



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

June 2, 2010

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

**Re: NERC Notice of Penalty regarding Public Utility District No. 1 of Whatcom County
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Public Utility District No. 1 of Whatcom County (WCPD) NERC Registry ID NCR05522,² 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

On June 15, 2007, WCPD self-reported its possible non-compliance with CIP-001-1 Requirements (R) 1 through R4 to Western Electricity Coordinating Council (WECC) because WCPD did not comply with any of the requirements of this Standard. Although the possible non-compliance was originally submitted prior to June 18, 2007, the non-compliance became post-June 18, 2007 violations because WCPD failed to complete the actions approved in its original Mitigation Plan by the approved completion date of September 30, 2007. On January 9, 2009, WCPD self-certified its possible non-compliance with FAC-001-0 R1 and R2 because it did not have a published document pertaining to facility connection requirements for end user facilities as required by R1, and that its documentation was not organized and available in a single document as required by R2.

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). See 18 C.F.R. § 39.7(c)(2).

² Western Electricity Coordinating Council confirmed WCPD was included on the NERC Compliance Registry as a Distribution Provider, Load Serving Entity (LSE) and a Transmission Owner (TO) on August 10, 2007. As a LSE, WCPD is subject to the requirements of NERC Reliability Standard CIP-001-1, and as a TO, WCPD is subject to the requirements of FAC-001-0.

³ See 18 C.F.R. § 39.7(c)(2).

This Notice of Penalty is being filed with the Commission because WECC and WCPD 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 violations⁴ of CIP-001-1 and FAC-001-0.⁵ According to the Settlement Agreement, the violations are Confirmed Violations and WCPD has agreed to the proposed penalty of twenty thousand dollars (\$20,000) to be assessed to WCPD, 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 WECC200710124, WECC200710125, WECC200710126, WECC200710127, WECC200901282 and WECC200901283 are Confirmed Violations, as that term is defined in 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 executed on December 7, 2009, by and between WECC and WCPD, which is included as Attachment a. 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, 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	Public Utility District No. 1 of Whatcom County	NOC-437	WECC200710124	CIP-001-1	1	Medium	20,000
			WECC200710125	CIP-001-1	2	Medium	
			WECC200710126	CIP-001-1	3	Medium	
			WECC200710127	CIP-001-1	4	Medium	
			WECC200901282	FAC-001-0	1	Medium	
			WECC200901283	FAC-001-0	2	Medium	

⁴ At the time of the Settlement Agreement, these violations were Confirmed Violations. 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.

⁵ WECC issued a Notice of Alleged Violation and Proposed Penalty or Sanction on June 12, 2009.

CIP-001-1

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

CIP-001-1 R1 requires that: “Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.”

CIP-001-1 R2 requires that: “Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.”

CIP-001-1 R3 requires that: “Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.”

CIP-001-1 R4 requires that: “Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI), or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances.”

CIP-001-1 R1 through R4 each have a “Medium” Violation Risk Factor (VRF). The violation applies to WCPD’s LSE function.

WCPD discovered its possible non-compliance with CIP-001-1 on June 15, 2007, through its internal evaluation process. On June 15, 2007, WCPD submitted both a Self-Report Form for its possible non-compliance with all of the Requirements of CIP-001-1 and a Mitigation Plan with a proposed completion date of September 30, 2007. WCPD reported that it had informal procedures in place for use by its operating personnel with regard to identifying incidents and notifying the appropriate agencies (*i.e.*, Bonneville Power Administration (BPA), local law enforcement). However, it did not have specific procedures, documents, or records in place to the degree required under CIP-001-1.

Information from WCPD’s Self-Report and Mitigation Plan provided WECC subject matter experts (SMEs) with sufficient evidence to determine WCPD had possible non-compliance with CIP-001-1 R1 through R4. The SMEs determined that although WCPD had informal procedures which operating personnel followed, WCPD failed to have formal procedures in place as specified by the sub-requirements of CIP-001-1. Specifically, the SMEs found that WCPD: (1) did not have formal, documented procedures for the recognition of and for making its operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection; (2) did not have a formal procedure for communicating information concerning sabotage events to appropriate parties; (3) did not have formal sabotage

response guidelines for reporting disturbances due to sabotage events; and (4) had not established communications contacts, as applicable, with the FBI and did not have a formal reporting procedure.

WECC reviewed WCPD's Self-Report, the Mitigation Plans, and the WECC SMEs' report, and WECC agreed with the SMEs' findings. Thus, WECC concluded that WCPD had violations of CIP-001-1 R1 through R4.

Although these violations were originally submitted prior to June 18, 2007, the violations became post-June 18, 2007 violations because WCPD failed to complete the actions committed to in its original Mitigation Plan by the approved completion date of September 30, 2007. A discussion of the requirements and completion of actions taken in mitigating the violations are discussed in more detail below in the Status of Mitigation Plans section.

According to the Settlement Agreement, WECC determined the duration of the violations to be from August 10, 2007, the date WCPD was included on the NERC Compliance Registry, through May 16, 2008, when WCPD completed its revised Mitigation Plan.

WECC determined that the violations of CIP-001-1 R1 through R4 did not pose a serious or substantial risk to the reliability of the BPS because WCPD is a non-generating small load utility, with only 13 miles of 115 kV transmission line and one 115 kV substation. Although WCPD had informal procedures in place for its operating personnel with regard to identifying incidents and notifying the appropriate agencies, the procedures did not comply with all the requirements of the Standard.

FAC-001-0 R1 and R2

The purpose of Reliability Standard FAC-001-0 is for Transmission Owners to establish facility connection and performance requirements to avoid adverse impacts on reliability.

FAC-001-0 R1 requires that:

The Transmission Owner shall document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Entity, subregional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements. The Transmission Owner's facility connection requirements shall address connection requirements for:

- R1.1 Generation facilities;
- R1.2 Transmission facilities; and
- R1.3 End-user facilities.

FAC-001-0 R2 requires that:

The Transmission Owner's facility connection requirements shall address, but are not limited to, the following items:

- R2.1 Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon, including:
 - R2.1.1 Procedures for coordinated joint studies of new facilities and their impacts on the interconnected transmission systems;
 - R2.1.2 Procedures for notification of new or modified facilities to others (those responsible for the reliability of the interconnected transmission systems) as soon as feasible;
 - R2.1.3 Voltage level and MW and MVAR capacity or demand at point of connection;
 - R2.1.4 Breaker duty and surge protection;
 - R2.1.5 System protection and coordination;
 - R2.1.6 Metering and telecommunications;
 - R2.1.7 Grounding and safety issues;
 - R2.1.8 Insulation and insulation coordination;
 - R2.1.9 Voltage, Reactive Power, and power factor control;
 - R2.1.10 Power quality impacts;
 - R2.1.11 Equipment Ratings;
 - R2.1.12 Synchronizing of facilities;
 - R2.1.13 Maintenance coordination;
 - R2.1.14 Operational issues (abnormal frequency and voltages);
 - R2.1.15 Inspection requirements for existing or new facilities; and
 - R2.1.16 Communications and procedures during normal and emergency operating conditions.

