, 2009, included as Attachment a;
- b) Record documents for EHP's violations of PRC-005-1 R1 and R2, included as Attachment b:
 - 1. WECC's Audit Report Screen Shots for PRC-005-1 R1 and R2 dated June 24, 2008;
 - 2. EHP's Mitigation Plan MIT-08-1099 submitted August 20, 2008;
 - 3. EHP's Certification of Completion of the Mitigation Plan dated September 19, 2008; and
 - 4. WECC's Verification of Completion of the Mitigation Plan dated October 7, 2008.

A Form of Notice Suitable for Publication¹⁵

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

¹⁵ 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, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Ed McMurren* Plant Manager Elk Hills Power, LLC 4026 Skyline Road Tupman, CA 93276 (661) 763-2727 (661) 765-2946 – facsimile emcmurren@elkhills.com</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 CLuras@wecc.biz</p> <p>*Persons to be included on the Commission's service list are indicated with an asterisk. NERC requests waiver of the Commission's rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel Holly A. Hawkins* Attorney V. Davis Smith* Attorney (admitted in IN; application pending in NJ; not admitted in D.C.) North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net davis.smith@nerc.net</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Steven Goodwill* General Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6857 SGoodwill@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6885 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,

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cc: Elk Hills Power, LLC
Western Electricity Coordinating Council

Attachments

Attachment a

**Settlement Agreement by and between EHP and
WECC entered into as of November 20, 2009**

SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
ELK HILLS POWER, LLC

Western Electricity Coordinating Council ("WECC") and Elk Hills Power, LLC ("EHP") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 20 day of November, 2009.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public assessment of EHP by WECC that resulted in certain WECC determinations and findings regarding two alleged EHP violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standard ("Reliability Standards"): PRC-005-1 R1 and R2.

B. EHP is a California limited liability company jointly owned by Sempra Energy Resources and an Occidental Petroleum subsidiary. It has two 165 MW gas turbines and one 219 MW steam turbine generator with a total plant capacity of 549 MW. EHP's plant is located in Tupman, California. EHP's system includes a nine-mile, 230 kV double circuit overhead transmission line that interconnects at the Pacific Gas and Electric Midway substation near Buttonwillow. EHP was registered as a Generator Owner and Generator Operator on NERC's Compliance Registry on April 10, 2007.

C. WECC was formed on April 18, 2002 by the merger of the Western Systems Coordinating Council, Southwest Regional Transmission Association and Western Regional Transmission Association. WECC is one of eight regional entities in the United States responsible for coordinating and promoting electric system reliability and enforcing the mandatory Reliability Standards created by NERC under the authority granted in Section 215 of the Federal Power Act. In addition, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members. WECC's region encompasses a vast area of nearly 1.8 million square miles extending from Canada to Mexico and including 14 western states. It is the largest and most diverse of the eight regional entities in the United States.

D. The Parties are entering into this Agreement to settle the disputed matters between them. It is in the Parties' and the public's best interests to resolve this matter efficiently without the delay and burden associated with a contested proceeding. Nothing contained in this Agreement shall be construed as an admission or waiver of either party's rights. Except, however, nothing in this Agreement shall limit or prevent WECC from evaluating EHP for subsequent violations of the same Reliability Standards addressed herein and taking enforcement

action, if necessary. Such enforcement action can include assessing penalties against EHP for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure.

NOW, THEREFORE, in consideration of the terms set forth herein, including in the Recitals, WECC and EHP hereby agree and stipulate to the following:

I. Representations

EHP agrees to the stipulated facts, but neither admits nor denies that they constitute Confirmed Violations, provided, however, that EHP accepts and acknowledges, in accordance with Paragraph D above, that the Alleged Violations addressed in this Agreement can be considered by WECC for the purposes of assessing penalties and sanctions for subsequent violations of the same Reliability Standards at issue in this Agreement. In view of the costs and risks of litigation, and in the interest of resolving any dispute between WECC and itself regarding the acts in question, EHP agrees to undertake the obligations set forth in this Agreement.

II. Confirmed Violations

WECC has determined that EHP has Confirmed Violations, as this term is defined in the WECC Compliance and Monitoring Enforcement Program ("CMEP"), of the Reliability Standards described below in detail.

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

***R1:** Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:*

***R1.1:** Maintenance and testing intervals and their basis.*

***R1.2:** Summary of maintenance and testing procedures.*

NERC Reliability Standard PRC-005-1 R1 is applicable to Transmission Owners, Distribution Providers, and Generator Owners. EHP is subject to the Standard because it was registered as a Generator Owner on NERC's Compliance Registry on April 10, 2007.

WECC conducted an off-site Compliance Audit ("Audit") of EHP on June 24, 2008 in accordance with the CMEP. The WECC Audit Team ("Audit Team") found that the Protection System equipment documents that were provided by EHP listed transmission Protection System relays, but not generation Protection Systems. In addition, the Audit Team found that the Protection System equipment documents that were provided by EHP failed to address the associated communication, current and potential sensing devices, and station batteries that are included in the NERC definition of Protection Systems. Consequently, the Audit Team concluded that EHP was in violation of the Standard, and forwarded its findings to the WECC Enforcement Department ("Enforcement") for its review and consideration.

Enforcement reviewed the findings of the Audit Team and determined that EHP had violated this Standard because it did not have a Protection System maintenance and testing program for its generation Protection Systems. Based upon its independent review of the record, Enforcement concluded that the period of time for this violation was from June 18, 2007 through September 19, 2008, when EHP completed its mitigation plan, as discussed below.

EHP submitted a mitigation plan to address this violation on August 20, 2008. This mitigation plan stated that EHP would modify its existing *Plant Policies and Procedures* to include maintenance and testing procedures and intervals, and the basis for those intervals, for its generation Protection System relays. The mitigation plan also stated that EHP would modify its existing *Plant Policies and Procedures* to include information verifying that EHP completes generator protection relay maintenance and testing within defined intervals. This mitigation plan had an expected completion date of September 24, 2008. WECC accepted this mitigation plan on August 22, 2008.

On September 23, 2008, EHP certified that it had completed its mitigation plan on September 19, 2008. To demonstrate completion of the mitigation plan, EHP provided WECC with a copy of its *Polices and Procedure Manual Section 9.35 Relay Protection System*. On October 1, 2008, WECC subject matter experts ("SMEs") reviewed this documentation and verified that EHP had completed its mitigation plan.

B. NERC Reliability Standard PRC-005-1 Requirement 2

R2: Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

R2.1: Evidence Protection System devices were maintained and tested within the defined intervals

R2.2: Date each Protection System device was last tested/maintained.

NERC Reliability Standard PRC-005-1 R2 is applicable to Transmission Owners, Distribution Providers, and Generator Owners. EHP is subject to the Standard because it was registered as a Generator Owner on NERC's Compliance Registry on April 10, 2007.

At the Audit of EHP on June 24, 2008, the Audit Team found that the documentation presented by EHP to demonstrate testing of its relays addressed transmission Protection Systems, but not generation Protection Systems. The Audit Team interviewed EHP personnel regarding generation Protection System maintenance. EHP's personnel stated that its generation Protection System maintenance is managed by computer software and the actual testing and maintenance is performed by contractors. Although EHP personnel stated that testing had occurred, the Audit Team concluded that EHP had a possible violation of this Standard because EHP did not have a comprehensive list of generation Protection System devices and the dates that EHP maintained these devices. The Audit Team forwarded its findings to Enforcement for its review and consideration.

Enforcement reviewed the results of the audit and determined that EHP had violated this Standard because EHP did not provide evidence that generation protection system devices were maintained and tested within defined intervals (R2.1) and the dates that generation Protection System devices were last tested and/or maintained (R2.2). Based upon its independent review of the record, Enforcement concluded that the period of time for this violation was from June 18, 2007 through September 19, 2008, when the mitigation plan was completed.

EHP submitted a mitigation plan to address this violation on August 20, 2008. This mitigation plan stated that EHP would modify its existing *Plant Policies and Procedures* to include maintenance and testing procedures and intervals, and the basis for those intervals, for its generation Protection System relays. The mitigation plan also stated that EHP would modify its existing *Plant Policies and Procedures* to include information verifying that generator protection relay maintenance and testing was actually completed within defined intervals, and that the dates of the testing were recorded. This mitigation plan had an expected completion date of September 24, 2008. WECC accepted this mitigation plan on August 22, 2008. This mitigation plan was sent to NERC on September 24, 2008. NERC's approval of this mitigation plan is pending.