FAC-001-0 R1 and its sub-requirements all have “Medium” VRFs. FAC-001-0 R2 and its sub-requirements all have “Medium” VRFs. The violations apply to WCPD’s Transmission Owner function.

On January 9, 2009, WCPD self-certified its possible non-compliance with FAC-001-0 R1 and R2 because WCPD did not have a published document pertaining to facility connection requirements for end user facilities as required by R1, and that its documentation was not organized and available in a single document as required by R2.

On January 23, 2009, WECC SMEs reviewed the information from WCPD’s Self-Certification and determined that WCPD was in possible non-compliance with FAC-001-0 R1. Specifically, WECC SMEs determined WCPD was in possible non-compliance with sub-requirement R1.3 due to WCPD’s lack of published facility connection requirements for end-user facilities.

Also, WECC SMEs reviewed the information from the Self-Certification and determined that WCPD was in possible non-compliance with FAC-001-0 R2. Since WCPD did not have any published facility connection requirements, WCPD could not comply with the requirements of FAC-001-0 R2, because it did not have facility connection requirements to address the 16 items detailed in R2.1.1 through R2.1.16.⁶

WECC reviewed the SMEs' findings and WCPD's Self-Certification, and WECC agreed that WCPD had a violation of FAC-001-0 R 1 because WCPD failed to publish facility connection requirements for its end-user facility. WECC also determined that, because WCPD failed to address connection requirements for end-user facilities, it could not satisfy the sub-requirements outlined in R2. Accordingly, WECC found that WCPD had a violation of FAC-001-0 R2.

According to the Settlement Agreement, WECC determined the duration of the violations to be from August 10, 2007, the date WCPD was included on the NERC Registry, through October 13, 2009, when WCPD completed its Mitigation Plan.

WECC Enforcement determined that the violations of FAC-001-0 R1 and R2 posed minimal risk to the reliability of the BPS because WCPD is a non-generating small load utility with only one retail electric customer which it has served for over fifty years and has not added new customers or received requests for its facility connection requirements.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of twenty thousand dollars (\$20,000) for the referenced violations. In reaching this determination, WECC considered the following factors:

1. The violations are WCPD's first assessed noncompliance with the applicable Reliability Standards;
2. The violations of CIP-001-1 R1 through R4 were self-reported pre-June 18, 2007; however, because WCPD failed to complete the actions proposed in its original Mitigation Plan these violations became post-June 18 violations;
3. There was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. WCPD was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process; and
5. The violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of twenty thousand dollars (\$20,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

⁶ WCPD's facility connection requirements do not need to be contained in a single document, but the facility connection requirements must address each of the sub-requirements of FAC-001-0 R2.

Status of Mitigation Plans⁷

CIP-001-1 R1 through R4

WCPD's pre-June 18, 2007 Mitigation Plan to address its violation of CIP-001-1 R1 through R4 was submitted to WECC on June 15, 2007, with a proposed completion date of September 30, 2007.⁸ The Mitigation Plan was accepted by WECC on July 16, 2007, and approved by NERC on November 2, 2007. The Mitigation Plan for this violation was designated as MIT-2007-001148 and was submitted as non-public information to FERC on November 2, 2007, in accordance with FERC orders.

On November 20, 2007, having not received a Certification of Completion from WCPD, WECC notified WCPD that its Mitigation Plan completion date of September 30, 2007 had passed and the pre-June 18, 2007 violation had become an enforceable Post-June 18, 2007 violation.

WCPD submitted a revised Mitigation Plan on January 31, 2008 with a new estimated completion date of April 30, 2008 to address the CIP-001-1 violations.⁹ This Mitigation Plan was accepted by WECC on March 14, 2008. The Mitigation Plan and extension request were accepted by WECC on June 13, 2008, and approved by NERC on November 19, 2009. The Mitigation Plan was designated as MIT-07-1591 and was submitted as non-public information to FERC on November 19, 2009, in accordance with FERC orders.

On April 30, 2008, WCPD submitted another revised Mitigation Plan addressing only the CIP-001-1 R4 violation and requested an extension until May 31, 2008, to achieve compliance with this requirement.¹⁰ The Mitigation Plan was accepted by WECC on June 13, 2008, and approved by NERC on August 27, 2009. The Mitigation Plan is designated as MIT-07-1542 and was submitted as non-public information to FERC on August 27, 2009 in accordance with FERC orders.

WCPD's Mitigation Plan required WCPD to:

⁷ See 18 C.F.R § 39.7(d)(7).

⁸ The Mitigation Plan required WCPD to develop written procedures and a procedures manual for addressing responses to incidents that may be due to sabotage. The manual was to include a contact tree and procedures for notifying the appropriate agencies, local law enforcement and the FBI. WCPD would coordinate the development of a procedures manual with the input of the agencies that will be notified in the event of a disturbance that may be the result of sabotage. WCPD stated that it would update WECC when the required procedures and documentation were implemented. In addition, WCPD planned to develop, in coordination with the appropriate agencies, a training program for all WCPD staff that have operating responsibilities for electric facilities, including transmission, distribution, and substation facilities. WCPD had to conduct a training session for the appropriate WCPD staff utilizing personnel from local law enforcement, FBI and Homeland Security to help conduct the session. WCPD had to conduct update training sessions at least annually and any such time as increased readiness is required because of a potential sabotage "threat." Lastly, it provided WCPD would develop and implement a reliability standards compliance process and continually monitor to assure ongoing reliability standard compliance.

⁹ The FERC cover sheet incorrectly notes Entity Submittal date of November 29, 2007, with a Target Completion date of February, 28, 2008.

¹⁰ The April 30, 2008 Mitigation Plan stated that it had achieved compliance with CIP-001-1 R1 through R3. See also the Settlement Agreement for the mitigating activities.