On September 23, 2008, EHP certified that it completed mitigation on September 19, 2008. To demonstrate completion of the mitigation plan, EHP provided WECC with a copy of its *Polices and Procedure Manual Section 9.35 Relay Protection System*. On October 1, 2008, SME reviewed this documentation and verified that EHP had completed its mitigation plan.

III. Settlement Terms

Subject to the limitations in Paragraphs III.A, IV.F and IV.G of this Agreement, WECC shall, as of the effective date of this Agreement, release and discharge EHP of all past claims, past allegations, past demands and past liabilities arising under or associated with the subject Alleged Violations of PRC-005-1 R1 and R2 as set forth and described specifically herein.

A. Payment. To settle this matter, EHP hereby agrees to pay \$30,000.00 to WECC via wire transfer or cashier's check. EHP shall make the funds payable to a WECC account identified in a forthcoming Notice of Payment that WECC will send to EHP upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). EHP shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment.

The terms of this Agreement, including the agreed upon payment, are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Agreement, NERC will file a Notice of Penalty with FERC. If FERC approves the Agreement, NERC will publicly post the Agreement. If either NERC or FERC rejects the Agreement, the parties will attempt to negotiate a revised settlement agreement that shall include any changes to the Agreement recommended or required by NERC or FERC. If the Parties cannot reach a settlement agreement, the CMEP shall govern the enforcement process.

B. Settlement Rationale. WECC's determination of penalties in an enforcement action is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of such user, owner, or operator to remedy the violation in a timely manner". Additionally, WECC considers the guidance provided by the NERC Sanction

Guidelines and by the Federal Energy Regulatory Commission in Order No. 693 and in its July 3, 2008 Guidance Order.

Specifically, to determine penalty assessment, WECC considers the following factors: (1) the seriousness of the violation, including the applicable Violation Risk Factor and Violation Severity Level, and the risk to the reliability of the Bulk Electric System; (2) the violation's duration; (3) the Registered Entity's compliance history; (4) the Registered Entity's self-reports and voluntary corrective action; (5) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (6) the quality of the Registered Entity's compliance program; (7) any attempt by the Registered Entity to conceal the violation or any related information; (8) whether the violation was intentional; (9) any other relevant information or extenuating circumstances; and (10) the Registered Entity's ability to pay a penalty.

The following VRFs apply to EHP's Alleged Violations in accordance with NERC's VRF Matrix dated February 3, 2009:

PRC-005-1 R.1: High

PRC-005-1 R.2: High

WECC determined that the violation of PRC-005-1 R.1 posed a moderate risk to the reliability of the BPS because EHP did not have testing and maintenance procedures in place to complete the maintenance and testing of its generation Protective System devices.

WECC determined that the violation of PRC-005-1 R.2 posed a minimal risk to the reliability of the BPS because EHP reported during an interview with the Audit Team that testing was completed.

In addition, WECC considered several mitigating factors. First, EHP's violations were its first instances of noncompliance with Reliability Standard PRC-005-1. Second, EHP mitigated these violations in a timely manner. Third, EHP has been cooperative throughout the compliance process.

WECC determined that there were no aggravating factors warranting a higher penalty. Specifically, EHP did not have any negative compliance history. There was no failure by EHP to comply with applicable compliance directives, nor any evidence of an attempt by EHP to conceal a violation. Finally, there was no evidence that EHP's violations were intentional.

IV. Additional Terms

A. Authority. The undersigned representative of each party warrants that he or she is authorized to represent and bind the designated party.

B. Representations. The undersigned representative of each party affirms that he or she has read the Agreement, that all matters set forth in the Agreement are true and correct to the best of his or her knowledge, information, or belief, and that he or she understands that the Agreement is entered into by each party in express reliance on the representations set forth herein.

C. Review. Each party agrees that it has had the opportunity to consult with legal counsel regarding the Agreement and to review it carefully. Each party enters the Agreement voluntarily. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. No tender, offer or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of NEVP or WECC has been made to induce the signatories or the Parties to enter into the Agreement. No oral representations shall be considered a part of the Agreement.

E. Effective Date. The Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law.

F. Waiver of Right to Further Proceedings. EHP agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. EHP waives its right to further hearings and appeal, unless and only to the extent that EHP contends that any NERC or FERC action concerning the Agreement contains one or more material modifications to the Agreement.

G. Reservation of Rights. WECC reserves all of its rights to initiate enforcement, penalty or sanction actions against EHP in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that EHP fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against EHP up to the maximum penalty allowed by the NERC Rules of Procedure. EHP shall retain all of its rights to defend against such enforcement actions in accordance with the CMEP and the NERC Rules of Procedure. Failure by WECC to enforce any provision hereof on occasion shall not constitute a waiver by WECC of its enforcement rights or bind WECC on any other occasion.

H. Consent. EHP consents to the use of WECC's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however, that EHP does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or WECC, nor does EHP consent to the use of this Agreement by any other party in any other action or proceeding.

I. Amendments. Any amendments to the Agreement shall be in writing. No amendment to the Agreement shall be effective unless it is in writing and executed by the Parties.

J. Successors and Assigns. The Agreement shall be binding on successors or assigns of the Parties.

K. Governing Law. The Agreement shall be governed by and construed under the laws of the State of Utah.

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

M. Counterparts and Facsimiles. The Agreement may be executed in counterparts, in which case each of the counterparts shall be deemed to be an original. Also, the Agreement may be executed via facsimile, in which case a facsimile shall be deemed to be an original.
Agreed to and accepted:

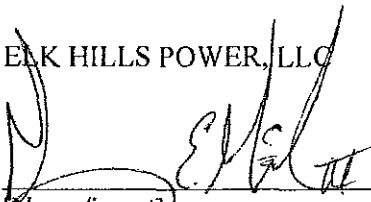
WESTERN ELECTRICITY COORDINATING COUNCIL



Constance B. White

Date: 11/23/09

Title: Vice President of Compliance

ELK HILLS POWER, LLC


[Name/insert]

Date: 24 Nov 09

Print Name: GEORGE MALURZEN

Title: PLANT MANAGER


Attachment b

Record documents for EHP's violations of PRC-005-1 R1 and R2:

- 1. WECC's Audit Report Screen Shots for PRC-005-1 R1 and R2 dated June 24, 2008;**
- 2. EHP's Mitigation Plan MIT-08-1099 submitted August 20, 2008;**
- 3. EHP's Certification of Completion of the Mitigation Plan dated September 19, 2008; and**
- 4. WECC's Verification of Completion of the Mitigation Plan dated October 7, 2008.**

WECC Compliance Database

Post June 18th Violations



Compliance and Registration Database

Post Violations Tracking and Reporting

Region: WECC

Violation Date: 6/24/2008

WECC ID: EHP_WECC20081087

Entity: Elk Hills Power, LLC

Acronym: EHP

Registry ID: NCR05143

NERC violation ID: WECC200801026

Standard: PRC-005-1

Transmission and Generation Protection System Maintenance and Testing

Disposition

Final Record

Mitigation Plan

RAD and RAD Appeal

Internal Notes

Pre-June 18

Initial Notice

NAVAPS

Proposed Sanction Penalty

Contested Hearing

Requirement: 2

Repeat Alleged Violation? ☐

Initial Determination by Region: 9/24/2008

Reporting Method: Compliance Audit

On Site Audit ☐ Off Site Audit ☒

Deemed Date: 6/24/2008

Violation Level: LNC - Level 1

Violation Risk Factor: LOWER

Alleged Violation Time:

Alleged Violation End Date:

Violation Description:

Audit Team could not confirm that maintenance and testing of each individual generator protection system device

Applicable Functions: GO

Regional Determination of Impact to BPS:

Detailed Description of Potential Impact to BPS:

Moderate Impact - Maintenance and Testing of SPS devices not up-to-date.

ID sent to Entity: 1/5/2009

Additional Comments

Regional Contact Person: O'Donnell, Phil

Close

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WECC Compliance Da...

Elk Hills Power - Mess...

Elk Hills Power, LLC - ...