- 1) develop written procedures and a procedures manual for addressing responses to incidents that may be due to sabotage, including:
 - a. document procedures for the recognition of sabotage events;
 - b. document procedures for the communication of information concerning sabotage events to its interconnected parties, specifically BPA (Balancing Authority for WCPD) and Puget Sound Energy;
 - c. document procedures for the communication of system disturbances caused by sabotage events to its interconnected parties, specifically BPA (Balancing Authority for the WCPD) and Puget Sound Energy; and
 - d. establish communications with local law enforcement agencies, specifically the Whatcom County Sheriff's Office, and communications with the Federal Bureau of Investigation and create reporting procedures.

On July 24, 2009, WCPD submitted a Certification of Mitigation Plan Completion Form certifying completion on May 16, 2008. WCPD submitted a Compliance Document for NERC Standard CIP-001-1 titled *Sabotage Identification and Reporting Procedure*.

On August 14, 2009, after WECC's review of WCPD's submitted evidence, WECC verified that WCPD's Mitigation Plan was completed on May 16, 2008 and notified WCPD in a letter dated September 25, 2009 that it was in compliance with CIP-001-1 R1 through R4.

FAC-001-0 R1 and R2

WCPD's Mitigation Plan to address its violation of FAC-001-0 R 1 and R2 was submitted to WECC on August 3, 2009, with a proposed completion date of December 31, 2009. The Mitigation Plan was accepted by WECC on August 17, 2009 and approved by NERC on August 19, 2009. The Mitigation Plan for this violation is designated as MIT-07-1885 and was submitted as non-public information to FERC on August 19, 2009 in accordance with FERC orders.

WCPD's Mitigation Plan required it to:

1. review other utilities' connection standards and documents and draft WCPD interim connection standards by July 31, 2009;
2. obtain approval of interim connection standards by WCPD's Compliance Committee by August 14, 2009;
3. obtain approval of permanent connection standards by WCPD's Compliance Committee by November 30, 2009; and
4. obtain adoption of the connection standards by WCPD's Commission by December 31, 2009.

WCPD certified on October 13, 2009, that the above Mitigation Plan requirements were completed on October 13, 2009. As evidence of completion of its Mitigation Plan, WCPD submitted the following:

1. *Technical Connection Requirements for Generation and Interconnection Facilities*, dated October 13, 2009;
2. *Procedures and Requirements for Electric System Interconnection*, dated October 13, 2009; and
3. *Technical Connection Requirements for Load Facilities and Small Generation Facilities*, dated October 13, 2009.

On November 20, 2009, after WECC's review of WCPD's submitted evidence, WECC verified that WCPD had documented, maintained and published facility connection requirements in compliance with R1, that WCPD's facility connection requirements addressed all the sub-requirements of R2, and thus WCPD's Mitigation Plan was completed on October 13, 2009. WECC notified WCPD in a letter dated December 4, 2009, that it was in compliance with FAC-001-0 R1 and R2.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹¹

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,¹² the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on April 12, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty, assessing a penalty of twenty thousand dollars (\$20,000) against WCPD, 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. the violations are WCPD's first assessed non-compliance with the applicable Reliability Standards;
2. the violations of CIP-001-1 R1 through R4 were self-reported pre-June 18, 2007; however, because WCPD failed to complete the actions proposed in its original Mitigation Plan, these violations became post-June 18 violations;
3. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. WCPD was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process; and
5. the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above.

¹¹ See 18 C.F.R. § 39.7(d)(4).

¹² *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).

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of twenty thousand dollars (\$20,000) 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.

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) Settlement Agreement by and between WECC and WCPD entered into November 24, 2009, included as Attachment a;
- b) Record documents for the violation of CIP-001-1, included as Attachment b:
 - 1. WCPD's self-report dated June 15, 2007;
 - 2. WCPD's Mitigation Plans dated June 15, 2007 and January 31, 2008 for R1 through R4 designated as MIT-07-1591;
 - 3. WCPD's Mitigation Plan for R4 designated as MIT-07-1542 submitted April 30, 2008;
 - 4. WCPD's Certification of Completion of the Mitigation Plan dated July 24, 2009;
 - 5. WECC's Verification of Completion of the Mitigation Plan dated September 25, 2009;
- c) Record documents for the violation of FAC-001-0, included as Attachment c:
 - 1. WECC's screen shot of WCPD's self-certification dated January 9, 2009;
 - 2. WCPD's Mitigation Plan designated as MIT-07-1885 submitted August 3, 2009;
 - 3. WCPD's Certification of Completion of the Mitigation Plan dated October 13, 2009; and
 - 4. WECC's Verification of Completion of the Mitigation Plan dated December 4, 2009.

A Form of Notice Suitable for Publication¹³

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

¹³ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

Notices and communications with respect to this filing may be addressed to the following:

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>Brian Walters* Director of Resource Development Public Utility District No. 1 of Whatcom County 1705 Trigg Road Ferndale, WA 98248 (360) 384-4288 (360) 384-4849 brianwalters@pudwhatcom.org</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 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6868 (801) 582-3918 – facsimile Louise@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 (801) 883-6894 – facsimile CWhite@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 (801) 883-6894 – facsimile SGoodwill@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
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cc: Public Utility District No. 1 of Whatcom County
Western Electricity Coordinating Council

Attachments

Attachment a

**Settlement Agreement by and between WECC and
WCPD entered into November 24, 2009**

SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
Public Utility District No. 1 of Whatcom County

Western Electricity Coordinating Council ("WECC") and Public Utility District No. 1 of Whatcom County ("WCPD") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 24 day of NOV, 2009.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public, preliminary assessment of WCPD by WECC that resulted in certain WECC determinations and findings regarding six (6) alleged WCPD violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards" or "Standards"):

NERC Violation ID# WECC200710124 CIP-001-1 R.1 *Sabotage Reporting*
NERC Violation ID# WECC200710125 CIP-001-1 R.2 *Sabotage Reporting*
NERC Violation ID# WECC200710126 CIP-001-1 R.3 *Sabotage Reporting*
NERC Violation ID# WECC200710127 CIP-001-1 R.4 *Sabotage Reporting*
NERC Violation ID# WECC200901282 FAC-001-0 R.1 *Facility Connection Requirements*
NERC Violation ID# WECC200901283 FAC-001-0 R.2 *Facility Connection Requirements*

B. WCPD is an electric and water services utility located in Whatcom County, in Washington State. Its principal offices are located in Ferndale, Washington. WCPD's system consists of a single 115 kV line that is interconnected to the upstream area transmission grid at the 115 kV buss within Bonneville Power Administration's ("BPA") Bellingham substation. WCPD's 115 kV line runs approximately 13 miles to WCPD's one substation. There are no load or generation interconnections to this line along its entire route. The line circuit breaker connecting WCPD's 115 kV circuit to the buss is owned and operated by BPA, WCPD's Balancing Authority.

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 WCPD for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action can include assessing penalties against WCPD 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 WCPD hereby agree and stipulate to the following:

I. Representations of the Parties

For purposes of this Agreement, WCPD stipulates to the facts contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that WCPD 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.

II. Confirmed Violations

NERC Reliability Standard CIP-001-1, Requirements 1-4

R1: *Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load-Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi site sabotage affecting larger portions of the Interconnection.*

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

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

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

WCPD is subject to this Standard because it was registered on the NERC Compliance Registry on August 10, 2007 as a Load-Serving Entity ("LSE"). WCPD discovered its possible noncompliance on June 15, 2007 through its internal evaluation process. On June 15, 2007 WCPD submitted both a Self-Report Form ("Self-Report") for possible violations of the Requirements of this Standard and a mitigation plan with a proposed completion date of September 30, 2007.

Information from WCPD's Self-Report and mitigation plan provided WECC subject matter experts ("SMEs") with sufficient evidence to confirm WCPD had possible violations of this Standard. Specifically, WECC determined that WCPD failed to have formal procedures in place for the recognition of and for making its operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection as required by R1; WCPD did not have a formal procedure for communicating information concerning sabotage events to appropriate parties as required by R2; WCPD did not have formal sabotage response guidelines for reporting disturbances due to sabotage events as required by R3; and WCPD did not have a formal reporting procedure as required by R4. Although these violations were originally submitted prior to June 18, 2007, the violations became post-June 18, 2007 violations because WCPD failed to complete the actions proposed in its original mitigation plan. WECC SMEs forwarded their findings as well as the Self-Report and the mitigation plan to the WECC Enforcement Department ("Enforcement") for its review and consideration.

Enforcement reviewed WCPD's Self-Report, the mitigation plans, and the WECC SMEs' evaluation and determined WCPD did not have complete formal procedures for the recognition of and for making its operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection; WCPD did not have formal procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection; WCPD did not have formal response guidelines for reporting disturbances due to sabotage events; and WCPD did not establish formal communications contacts with the local FBI. Thus, Enforcement concluded WCPD had Alleged Violations of CIP-001-1 R1-R4.

WCPD submitted a mitigation plan to address these violations on June 15, 2007 with a proposed completion date of September 30, 2007. This mitigation plan stated that WCPD would develop written procedures and a procedures manual for addressing responses to incidents that may be due to sabotage. The manual would include a contact tree and procedures for notifying the appropriate agencies (BPA), local law enforcement, and the Federal Bureau of Investigation ("FBI"), etc.) in the event of a disturbance that may be the result of sabotage. WCPD stated that it would update WECC when the required procedures and documentation were implemented. In addition, WCPD planned to develop, in coordination with the appropriate agencies, a training program for all WCPD staff that have operating responsibilities for electric facilities, including transmission, distribution, and substation facilities.

WCPD proposed to hold training sessions for the appropriate WCPD staff, utilizing personnel from local law enforcement, FBI, and Homeland Security to help conduct the training program. WCPD planned to at least annually conduct training sessions at any such time that increased readiness is required because of a potential sabotage "threat." Finally, WCPD planned to notify WECC when WCPD achieved full compliance with this Standard.

On July 16, 2007 WECC notified WCPD that it had reviewed and accepted WCPD's proposed mitigation plan. On November 20, 2007, WECC notified WCPD that its mitigation plan completion date of September 30, 2007 had passed. WCPD submitted a second, revised mitigation plan on January 31, 2008. On March 14, 2008, WECC accepted this plan as a new mitigation plan with a new estimated completion date of April 30, 2008. On April 30, 2008 WCPD submitted another revised mitigation plan, requesting an extension until May 31, 2008 to achieve total compliance with all requirements of the Standard. On June 13, 2008, a WECC SME reviewed and accepted the revised plan and extension request for a completion date of May 31, 2008.

On July 24, 2009, WCPD submitted a Certification of Mitigation Plan Completion Form certifying completion on May 16, 2008. To complete this mitigation plan, WCPD submitted a Compliance Document for NERC Standard CIP-001-1 titled "Sabotage Identification and Reporting Procedure." On August 14, 2009, WECC accepted WCPD's completed mitigation plan and verified WCPD was in compliance as of May 16, 2008.

Thus, WCPD was in violation from August 10, 2007 through May 16, 2008.

NERC Reliability Standard FAC-001-0 Requirement 1 and 2

R1: The Transmission Owner shall document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, subregional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements. The Transmission Owner's facility connection requirements shall address connection requirements for:

- R1.1: Generation facilities,*
- R1.2: Transmission facilities, and*
- R1.3: End-user facilities.*

R.2: The Transmission Owner's facility connection requirements shall address, but are not limited to, the following items:

R2.1 Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon:

R2.1.1 Procedures for coordinated joint studies of new facilities and their impacts on the interconnected transmission systems.

R2.1.2 Procedures for notification of new or modified facilities to others (those responsible for the reliability of the interconnected transmission systems) as soon as feasible.

R2.1.3 Voltage level and MW and MVAR capacity or demand at point of connection.

R2.1.4 Breaker duty and surge protection.

R2.1.5 System protection and coordination.

R2.1.6 Metering and telecommunications.

R2.1.7 Grounding and safety issues.

- R2.1.8 Insulation and insulation coordination.*
- R2.1.9 Voltage, Reactive Power, and power factor control.*
- R2.1.10 Power quality impacts.*
- R2.1.11 Equipment Ratings.*
- R2.1.12 Synchronizing of facilities.*
- R2.1.13 Maintenance coordination.*
- R2.1.14 Operational issues (abnormal frequency and voltages).*
- R2.1.15. Inspection requirements for existing or new facilities.*
- R2.1.16. Communications and procedures during normal and emergency operating conditions.*

WCPD is subject to this Standard because it was registered on the NERC Compliance Registry on August 10, 2007 as a Transmission Owner. On January 9, 2009, WCPD self-certified possible violations of R1 and R2 of this Standard. WCPD stated on its Self-Certification that it did not have a published document pertaining to facility connection requirements for end-user facilities as required by R1, and that its documentation was not organized and available in a single document as required by R2.

On January 23, 2009 WECC SMEs reviewed the information from the Self-Certification and determined that WCPD was in possible violation of these requirements of this Standard. Specifically, WECC SMEs determined WCPD was in possible violation of subrequirement R1.3 due to WCPD's lack of published facility connection requirements for end-user facilities. WCPD could not comply with R2 because it did not have facility connection requirements to address the 16 items detailed in R2.1.1 through R2.1.16. WCPD's facility connection requirements do not need to be contained in a single document, but the facility connection requirements must address each of the subrequirements of R2 of this Standard.

The SMEs reviewed information from the Self-Certification and determined that WCPD was in possible violation of this Standard. Specifically, the SMEs determined, as addressed in FAC-001-0 R1, WCPD did not have published facility connection requirements addressing its end-user facility. Since WCPD did not have any published facility connection requirements, WCPD could not address the requirements of FAC-001-0 R2. WECC SMEs forwarded their findings, as well as the Self-Certification, to Enforcement for its review and consideration.

Enforcement reviewed the SMEs' findings and the information in WCPD's Self-Certification Form and determined that WCPD failed to publish facility connection requirements for its end-user facility. Accordingly, Enforcement confirmed WCPD had an Alleged Violation of FAC-001-0 R1.3. Enforcement also determined that WCPD failed to address connection requirements for end-user facilities and therefore could not satisfy the subrequirements outlined in Requirement 2 of this Standard. Accordingly, Enforcement confirmed WCPD had an Alleged Violation of FAC-001-0 R2.

On August 3, 2009 WCPD submitted a mitigation plan for FAC-001-0 Requirements 1 and 2, with a proposed completion date of December 31, 2009. In its plan, WCPD proposed the following actions and appropriate milestones: (1) a review of other utilities' connection standards and documents by 7/31/09; (2) approval of interim connection standards by Compliance

Committee by 8/14-09; (3) approval of permanent connection standards by Compliance Committee by 11/30/09; and (4) adoption of the connection standards by Whatcom County Public Utility District Commission by 12/31/09. WCPD submitted its Certification of Mitigation Plan Completion Form certifying that its mitigation plan was completed on October 13, 2009 for FAC-001.

On August 17, 2009 a WECC SME accepted WCPD's proposed mitigation plan and confirmed that WCPD's completion of the facility connections document as proposed will ensure its compliance with the Standard. WECC has not yet reviewed the Completed Mitigation Plan.

III. Settlement Terms

A. Payment. To settle this matter, WCPD hereby agrees to pay \$20,000 to WECC via wire transfer or cashier's check. WCPD shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to WCPD upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). WCPD shall issue the payment to WECC no later than thirty (30) calendar days after receipt of the Notice of Payment Due.

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

B. Settlement Rationale. WECC's determination of penalties in an enforcement action is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of such user, owner, or operator to remedy the violation in a timely manner". Additionally, WECC considers the guidance provided by the NERC Sanction Guidelines and by the FERC in Order No. 693 and in its July 3, 2008 Guidance Order on Reliability Notices of Penalty.

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 Power System ("BPS"); (2) the violation's duration; (3) the Registered Entity's compliance history; (4) the Registered Entity's self-reports and voluntary corrective action; (5) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (6) the quality of the Registered Entity's compliance program; (7) any attempt by the Registered Entity to conceal the violation or any related information; (8) whether the violation was intentional; (9) any other relevant information or extenuating circumstances; and (10) the Registered Entity's ability to pay a penalty.

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

The violations of CIP-001-1 Requirements 1, 2, 3 and 4 each have "Medium" VRFs. WCPD is a small electric system with 13 miles of 115kV transmission line and one 115 kV substation. Because of its size, WECC determined that these violations posed a minimal risk to the BPS.

The violations of FAC-001-0 Requirements 1 and 2 each have "Medium" VRFs. WCPD is a small electric system with 13 miles of 115kV transmission line and one 115 kV substation. Because WCPD has only one retail electric customer, and has not added new customers or received requests for its facility connection requirements, WECC determined that these violations posed a minimal risk to the BPS.

In addition to the factors listed above, WECC considered several mitigating factors to reach an agreement with WCPD regarding the payment amount. First, the Alleged Violations addressed by this Agreement are WCPD's first assessed noncompliance with the applicable Reliability Standards. Second, the alleged violations of CIP-001-1 R1-R4 were self-reported pre-June 18, 2007. However, because WCPD failed to complete the actions proposed in its original mitigation plan these violations became sanctionable. Finally, WCPD was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process.

In reaching this Agreement, WECC considered that there were no aggravating factors warranting a higher payment amount. Specifically, WCPD did not have any negative compliance history. There was no failure by WCPD to comply with applicable compliance directives, nor any evidence of an attempt by WCPD to conceal a violation. Finally, there was no evidence that WCPD'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 WCPD 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. WCPD agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. WCPD waives its right to further hearings and appeal; unless and only to the extent that WCPD 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 WCPD in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that WCPD fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against WCPD up to the maximum penalty allowed by the NERC Rules of Procedure. WCPD shall retain all of its rights to defend against such enforcement actions in accordance with the CMEP and the NERC Rules of Procedure. Failure by WECC to enforce any provision hereof on occasion shall not constitute a waiver by WECC of its enforcement rights or be binding on WECC on any other occasion.

H. Consent. WCPD 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 WCPD 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 any Regional Entity, nor does WCPD consent to the use of this Agreement by any other party in any other action or proceeding.

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

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

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


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

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

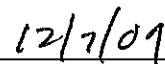
*[Remainder of page intentionally left blank -
signatures affixed to following page]*

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

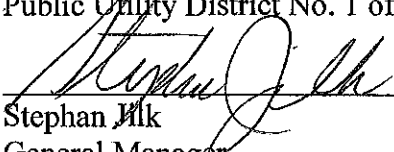


Constance B. White
Vice President of Compliance

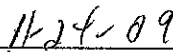


Date

Public Utility District No. 1 of Whatcom County



Stephan Elk
General Manager



Date

Attachment b

Record documents for the violation of CIP-003-1

- 1. WCPD's self-report dated June 15, 2007**
- 2. WCPD's Mitigation Plans dated June 15, 2007 and January 31, 2008 for R1 through R4 designated as MIT-07-1591**
- 3. WCPD's Mitigation Plan for R4 designated as MIT-07-1542 submitted April 30, 2008**
- 4. WCPD's Certification of Completion of the Mitigation Plan dated July 24, 2009**
- 5. WECC's Verification of Completion of the Mitigation Plan dated September 25, 2009**



Compliance Violation Self-Reporting Form

Please complete an **individual** Self-Reporting Form for each NERC Reliability Standard that indicates any level(s) of non-compliance and return to Compliance@WECC.biz

Registered Entity Name: Whatcom County PUD No.1

Contact Name: Brian Walters

Contact Phone: 360-384-4288 ext.25

Contact email: brianwalters@pudwhatcom.org

Date noncompliance was discovered:

Date noncompliance was reported: 6-15-07

Standard Title: Sabotage Reporting

Standard Number: CIP-001-1

Requirement Number(s)¹: **R1, R2, R3, R4**

How was the noncompliance found? (e.g. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

Self-evaluation based on review of applicable reliability standards and requirements that now apply to our utility under the functional categories for which it is now registered.

***Submit a Completed Mitigation Plan in conjunction with this form to show that corrective steps are being taken. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

Describe the reliability impact of this non-compliance:

Expected date of Mitigation Plan submittal:

¹ Violations are reported at the level of requirements, sub requirements are not necessary.

WECC COMPLIANCE ENFORCEMENT PROGRAM

MITIGATION PLAN

*Please complete an **individual Mitigation Plan** for each
NERC Reliability Standard that indicates any level(s) of non-compliance.*

Registered Entity Name: Whatcom County PUD No.1

Date noncompliance was discovered or reported: 6-15-07

Date Mitigation Plan submitted: 6-15-07

Standard Title: Sabotage Reporting

Standard Number: CIP-001-1

Requirement / Measure Number: **R1, R2, R3, R4 (Requirements pertaining to LSE)**

Level of Noncompliance: ☒ Level 1 ☐ Level 2 ☐ Level 3 ☐ Level 4
☐ Level not specified

Provide an explanation of the noncompliance:

We have informal procedures in place for use by our operating personnel with regard to identifying incidents and notifying the appropriate agencies (i.e. BPA, local law enforcement). However, we do not currently have in place specific procedures, documents, or records to the degree required under this standard.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

Minimal impact related to lack of documentation of processes or record of actions.

Describe any mitigating factors for this non-compliance (include supporting documentation).

Whatcom PUD was not previously required to follow ERO reliability standards and applicable requirements. It was only recently determined, as a "responsible party", which categories of responsibility we would be registered under with NERC and WECC.

Whatcom PUD is a non-generating small load utility just above the minimum threshold level requiring registration. As for electric facilities, the utility has one 13 mile 115 kV line and one 115 kV/13.8 kV substation.

Our non-compliance with this standard is primarily because we do not have formal documented procedures or records of activities undertaken to conform with this standard.

Describe your detailed plan to become compliant.

Please refer to description below.

Describe your detailed schedule to become compliant. (The Schedule should include regular status updates to WECC).

Whatcom PUD will work diligently to achieve complete compliance with this standard.

3rd Qtr. 2007 (Work tasks to be completed by end of September.)

1. Develop procedures and a procedures manual for addressing responses to incidents that may be due to sabotage. This manual will include a contact tree for notifying the appropriate agencies (BPA, local law enforcement, FBI, etc).
2. Coordinate the development of procedures manual with the input of the agencies that will be notified in the event of a disturbance that may be the result of sabotage.
3. Update WECC, when procedures and documentation in place.
4. Develop, in coordination with the appropriate agencies, a training program for all Whatcom PUD staff that have operating responsibilities for electric facilities, including transmission, distribution, and substation facilities.
5. Conduct a training session for the appropriate Whatcom PUD staff. Utilize personnel from local law enforcement, FBI, and Homeland Security to help conduct the session.
6. Conduct update training sessions at least annually and any such time as increased readiness is required because of a potential sabotage "threat".
7. Notify WECC when utility has achieved full compliance with this standard.
8. Develop and implement a reliability standards compliance process and continually monitor to assure ongoing reliability standard compliance.

Are additional documents or information attached: ☐ Yes ☒ No

Additional Notes or Comments:

Point of contact for WECC follow-up:

Name: Brian Walters
Title: Power Resources Manager
Phone: 360-384-4288 (ext.25)
Email: brianwalters@pudwhatcom.org

For WECC Use Only:

WECC ID Number:

NERC ID Number:

Date Mitigation Plan was received at WECC:

Date Mitigation Plan was accepted by WECC:

Date notice of completion of Mitigation Plan was received by WECC:



Mitigation Plan Submittal Form

New ☐ or Revised ☒

Date this Mitigation Plan is being submitted: 01-31-08

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 the notices 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:

Company Name: Public Utility District No.1 of Whatcom County
Company Address: 1705 Trigg Road; Ferndale, WA 98248
NERC Compliance Registry ID ***[if known]***:

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

Name: Brian Walters
Title: Director - Resource Development/Power Resources Manager
Email: brianwalters@pudwhatcom.org
Phone: 360-384-4288 ext.25



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

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

- C.1 Standard: CIP-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. R3.2)	Violation Date ^(*) (MM/DD/YY)
		R1	9-30-07
		R2	9-30-07
		R3	9-30-07
		R4	9-30-07

(*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by WECC. Questions regarding the date to use should be directed to the WECC.

- C.3 Identify the cause of the violation(s) identified above:

Failure to complete mitigation plans by estimated completion date of 9-30-07 and/or failure to notify WECC of progress on mitigation plans
[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 violations associated with this Mitigation Plan:

Failure to achieve the estimated completion date was due to small staff work burden. We are a small utility with only 2 1/2 staff dedicated to the electric system. We under estimated the time required to complete the work tasks necessary to comply with the Standard and are seeking outside assistance.
[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:

Work tasks 1 & 2 identified in the Mitigation Plan originally submitted for CIP-001-1 (R1,2,3,4) are complete. Tasks 3,4,5,7 will be completed by April 30, 2008.

[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 violations associated with this Mitigation Plan are corrected: 04-30-08
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Work Task 3,4,5,7	4-30-08
Compliance with CIP-001-1	4-30-08

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



Western Electricity Coordinating Council

[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 and E.3, 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, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take 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:

Given characteristics and small footprint of our utility's electric system, the risk to the Bulk Power System is zero to minimal.
[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 incurs 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 [Title] of [Organization].
 2. I am qualified to sign this Mitigation Plan on behalf of [Organization].
 3. I have read and understand [Organization's] obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. [Organization] 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 Entity Officer Signature: _____
(Electronic signatures are acceptable; see CMEP)

Name (Print): Brian Walters

Title: Director - Resource Development/Power Resources Manager

Date: 01-31-08



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]

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer
Email: Jstuart@wecc.biz
Phone: (801) 883-6887



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP1 sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.

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



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related 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 this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. WECC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.



Mitigation Plan Submittal Form

New ☐ or Revised ☒

Date this Mitigation Plan is being submitted: 04-30-08

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 the notices 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:

Company Name: Public Utility District No.1 of Whatcom County
Company Address: 1705 Trigg Road; Ferndale, WA 98248
NERC Compliance Registry ID ***[if known]***:

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

Name: Brian Walters
Title: Director - Resource Development/Power Resources Manager
Email: brianwalters@pudwhatcom.org
Phone: 360-384-4288 ext.25



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

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

C.1 Standard: CIP-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. R3.2)	Violation Date ^(*) (MM/DD/YY)
		R4	4-30-08

(*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by WECC. Questions regarding the date to use should be directed to the WECC.

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

District has determined it is in compliance with requirements R1, R2, and R3. R4 still in violation, since requirement not completely met by 4-30-08. Haven't contacted or established communications protocols with all relevant agencies.

[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 violations associated with this Mitigation Plan:

Failure to achieve the estimated completion date was due to small staff work burden. We under estimated the time required to complete the work tasks necessary to comply with the Standard and are seeking outside assistance.



Western Electricity Coordinating Council



Recently learned that due to location of some of the District's facilities, District may have to establish contact and communications protocols with the US Coast Guard.

[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:

District staff will establish contacts and communication protocols with all relevant federal agencies.

[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 violations associated with this Mitigation Plan are corrected: 05-31-08

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

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Complete Federal Contacts	5-31-08
Compliance with CIP-001-1	5-31-08



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

[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:

District is considering its options for assuring compliance with all applicable NERC reliability standards including re-assignment of existing staff, hiring of additional staff, and out sourcing compliance work to contract services providers.

[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 and E.3, 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, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take 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:

Given characteristics and small footprint of our utility's electric system, the risk to the Bulk Power System is zero to minimal.
[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 incurs 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:



Western Electricity Coordinating Council



District is considering its options for assuring compliance with all applicable NERC reliability standards including re-assignment of existing staff, hiring of additional staff, and out sourcing compliance work to contract services providers.

[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 [Title] of [Organization].
 2. I am qualified to sign this Mitigation Plan on behalf of [Organization].
 3. I have read and understand [Organization's] obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. [Organization] 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 Entity Officer Signature: _____
(Electronic signatures are acceptable; see CMEP)

Name (Print): Brian Walters

Title: Director - Resource Development/Power Resources Manager

Date: 04-30-08



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]

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer

Email: Jstuart@wecc.biz

Phone: (801) 883-6887



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP1 sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
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 - (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.

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



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related 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 this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. WECC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity: Public Utility District No.1 of Whatcom County ("WCPD")

NERC Registry ID: NCR05522

Date of Submittal of Certification: 7-24-09

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

Standard: CIP-001-1

Requirement(s): R1,R2,R3,R4

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: 5-31-08

Date Mitigation Plan was actually completed: 5-16-08

Additional Comments (or List of Documents Attached): Comments Letter; WCPD Revised Mitigation Plan 043008; WECC Accepted MP Ltr 071608; WCPD Explanation Ltr 072409

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Brian Walters

Title: Director Resource Development

Email: brianwalters@pudwhatcom.org

Phone: 360-384-4288 ext.25



Non-Public and CONFIDENTIAL

Brian Walker

Date: 7-24-09

CONFIDENTIAL



Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

September 25, 2009

Brian Walters
Director of Resource Development
Public Utility District No. 1 of Whatcom County
1705 Trigg Road
Ferndale, Washington 98248

NERC Registration ID: NCR05522

Subject: Certification of Completion Response Letter

Dear Brian Walters,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Public Utility District No. 1 of Whatcom County (WCPD) on 7/24/2009 for the alleged violation of Reliability Standard CIP-001-1 Requirement(s) 1, 2, 3 and 4.

WECC has accepted the Certification of Completion for Requirement(s) 1, 2, 3 and 4 of the Reliability Standard CIP-001-1 and has 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 Patrick Miller at pmiller@wecc.biz. Thank you for your assistance in this effort.

Sincerely,
Laura Scholl
Laura Scholl
Managing Director of Compliance

LS:ki

cc: Stephen Jilk, WCPD General Manager
Lisa Milanes, WECC Manager of Compliance Program Administration
Patrick Miller, WECC Manager of CIP Audits and Investigations

Attachment c

Record documents for the violation of FAC-001-0

- 1. WECC's screen shot of WCPD's self-certification dated January 9, 2009**
- 2. WCPD's Mitigation Plan designated as MIT-07-1885 submitted August 3, 2009**
- 3. WCPD's Certification of Completion of the Mitigation Plan dated October 13, 2009**
- 4. WECC's Verification of Completion of the Mitigation Plan dated December 4, 2009**

Compliance

Member Portal

Public Utility District No. 1 of Whatcom County

Logged in as:

PDF Conversion Service

Log Out

System Administration

Compliance

All Forms

Self-Certification Forms

Submittal Forms

Historical Forms

Certification Statements

Reports

File Upload

FAC-001-0 Self Certification - Facility Connection Requirements - January 1, 2008 - December 31, 2008 2009

Save PDF | Return To Search Results

Attachments (0)

This form was marked as ready for authorized signatory approval on 1/9/2009.

* Required Fields

Status: Read Only

Technical Contact

* Brian Walters (brianwalters@pudwhatcom.org) |

WECC will disclose this information to NERC and other third parties, only as required, and in accordance with established procedures pursuant to section 1500 of the NERC rules of procedure.

Applicable Function(s): TO

As an authorized representative of **Public Utility District No. 1 of Whatcom County**, I certify the following:

C NC N/A **R1.** The Transmission Owner shall document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, subregional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements. The Transmission Owner's facility connection requirements shall address connection requirements for:

☒ **R1.1.** Generation facilities,

☒ **R1.2.** Transmission facilities, and

☒ **R1.3.** End-user facilities

Violation was previously self-reported or identified by Public Utility District No. 1 of Whatcom County

☒ Yes ☒ No

Violation Severity Level (Levels of Non-Compliance)

LNC - Level 4

Provide a detailed explanation of non-compliance

Do not have a published document on facility connection requirements for loads.

Reliability Impact to the Bulk Power System

Minimal

Describe the Reliability Impact of this Non-Compliance

None

C NC N/A **R2.** The Transmission Owner's facility connection requirements shall address, but are not limited to, the following items:

☒ **R2.1.** Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon:

R2.1.1. Procedures for coordinated joint studies of new facilities and their impacts

on the interconnected transmission systems.

R2.1.2. Procedures for notification of new or modified facilities to others (those responsible for the reliability of the interconnected transmission systems) as soon as feasible.

R2.1.3. Voltage level and MW and MVAR capacity or demand at point of connection.

R2.1.4. Breaker duty and surge protection.

R2.1.5. System protection and coordination.

R2.1.6. Metering and telecommunications.

R2.1.7. Grounding and safety issues.

R2.1.8. Insulation and insulation coordination.

R2.1.9. Voltage, Reactive Power, and power factor control.

R2.1.10. Power quality impacts.

R2.1.11. Equipment Ratings.

R2.1.12. Synchronizing of facilities.

R2.1.13. Maintenance coordination.

R2.1.14. Operational issues (abnormal frequency and voltages).

R2.1.15. Inspection requirements for existing or new facilities.

R2.1.16. Communications and procedures during normal and emergency operating conditions.

Violation was previously self-reported or identified by Public Utility District No. 1 of Whatcom County

☒ Yes ☐ No

Violation Severity Level (Levels of Non-Compliance)

LNC - Level 4

Provide a detailed explanation of non-compliance

Documentation not organized and available in single document.

Reliability Impact to the Bulk Power System

Minimal

Describe the Reliability Impact of this Non-Compliance

None

C NC N/A **R3.** The Transmission Owner shall maintain and update its facility connection requirements as required. The Transmission Owner shall make documentation of these requirements available to the users of the transmission system, the Regional Reliability Organization, and NERC on request (five business days).

Additional Comments

Summary of Self Certification Submittal [Auto Populated from responses]:

Public Utility District No. 1 of Whatcom County is in Compliance with NERC Reliability Standard FAC-001-0 Requirement(s): R3

Public Utility District No. 1 of Whatcom County is Non-Compliant with NERC Reliability Standard FAC-001-0 Requirement(s): R1,R2

[Return to top](#)



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 8-3-2009

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: WCPD

Registered Entity Address: 1705 Trigg Rd; Ferndale, WA 98248

NERC Compliance Registry ID: NCR05522

- 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: Brian Walters

Title: Director Resource Development

Email: brianwalters@pudwhatcom.org

Phone: 360-384-4288 ext.25

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: FAC-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)
		R.1	None	01/09/09	self-report
		R.2	None	01/09/09	self-report

(*) 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:

Lack of Complete documented and published connection requirements.
[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:

WCPD has one retail electric customer, which it has served for over fifty years. Because it has not added new customers nor received requests for its connection standards, WCPD has not formally documented nor published any connection standard document(s).



[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:

WCPD has reviewed connection requirements (standards) documents prepared and published by other electric utilities in the northwest. Based on the review, WCPD has drafted a connection requirements document, which is currently being circulated among WCPD staff for review and revision. The next step will be for WCPD's Compliance Committee to review and approve the connection requirements document(s) first as interim, then as permanent documents. This will constitute administrative approval of the requirements at which time such requirements and associated procedures will be implemented. The final step will be review by WCPD's Commission. Commission approval constitutes formal adoption of the requirements as WCPD policy.

[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: The Mitigation Plan will be complete with formal adoption of the connection requirements under R.1 and R.2 by 12-31-09.



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)
Review Other Utilities Connection Standards & Documents	7-31-09
Approval of Interim Connection Standards by Compliance Committee	8-14-09
Approval of Permanent Connection Standards by Compliance Committee	11-30-09
WCPD Commission Adoption of Connection Standards	12-31-09

(*) 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:

WCPD works closely with the three entities connected to its system, its load customer, BPA, and PSE with regard to connection standards, protective relay settings, changes planned at the connection points, etc.

No changes are made without advance communications and interaction with the affected parties.

WCPD's has implemented a procedure under which its Compliance Committee, formed to review the NERC Standards and documents prepared as part of WCPD's compliance efforts. Documents prepared in response to Standards' requirements and as evidence of compliance are reviewed and administratively approved by the Compliance Committee. WCPD has also now implemented a second step under which procedures developed and documents drafted, once



Western Electricity Coordinating Council



approved by the Compliance Committee are forwarded to WCPD's Commission for review and formal adoption.

[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:

In the judgement of WCPD, there is no risk of negative impact to the Bulk Power System during the period 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:

The preparation and adoption of a connection standard document, which is publicly available will provide consistency in the standards applied for connection to WCPD's electric system. New customers desiring to connect to WCPD's electric system will know the standards applied to connections and take such standards under consideration in the design of their electric facilities, particularly at the point of connection.

[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



Western Electricity Coordinating Council



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 [Director of Resource Development of [WCPD].
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of [WCPD].
 3. I understand [WCPD'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. [WCPD] 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: _____

Brian Walters

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Brian Walters

Title: Director Resource Development

Date: 8-3-09



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.



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity: WCPD

NERC Registry ID: NCR05522

Date of Submittal of Certification: 10-13-09

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

Standard: FAC-001-0

Requirement(s): R1, R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: 12-31-09

Date Mitigation Plan was actually completed: 10-13-09

Additional Comments (or List of Documents Attached):

1. Procedures and Requirements for Electric System Interconnection
2. Technical Connection Requirements for Load Facilities and Small Generation Facilities
3. Technical Connection Requirements for Generation & Interconnection Facilities

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Brian Walters

Title: Director – Resource Development

Email: brianwalters@pudwhatcom.org

Phone: 360-384-4288 X 25

Authorized Signature:

Brian Walters

CONFIDENTIAL



Western Electricity Coordinating Council

Laura Scholl
Managing Director of Compliance

801-819-7619
lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

December 4, 2009

Brian Walters
Director of Resource Development
Public Utility District No. 1 of Whatcom County
1705 Trigg Road
Ferndale, Washington 98248

NERC Registration ID: NCR05522

Subject: Certification of Completion Response Letter

Dear Brian,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Public Utility District No. 1 of Whatcom County (WCPD) on 10/14/2009 for the alleged violation of Reliability Standard FAC-001-0 Requirements 1 and 2.

WECC has accepted the Certification of Completion for Requirements 1 and 2 of the Reliability Standard FAC-001-0 and has 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 Jay Loock at jay@wecc.biz. Thank you for your assistance in this effort.

Sincerely,

Laura Scholl
Managing Director of Compliance

LS:rh

cc: Stephen Jilk, WCPD General Manager
Lisa Milanese, WECC Manager of Compliance Program Administration
Jay Loock, WECC Senior Compliance Engineer

Attachment d

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Public Utility District No. 1 of Whatcom County

Docket No. NP10-____-000

NOTICE OF FILING

June 2, 2010

Take notice that on June 2, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Public Utility District No. 1 of Whatcom County 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