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2:16 PM



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted:

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan:

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: Elk Hills Power, LLC
Registered Entity Address: 4206 Skyline Road, Tupman CA, 93276
NERC Compliance Registry ID: NCR05143

- 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: Patrick Ramsey
Title: Plant Manager
Email: pramsey@elkhills.com
Phone: 661-763-2730 x223

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.



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

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

C.1 Standard: PRC-005-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R1		06/24/08	Audit
		R2		06/24/08	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:

R1. The original documentation EHP presented at the audit did not include the maintenance and testing procedures and intervals, and basis for the intervals, for the generator protection relays.

R2. The original documentation EHP presented at the audit did not include the evidence of the dates of the last maintenance and testing of the generator protection relays, or that they were maintained and tested within the defined intervals.

[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 original documentation EHP provided at the Table-Top Audit did not have the generator protection relays included as separate items because they were considered part of other equipment. Relays for the switchyard were provided separately.

[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:

- EHP personnel will attend the Relay Maintenance Workshop being presented by WECC in August, in Portland, OR.
- EHP will modify existing Plant Policies and Procedures to include maintenance and testing procedures and intervals, and basis for the intervals, for the generator protection relays.
- EHP will also modify existing Plant Policies and Procedures to include information verifying generator protection relay maintenance and testing was actually completed, and completed within defined intervals.

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

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

Mitigation Plan Timeline and Milestones

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



Western Electricity Coordinating Council



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)
Modify procedures	09/24/08

(*) 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:

(i) EHP does not believe that the Bulk Power System will be at any risk while the Mitigation Plan is being completed. The actions in the mitigation plan are administrative in nature and will not affect the Bulk Power System.

(ii) EHP does not plan to take any preventive actions to mitigate any Bulk Power System risks since the actions noted in the Mitigation Plan are administrative in nature and will not affect the Bulk Power System. [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:

The Mitigation Plan provided by EHP to satisfy the alleged violations noted in the Table-Top Audit will provide documentation not found in the original presentation. This will minimize the probability of any further violations of the same or similar reliability standards requirements in the future.

[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 Plant Manager of Elk Hills Power, LLC.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Elk Hills Power, LLC.
 3. I understand Elk Hills Power, LLC'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. Elk Hills Power, LLC 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): Patrick Ramsey
Title: Plant Manager
Date: 08/01/08



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:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

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.



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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: Elk Hills Power, LLC

Standard Title: Transmission and Generation Protection System Maintenance and Testing

Standard Number: PRC-005-1

Requirement Number(s): **R1, R2**

Actual completion date of Mitigation Plan: September 19, 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 maintenance and testing procedure intervals and basis for the intervals are located in page 1-8 of the Policies and Procedure Manual Section 9.35- Relay Protection System

The dates and test result of the last maintenance and testing of the generator protection relay are located in attachemnt 1 on page 4 of 46. The actual test report/result is located in attachment 5 starting on page 57 to page 75.

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that Elk Hills Power, LLC 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:  _____

Authorized Officer's Name: Patrick W. Ramsey

Authorized Officer's Title: Plant Manager

Date: September 19, 2008

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Bob Kiser
Manager of Audits and Investigations

360.980.2799
bkiser@wecc.biz

October 7, 2008

Patrick Ramsey
Plant Manager
Elk Hills Power, LLC
4026 Skyline Road
Tupman, California 93276

Subject: Mitigation Plan Completion Review(s)

Dear Patrick Ramsey,

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 October 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: Sonnie Pineda, EHP Plant Engineer
Lisa Milanes, WECC Manager of Compliance Administration
Ed Ruck, NERC Regional Compliance Program Coordinator



For Public Release - June 30, 2010

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Registered Entity: Elk Hills Power, LLC

Date: October 7, 2008

	Standard Number	Requirement	Completion Received by WECC	Sufficient Evidence	Review Status
1	PRC-005-1	1	23-Sep-08	Yes	Compliant
2	PRC-005-1	2	23-Sep-08	Yes	Compliant

Attachment c

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Elk Hills Power, LLC

Docket No. NP10-____-000

NOTICE OF FILING
July 6, 2010

Take notice that on July 6, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Elk Hills Power, LLC in the Western Electricity Coordinating Council region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary