



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

February 23, 2010

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

**Re: Abbreviated Notice of Penalty
Unidentified Registered Entity, FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Unidentified Registered Entity (URE), with information and details regarding the nature and resolution of the violations¹ discussed in detail in the Settlement Agreement and the Disposition Documents attached thereto (Attachment a), 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)).²

On June 30, 2008, URE self-reported its non-compliance with CIP-004-1 Requirement (R) 4.1 to Florida Reliability Coordinating Council, Inc. (FRCC). During a Spot Check conducted by FRCC (Spot Check), FRCC discovered URE's non-compliance with PRC-005-1 R1 and R2³ and FAC-003-1 R2. URE self-certified its non-compliance with FAC-008-1 R1.2.1.⁴ On December 15, 2008, URE self-reported its non-compliance with FAC-001-0 R2. On January 28, 2009, URE self-reported a second instance of non-compliance with CIP-004-1 R4.1.

¹ At the time of the Settlement Agreement, these violations were possible 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.

² *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).

³ FRCC identified four instances of non-compliance with PRC-005-1 R2 during the Spot Check.

⁴ URE submitted a Self-Report on December 15, 2008 for the same possible non-compliance with FAC-008-1 R1.2.1. Because the Self-Certification was the first document submitted, FRCC determined that the violation was discovered through the Self-Certification.

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This Notice of Penalty is being filed with the Commission because FRCC and URE have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in FRCC's determination and findings of the enforceable violations of CIP-004-1 R4.1, PRC-005-1 R1 and R2, FAC-008-1 R1.2.1, FAC-001-0 R2 and FAC-003-1 R2. According to the Settlement Agreement, URE neither admits nor denies the violations and has agreed to the proposed penalty of fifty-five thousand dollars (\$55,000) to be assessed to URE, 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 FRCC200800085, FRCC200800086, FRCC200800116, FRCC200800117, FRCC200900136, FRCC200900137, FRCC200900138, FRCC200900141, FRCC200900171 and FRCC200900172 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement, executed on February 8, 2011 by and between FRCC and URE, included as Attachment f. The details of the findings and the basis for the penalty are set forth in the Disposition Documents included as Attachments A through J to the Settlement Agreement. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
FRCC	Unidentified Registered Entity	NOC-153	FRCC200800085	CIP-004-1	4.1	Lower ⁵	55,000
			FRCC200800086	PRC-005-1	2.1	High ⁶	

⁵ When NERC filed Violation Risk Factors (VRFs) it originally assigned CIP-004-1 R4.2 a "Lower" VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified "Medium" VRF and on January 27, 2009, the Commission approved the modified "Medium" VRF. Therefore, the "Lower" VRF for CIP-004-1 R4.2 was in effect from June 18, 2007 until January 27, 2009 when the "Medium" VRF became effective. CIP-004-1 R4 and R4.1 have "Lower" VRFs.

⁶ PRC-005-1 R2 has a "Lower" VRF; R2.1 has a "High" VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

			FRCC200800116	FAC-008-1	1.2.1	Medium ⁷	
			FRCC200800117	FAC-001-0	2	Medium	
			FRCC200900136	PRC-005-1	1.2	High ⁸	
			FRCC200900137	PRC-005-1	2.2	High ⁹	
			FRCC200900138	CIP-004-1	4.1	Lower ¹⁰	
			FRCC200900141	PRC-005-1	2.2	High ¹¹	
			FRCC200900171	PRC-005-1	2.1	High ¹²	
			FRCC200900172	FAC-003-1	2	High	

The text of the Reliability Standards at issue is set forth in the Disposition Documents.

CIP-004-1 R4.1 - OVERVIEW¹³

First Violation (FRCC200800085)

FRCC determined that URE failed to include the personnel from one of its contractors on its access list for Critical Cyber Assets. The missing contractor provides secured hosting facilities for URE's designated Critical Cyber Assets. URE self-reported its non-compliance on June 30, 2008.

The duration of the CIP-004-1 R4.1 violation was from July 1, 2008, the date the Standard became enforceable, through July 28, 2008, the date URE completed its Mitigation Plan.

⁷ When NERC filed VRFs it originally assigned FAC-008-1 R1.1, R1.2, R1.2.1 and R1.2.2 "Lower" VRFs. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified "Medium" VRFs and on February 6, 2008, the Commission approved the modified "Medium" VRFs. Therefore, the "Lower" VRFs for FAC-008-1 R1.1, R1.2, R1.2.1 and R1.2.2 were in effect from June 18, 2007 until February 6, 2008 when the "Medium" VRFs became effective. FAC-008-1 R1, R1.3 and R1.3.5 have "Lower" VRFs and FAC-008-1 R1.3.1, R1.3.2, R1.3.3 and R1.3.4 have "Medium" VRFs.

⁸ When NERC filed VRFs for PRC-005-1, NERC originally assigned a "Medium" VRF to PRC-005-1 R1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified "High" VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 9, 2007 and the "High" VRF has been in effect since August 9, 2007.

⁹ See n.7 *supra*.

¹⁰ See n.6 *supra*.

¹¹ See n.7 *supra*.

¹² See n.7 *supra*.

¹³ Further information on the first violation (FRCC200800085) and the second violation (FRCC200900138) is contained in the Disposition Document included as Attachment A and Attachment G to the Settlement Agreement, respectively.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because the referenced contract security personnel had background checks performed, but were not listed on URE's list(s) of personnel who have such access to Critical Cyber Assets.

Second Violation (FRCC200900138)¹⁴

FRCC determined that URE failed to update its access list within the required seven (7) calendar days on four (4) occurrences. FRCC discovered this non-compliance during the Spot Check and URE subsequently submitted a Self-Report for its non-compliance on January 28, 2009.

The duration of the CIP-004-1 R4.1 violation was from August 18, 2008, the first date URE failed to update its access list within seven calendar days, through February 13, 2009, the date URE completed its Mitigation Plan.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because URE had revoked or suspended access to the Critical Cyber Assets prior to the list(s) being updated. URE confirmed that each person that should have been removed from the access list had no unauthorized access to Critical Cyber Assets during the periods that the list was inaccurate.

PRC-005-1 R1.2 - OVERVIEW¹⁵

FRCC determined that URE did not have a Protection System¹⁶ maintenance and testing program that included a summary of maintenance and testing procedures for DC control circuitry and voltage and current sensing devices. FRCC discovered this non-compliance during the Spot Check and URE subsequently submitted a Self-Report for its non-compliance on March 6, 2009.

The duration of the PRC-005-1 R1.2 violation was from June 18, 2007, when the Standard became enforceable, through July 15, 2009, the date URE completed its Mitigation Plan.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because URE performed continuous monitoring of its DC control circuitry and voltage and current sensing devices through its Supervisory Control and Data Acquisition (SCADA) system. URE's SCADA is monitored 24 hours a day by URE's System Operators.

PRC-005-1 R2 - OVERVIEW¹⁷

The four instances on non-compliance with PRC-005-1 R2 were documented as four separate violations because they were individually self-reported by URE. URE did not receive credit for

¹⁴ The first CIP-004-1 R4.1 Mitigation Plan addressed URE not including one contractor on the access list to CCAs. The second CIP-004-1 R4.1 Mitigation Plan addressed URE not maintaining/updating their list within 7-days of a change.

¹⁵ Further information on this violation is contained in the Disposition Document included as Attachment E to the Settlement Agreement.

¹⁶ The NERC Glossary of Terms Used in Reliability Standards defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

¹⁷ Further information on these violations (FRCC200800086, FRCC200900171, FRCC200900141 and FRCC200900137) is contained in the Disposition Documents included as Attachment B, Attachment I, Attachment H and Attachment F to the Settlement Agreement, respectively.

self-reporting because the Self-Reports were all prompted by the Spot Check. FRCC's 2008 Spot Check of PRC-005-1 prompted URE to review their compliance with the standard. As URE performed their review and as FRCC asked more questions about URE's compliance with PRC-005-1 URE discovered a series of problems related to their compliance with the Standard. Each Mitigation Plan addressed the specific problem that was found.

First Instance of R2.1 (FRCC200800086)

FRCC determined that URE failed to test two (2) sets of transmission relays at one of its substations within URE's defined maintenance and testing interval in its Protection System Maintenance and Testing program. FRCC discovered this non-compliance during the Spot Check and URE submitted a Self-Report for its non-compliance on August 15, 2008.

The duration of the PRC-005-1 R2.1 violation was from April 19, 2008, when the relays should have been tested, through October 21, 2008, the date URE completed its Mitigation Plan.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because (1) URE tested the two sets of relays that were 60 days outside the maintenance and testing intervals and once tested URE found all relay settings and functions were in compliance with their transmission system requirements for two sets of relays; (2) all other Protection Systems equipment at the substation were within testing and maintenance intervals; and (3) No system event occurred due to this violation.

Second Instance of R2.1 (FRCC200900171)

FRCC determined that URE failed to perform power factor testing on five (5) of its coupling capacitor voltage transformers (CCVTs) at one of its substations that was due to be tested on January 23, 2005. FRCC discovered this non-compliance during the Spot Check and URE submitted a Self-Report for its non-compliance on April 27, 2009.

The duration of the PRC-005-1 R2.1 violation was from June 18, 2007, when the Standard became enforceable, through April 2, 2009, the date URE completed its Mitigation Plan.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because:

1. URE performed continuous monitoring of its coupling capacitor voltage transformer devices through its SCADA system.¹⁸ URE's SCADA is monitored twenty-four (24) hours a day by URE's System Operators.
2. URE tested the relays and all relay setting and functions were found to be in compliance with the transmission system requirements.

FRCC200900141 – R2.2

FRCC determined that URE failed to test forty-four (44) protective relays at one of its substations and one protective relay at another of its substations within URE's defined testing

¹⁸ With continuous SCADA monitoring, the System Operator would be aware if the CCVT experienced bad voltage readings therefore alerting field crews to check it out.

and maintenance interval. FRCC discovered this non-compliance during the Spot Check and URE submitted a Self-Report for its non-compliance on February 13, 2009.

The duration of the PRC-005-1 R2.2 violation was from June 18, 2007, the date the Standard became enforceable, through February 24, 2009, the date URE completed its Mitigation Plan.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because URE's test results of approximately 3% of Protective Relays that were not tested during URE's defined testing/maintenance interval showed that each relay passed the test without adjustment. None of the relays failed the test once the testing was performed.

FRCC200900137 – R2.2

FRCC determined that URE failed to have evidence of the date each Protection System device was last tested and maintained for current and voltage sensing devices, station batteries and some protective relays since June 18, 2007. FRCC discovered this non-compliance during the Spot Check and URE submitted a Self-Report for its non-compliance on March 6, 2009.

The duration of the PRC-005-1 R2.2 violation was from June 18, 2007, the date the Standard became enforceable, through August 30, 2010, when URE is scheduled to mitigate its non-compliance.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because:

1. URE's field verification of Protective System components has revealed very few components out of interval.
2. No system events were a result of the components being out of interval.
3. URE promptly tested and maintained each component found out of interval to bring it back within interval and subsequently recorded the testing dates.

FAC-008-1 R1.2.1 - OVERVIEW¹⁹

FRCC determined that URE failed to address all relay protective devices, potential transformers, terminal equipment, series and shunt compensation devices and relevant generator equipment in its Facility Rating document. URE self-certified its non-compliance.

The duration of the FAC-008-1 R1.2.1 violation was from June 18, 2007, when the Standard became enforceable, through August 6, 2009, the date URE completed its Mitigation Plan.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because URE used manufacturer ratings for relay protective devices, potential transformers, terminal equipment, series and shunt compensation devices and relevant generator

¹⁹ Further information on this violation is contained in the Disposition Document included as Attachment C to the Settlement Agreement.

equipment even though the ratings were not fully addressed in URE's Facility Ratings document as required in FAC-008-1 R1.2.1.

FAC-001-0 R2 - OVERVIEW²⁰

FRCC determined that URE failed to address some of the sub-requirements of R2 in its Facility Connection document. URE self-reported its non-compliance on December 15, 2008.²¹

The duration of the FAC-001-0 R2 violation was from June 18, 2007, when the Standard became enforceable, through June 25, 2009, the date URE completed its Mitigation Plan.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because the violation is a documentation related issue where URE's Facility Connection Requirements document did not fully address all requirements of FAC-001-0 R2. Additionally, URE had a Facility Connection Requirements document, but it did not fully address all requirements of the Reliability Standard FAC-001-0; and there were no system event occurred due to this violation.

FAC-003-1 R2 - OVERVIEW²²

FRCC determined that URE failed to provide evidence that its annual plan for vegetation management work ensured that vegetation management work was completed according to work specifications. FRCC discovered this non-compliance during the Spot Check.

The duration of the FAC-003-1 R2 violation was from June 18, 2007, when the Standard became enforceable, through June 11, 2009, the date URE completed its Mitigation Plan.

FRCC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because URE stated they actually performed field verification visits to inspect and confirm whether the transmission vegetation management work was performed per the contract specification. URE did not document these field verifications.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, FRCC has assessed a penalty of fifty-five thousand dollars (\$55,000) for the referenced violations. In reaching this determination, FRCC considered the following factors:

1. the violations constituted URE's first occurrence of violations of the subject NERC Reliability Standards, with the exception of the second violation of CIP-004-1 R4.1;
2. URE self-reported the violations of CIP-004-1 R4.1 and FAC-001-0 R2;

²⁰ Further information on this violation is contained in the Disposition Document included as Attachment D to the Settlement Agreement.

²¹ URE's Self-Report also included a possible non-compliance with FAC-001-0 R3. FRCC determined there was no violation of R3 because URE did not receive a request by the users of the transmission system, Regional Entity, and NERC to provide URE's documentation of FAC-001-0 requirements. Therefore, FRCC dismissed the violation of R3 on May 11, 2009.

²² Further information on this violation is contained in the Disposition Document included as Attachment J to the Settlement Agreement.

3. URE had a second violation of CIP-004-1 R4.1 which FRCC considered to be repeat violation in the penalty determination;
4. URE had four violations of PRC-005-1 R2 (two of R2.1 and two of R2.2); however, FRCC considered the violations to be four instances of a single violation of R2;
5. URE fully cooperated with FRCC throughout the compliance enforcement process;
6. URE has a compliance program, as discussed in the Disposition Documents;²³
7. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and
8. FRCC determined that 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, FRCC determined that, in this instance, the penalty amount of fifty-five thousand dollars (\$55,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed²⁴

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,²⁵ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on April 12, 2010. The NERC BOTCC approved the Settlement Agreement, including FRCC's imposition of a financial penalty, assessing a penalty of fifty-five thousand dollars (\$55,000) against URE 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 constituted URE's first occurrence of violations of the subject NERC Reliability Standards, with the exception of the second violation of CIP-004-1 R4.1;
2. URE self-reported the violations of CIP-004-1 R4.1 and FAC-001-0 R2;
3. URE had a second violation of CIP-004-1 R4.1 which FRCC considered to be repeat violation in the penalty determination;

²³ The URE Internal Compliance Program was reviewed and evaluated during the penalty phase. It was a mitigating factor in the determination of the final penalty.

²⁴ See 18 C.F.R. § 39.7(d)(4).

²⁵ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

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4. URE had four violations of PRC-005-1 R2 (two of R2.1 and two of R2.2); however, FRCC considered the violations to be four instances of a single violation of R2;
5. URE fully cooperated with FRCC throughout the compliance enforcement process;
6. URE has a compliance program, as discussed in the Disposition Documents;
7. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and
8. FRCC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above and in the Disposition Documents.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of fifty-five thousand dollars (\$55,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the bulk power system.

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

Request for Confidential Treatment

Information in and certain attachments to the instant Notice of Penalty include privileged and confidential information as defined by the Commission's regulations at 18 C.F.R. Part 388 and orders, as well as NERC Rules of Procedure including the NERC CMEP Appendix 4C. Specifically, this includes non-public information related to certain Reliability Standard violations, certain Regional Entity investigative files, Registered Entity sensitive business and confidential information exempt from the mandatory public disclosure requirements of the Freedom of Information Act, 5 U.S.C. 552, and should be withheld from public disclosure.

In accordance with the Commission's Rules of Practice and Procedure, 18 C.F.R. § 388.112, a non-public version of the information redacted from the public filing is being provided under separate cover.

Because certain of the attached documents are deemed "confidential" by NERC, Registered Entities and Regional Entities, NERC requests that the confidential, non-public information be provided special treatment in accordance with the above regulation.

Attachments to be included as Part of this Notice of Penalty

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

- a) Settlement Agreement between URE and FRCC, executed February 8, 2011, included as Attachment a;

- i. Disposition Document for CIP-004-1 R4.1 (FRCC200800085), included as Attachment A to the Settlement Agreement;
 - ii. Disposition Document for the PRC-005-1 R2.1 (FRCC200800086), included as Attachment B to the Settlement Agreement;
 - iii. Disposition Document for FAC-008-1 R1.2.1 (FRCC200800116), included as Attachment C to the Settlement Agreement;
 - iv. Disposition Document for FAC-001-0 R2 (FRCC200800117), included as Attachment D to the Settlement Agreement;
 - v. Disposition Document for PRC-005-1 R1.2 (FRCC200900136), included as Attachment E to the Settlement Agreement;
 - vi. Disposition Document for PRC-005-1 R2.2 (FRCC200900137), included as Attachment F to the Settlement Agreement;
 - vii. Disposition Document for CIP-004-1 R4.1 (FRCC200900138), included as Attachment G to the Settlement Agreement;
 - viii. Disposition Document for PRC-005-1 R2.2 (FRCC200900141), included as Attachment H to the Settlement Agreement;
 - ix. Disposition Document for PRC-005-1 R2.1 (FRCC200900171), included as Attachment I to the Settlement Agreement;
 - x. Disposition Document for FAC-003-1 R2 (FRCC200900172), included as Attachment J to the Settlement Agreement;
- b) Record documents for the violation of CIP-004-1 R4.1 (FRCC200800085), included as Attachment b;
 - i. URE's Self-Report for the first violation of CIP-004-1 R4.1, dated June 30, 2008;
 - ii. URE's Mitigation Plan for CIP-004-1 R4.1 (FRCC200800085) designated as MIT-08-0610 submitted July 11, 2008;
 - iii. URE's Certification of Completion for CIP-004-1 R4.1 (FRCC200800085), dated August 4, 2008;
 - iv. FRCC's Verification of Completion for CIP-004-1 R4.1 (FRCC200800085), dated January 13, 2009;
- c) Record documents for the violation of PRC-005-1 R2.1 (FRCC200800086), included as Attachment c;
 - i. URE's Self-Report for PRC-005-1 R2.1 (FRCC200800086), dated August 15, 2008;
 - ii. URE's Mitigation Plan for PRC-005-1 R2.1 (FRCC200800086) designated as MIT-08-0626 submitted August 15, 2008;
 - iii. URE's revised Mitigation Plan for PRC-005-1 R2.1 (FRCC200800086) designated as MIT-08-0626 submitted October 9, 2008;

- iv. URE's Certification of Completion for PRC-005-1 R2.1 (FRCC200800086), dated October 29, 2008;
 - v. FRCC's Verification of Completion for PRC-005-1 R2.1 (FRCC200800086), dated February 15, 2010;
- d) Record documents for the violation of FAC-008-1 R1.2.1 (FRCC200800116), included as Attachment d;
 - i. URE's Self-Certification for FAC-008-1 R1.2.1;
 - ii. URE's Mitigation Plan for FAC-008-1 R1.2.1 (FRCC200800116) designated as MIT-07-1393 submitted January 15, 2009;
 - iii. URE's Certification of Completion for FAC-008-1 R1.2.1 (FRCC200800116), dated August 6, 2009;
 - iv. FRCC's Verification of Completion for FAC-008-1 R1.2.1 (FRCC200800116), dated August 17, 2009;
- e) Record documents for the violation of FAC-001-0 R2 (FRCC200800117), included as Attachment e;
 - i. URE's Self-Report for FAC-001-0 R2 submitted December 15, 2008;
 - ii. URE's Mitigation Plan for FAC-001-0 R2 (FRCC200800117) designated as MIT-07-1394 submitted January 15, 2009;
 - iii. URE's Certification of Completion for FAC-001-0 R2 (FRCC200800117), dated June 25, 2009;
 - iv. FRCC's Verification of Completion for FAC-001-0 R2 (FRCC200800117), dated July 28, 2009;
- f) Record documents for the violation of PRC-005-1 R1.2 (FRCC200900136), included as Attachment f;
 - i. URE's Self-Report for PRC-005-1 R1.2 (FRCC200900136), dated March 6, 2009;
 - ii. URE's Mitigation Plan for PRC-005-1 R1.2 (FRCC200900136) designated as MIT-07-1819 submitted June 24, 2009;²⁶
 - iii. URE's Certification of Completion for PRC-005-1 R1.2 (FRCC200900136), dated July 15, 2009;
 - iv. FRCC's Verification of Completion for PRC-005-1 R1.2 (FRCC200900136), dated July 28, 2009;
- g) Record documents for the violation of PRC-005-1 R2.2 (FRCC200900137), included as Attachment g;
 - i. URE's Self-Report for PRC-005-1 R2.2 (FRCC200900137), dated March 6, 2009;

²⁶ The June 24, 2009 Mitigation Plan is dated March 6, 2009.

- ii. URE's Mitigation Plan for PRC-005-1 R2.2 (FRCC200900137) designated as MIT-07-1820 submitted June 24, 2009;²⁷
 - iii. URE's Certification of Completion for PRC-005-1 R2.2 (FRCC200900137), dated December 16, 2010;
 - iv. FRCC's Verification of Completion for PRC-005-1 R2.2 (FRCC200900137), dated January 7, 2011;
- h) Record documents for the violation of CIP-004-1 R4.1 (FRCC200900138), included as Attachment h;
- i. URE's Self-Report for the second violation of CIP-004-1 R4.1, dated January 28, 2009;
 - ii. URE's Mitigation Plan for CIP-004-1 R4.1 (FRCC200900138) designated as MIT-08-1490 submitted February 13, 2009;
 - iii. URE's Certification of Completion for CIP-004-1 R4.1 (FRCC200900138), dated February 13, 2009, included as Attachment l;
 - iv. FRCC's Verification of Completion for CIP-004-1 R4.1 (FRCC200900138), dated March 12, 2009;
- i) Record documents for the violation of PRC-005-1 R2.2 (FRCC200900141), included as Attachment i;
- i. URE's Self-Report for PRC-005-1 R2.2 (FRCC200900141), dated February 13, 2009;
 - ii. URE's Mitigation Plan for PRC-005-1 R2.2 (FRCC200900141) designated as MIT-07-1685 submitted March 13, 2009;
 - iii. URE's Certification of Completion for PRC-005-1 R2.2 (FRCC200900141), dated March 13, 2009, included as Attachment m;
 - iv. FRCC's Verification of Completion for PRC-005-1 R2.2 (FRCC200900141), dated January 20, 2010;
- j) Record documents for the violation of PRC-005-1 R2.1 (FRCC200900171), included as Attachment j;
- i. URE's Self-Report for PRC-005-1 R2.1 (FRCC200900171), dated April 27, 2009;
 - ii. URE's Mitigation Plan for PRC-005-1 R2.1 (FRCC200900171) designated as MIT-07-1690 submitted April 27, 2009;
 - iii. URE's Certification of Completion for PRC-005-1 R2.1 (FRCC200900171), dated April 27, 2009;
 - iv. FRCC's Verification of Completion for PRC-005-1 R2.1 (FRCC200900171), dated February 15, 2010;

²⁷ *Id.*

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Unidentified Registered Entity
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PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

- k) Record documents for the violation of FAC-003-1 R2 (FRCC200900172), included as Attachment k;
 - i. FRCC's Spot Check Report for URE's violations of FAC-003-1 R2;
 - ii. URE's Mitigation Plan for FAC-003-1 R2 (FRCC200900172) designated as MIT-07-1762 submitted June 12, 2009;
 - iii. URE's Certification of Completion for FAC-003-1 R2 (FRCC200900172), dated June 12, 2009, included as Attachment o;
 - iv. FRCC's Verification of Completion for FAC-003-1 R2 (FRCC200900172), dated June 18, 2009;

A Form of Notice Suitable for Publication²⁸

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

²⁸ See 18 C.F.R § 39.7(d)(6).

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PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

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* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, New Jersey 08540-5721 (609)452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>Richard Gilbert* Manager of Compliance Enforcement Florida Reliability Coordinating Council, Inc. 3000 Bayport Dr., Suite 690 Tampa, Florida 33607-8402 (813) 207-7991 (813) 289-5648 – facsimile rgilbert@frcc.com</p> <p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel Davis Smith* 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 davis.smith@nerc.net</p> <p>Sarah Rogers* President and Chief Executive officer Florida Reliability Coordinating Council, Inc. 1408 N. Westshore Blvd., Suite 1002 Tampa, Florida 33607-4512 (813) 289-5644 (813) 289-5646 – facsimile srogers@frcc.com</p> <p>Linda Campbell* VP and Executive Director Standards & Compliance Florida Reliability Coordinating Council, Inc. 1408 N. Westshore Blvd., Suite 1002 Tampa, Florida 33607-4512 (813) 289-5644 (813) 289-5646 – facsimile lcampbell@frcc.com</p> <p>Barry Pagel* Director of Compliance Florida Reliability Coordinating Council, Inc. 3000 Bayport Dr., Suite 690 Tampa, Florida 33607-8402 (813) 207-7968 (813) 289-5648 – facsimile bpagel@frcc.com</p>
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PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

Conclusion

Accordingly, NERC respectfully requests that the Commission accept this Abbreviated NOP as compliant with its rules, regulations and orders.

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Sr. Vice President and General Counsel
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cc: Unidentified Registered Entity
Florida Reliability Coordinating Council, Inc.

Attachments

Disposition Document for CIP-004-1 R4.1 (FRCC200800085)

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200800085	URE_2008_01	NOC-153
REGISTERED ENTITY Unidentified Registered Entity (URE)		NERC REGISTRY ID. NCRXXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-004-1		R4.1	Lower²	Level 3 (High)

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

Standard CIP-004 requires that personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, including contractors and service vendors, have an appropriate level of personnel risk assessment, training, and security awareness. Standard CIP-004 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009.

R4 – Access – The Responsible Entity³ shall maintain list(s) of personnel with authorized cyber or authorized unescorted physical access to Critical Cyber Assets, including their specific electronic and physical access rights to Critical Cyber Assets.

R4.1 The Responsible Entity shall review the list(s) of its personnel who have such access to Critical Cyber Assets quarterly, and update the list(s) within seven calendar days of any change of personnel with such access to Critical Cyber Assets,

¹ At the time of the Settlement Agreement, these violations were possible violations. For purposes of this disposition document, the violations at issue are described as “violations,” regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

² When NERC filed Violation Risk Factors (VRFs) it originally assigned CIP-004-1 R4.2 a “Lower” VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified “Medium” VRF and on January 27, 2009, the Commission approved the modified “Medium” VRF. Therefore, the “Lower” VRF for CIP-004-1 R4.2 was in effect from June 18, 2007 until January 27, 2009 when the “Medium” VRF became effective. CIP-004-1 R4 and R4.1 have “Lower” VRFs.

³ Within the text of Standard CIP-004, “Responsible Entity” shall mean: Reliability Coordinator, Balancing Authority, Interchange Authority, Transmission Service Provider, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, Load Serving Entity, NERC, or Regional Entity.

or any change in the access rights of such personnel. The Responsible Entity shall ensure access list(s) for contractors and service vendors are properly maintained.

VIOLATION DESCRIPTION

URE self-reported on June 30, 2008 non-compliance with CIP-004-1 R4.1. URE reported that its personnel access list for contract and service provider personnel with unescorted physical access to URE designated Critical Cyber Assets was incomplete. URE was missing a personnel list from one contractor that provides secure hosting facilities for URE's designated Critical Cyber Assets. URE self-reported this possible non-compliance prior to CIP-004-1 R4.1 becoming enforceable.⁴

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the bulk power system because:

- 1. URE's provider of secure hosting facilities for URE's designated Critical Cyber Assets is located at a facility of a major telecommunication corporation. The entire facility is protected by armed security personnel. All of the cyber equipment is located in an interior facility room with electronic access control and video monitoring. Located inside the room are URE's facilities which are housed in a locked steel mesh cage. These contract security personnel had some background checks performed, but were not listed on URE's list(s) of personnel who have such access to Critical Cyber Assets.**

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input checked="" type="checkbox"/>
ADMITS TO IT	YES	<input type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT	YES	<input checked="" type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

⁴ CIP-004-1 R4.1 became enforceable on July 1, 2008.

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) **7/01/2008 (enforceable date) to 7/28/2008 (Mitigation Plan completed)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **6/30/2008**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

IV. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-08-0610**

DATE SUBMITTED TO REGIONAL ENTITY	7/11/2008
DATE ACCEPTED BY REGIONAL ENTITY	7/21/2008
DATE APPROVED BY NERC	8/14/2008
DATE PROVIDED TO FERC	8/14/2008

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

Original Mitigation Plan, dated 6/30/2008 was rejected on 6/30/2008 for the following deficiencies:

- a. **The date on page 3 of section D.2 did not match the completion date for the Mitigation Plan as listed in D.3.**
- b. **The signature page had not been received by the FRCC.**

- c. **The portion of the EMS system which the consultant has access needed further details to determine the impact and adequacy of the Mitigation Plan.**
- d. **The information on page 4 of section E.1 needed further detail to determine the reliability impact and adequacy of the Interim Abatement.**
- e. **The specific policy and/or procedures needed to be identified in section E.2 to access the adequacy of the prevention of future BPS Reliability Risk.**

The revised Mitigation Plan was submitted on 7/11/2008. This Mitigation Plan was accepted on 7/21/2008.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **7/29/2008**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **7/28/2008**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY **7/28/2008**

LETTER DATE **08/04/2008 (received via email on 08/05/2008)**

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY **7/28/2008**

LETTER DATE **01/13/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The following actions were taken to mitigate the issue and prevent recurrence:

- a. **Personnel lists for contractor and service providers were updated with the missing contractor personnel information within 30 days.**
- b. **URE completed the required training on URE's security policies within 90 day requirement.**
- c. **The cabinets housing all of URE's equipment inside the locked cage have been locked and the doors were equipped with status contacts that are continually monitored by URE personnel.**
- d. **URE created a new physical security perimeter for the equipment.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED)

URE provided an attestation letter dated August 4, 2008 in which URE attested that it has accurate lists and control of URE's contractor and service personnel with authorized access to Critical Cyber Assets.

V. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

Proposed Penalty is included in Settlement Agreement with nine other violations (FRCC200800086, FRCC200800116, FRCC200800117, FRCC200900136, FRCC200900137, FRCC200900138, FRCC200900141, FRCC200900171 and FRCC200900172).

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Requirement 4.1 of NERC Reliability Standard CIP-004-1 has a "Lower" VRF. FRCC Compliance Enforcement Staff assessed a VSL of "Level 3" in accordance with the Levels of Non-Compliance in effect at the time the violation was discovered because URE had lists of personnel with their access control rights, but it did not include all contractors.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE's size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation. The determination is based, in part, on the following facts:

- a. URE has had no prior violation history for this Reliability Standard;**
- b. URE self-reported the violation of CIP-004-1 R4.1;**
- c. URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;**
- d. URE has developed an Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;**
- e. URE agreed to resolve these issues via settlement and promptly initiated various mitigation and preventative measures, as described**

- in its Mitigation Plan, before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC; and**
- f. FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.**

(2) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS
N/A

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

None

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐
EXPLAIN

URE fully cooperated with the FRCC Compliance Staff during the processing of the violation. Additionally, URE promptly provided a revised Mitigation Plan once the original Mitigation Plan was rejected.

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM⁵
YES ☒ NO ☐

⁵ The URE ICP was reviewed and evaluated during the penalty phase. It was a mitigating factor in the determination of the final penalty.

EXPLAIN

On May 14, 2009, FRCC reviewed URE's Internal Compliance Program and found that URE had established a documented Internal Compliance Program that was contained within several program documents.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE

YES ☒ NO ☐

EXPLAIN

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES ☐ NO ☒

IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒

IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☒ NO ☐

IF YES, EXPLAIN

URE self-reported this violation.

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒

IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS “YES,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

URE’s completed ‘FRCC Compliance Self Reporting Form’ dated 6/30/2008

MITIGATION PLAN

URE’s revised ‘FRCC Mitigation Plan Submittal Form’ dated 7/11/2008

CERTIFICATION BY REGISTERED ENTITY

URE’s ‘FRCC Mitigation Plan Completion Form – Certification of a Completed Mitigation Plan’ dated 8/04/2008

OTHER RELEVANT INFORMATION:

None

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE N/A

OUTCOME N/A

APPEAL REQUESTED N/A

Disposition Document for the PRC-005-1 R2.1 (FRCC200800086)

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200800086	URE_2008_02	NOC-0153
REGISTERED ENTITY		NERC REGISTRY ID.
Unidentified Registered Entity (URE)		NCRXXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT	SUB-REQUIREMENT	VRF	VSL
PRC-005-1		R2.1	High²	Lower

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose of PRC-005-1 is “[t]o ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”

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

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

VIOLATION DESCRIPTION

During a 2008 Spot Check conducted by FRCC, FRCC discovered a possible non-compliance with PRC-005-1 R2.1. On August 15, 2008, URE subsequently self-

¹ At the time of the Settlement Agreement, these violations were possible violations. For purposes of this disposition document, the violations at issue are described as “violations,” regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

² PRC-005-1 R2 has a “Lower” VRF; R2.1 has a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007.

reported that two (2) sets of 230 kV transmission relays (out of step and bus differential) at one (1) of its 230 kV substations were outside URE's defined maintenance and testing interval in its Protection System program.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the BPS because:

- 1. URE tested the two sets of relays that were 60 days outside the maintenance and testing intervals. Once tested URE found all relay settings and functions were in compliance with their transmission system requirements for two sets of relays.**
- 2. All other Protection Systems equipment at the substation were within testing and maintenance intervals.**
- 3. No system event occurred due to this violation.**

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☒
 ADMITS TO IT YES ☐
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT YES ☒
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) 04/19/2008 (relay testing due date) to 10/21/2008 (Mitigation Plan completion date)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **8/15/2008**

IS THE ALLEGED VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒

PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

III. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-08-0626**

DATE SUBMITTED TO REGIONAL ENTITY

8/15/08 (1st MP) 10/09/08 (2nd MP)

DATE ACCEPTED BY REGIONAL ENTITY

8/18/2008 (1st MP) 11/09/2008 (2nd MP)

DATE APPROVED BY NERC **8/28/2008 (1st MP)_**

DATE PROVIDED TO FERC **8/28/2008 (1st MP)**

DATE APPROVED BY NERC **4/30/2010 (2nd MP)_**

DATE PROVIDED TO FERC **5/03/2010 (2nd MP)**

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

There were no Mitigation Plans rejected. However, URE missed the first Mitigation Plan target date of 9/01/2008 due to underestimating the time it would take to complete a verification on all System Protection assets and all under frequency relays. URE expressed a misunderstanding with respect to the procedural requirements for requesting an extension of a mitigation plan. URE asked for an extension on 9/17/2008. FRCC denied the request for extension because the request was not received by the FRCC at least five (5) business days before the proposed completion date (9/01/2008). URE submitted a 2nd Mitigation Plan on 10/09/2008 with a target completion date of 11/01/2008. FRCC accepted the second Mitigation Plan on 11/09/2008.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **9/01/2008 (1st MP), 11/01/2008 (2nd MP)**

EXTENSIONS GRANTED **No**

ACTUAL COMPLETION DATE **10/21/2008**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY **10/21/2008**

LETTER DATE **10/29/2008 (received on 10/31/2008)**

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY **10/21/2008**
LETTER DATE **2/15/2010**

**ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE**

The following actions were taken to mitigate the issue and prevent recurrence:

- a. Test the out of step relays that were out of interval.**
- b. Test the bus differential relays that were out of interval.**
- c. Field verify all Protection System assets-field and software verification of generator protection and field verification of all transmission line and switchyard protection systems.**
- d. Field verified all Protection System assets – all under frequency relays.**
- e. Centralize Self-Reporting, Mitigation Plan and reliability correspondence and activities with the corporate compliance department; added a new full time equivalent to the URE compliance department.**
- f. Retained and deployed outside engineering and legal resources to assist in URE's compliance department in the review of data, reporting and data retention practices and obligations related to Reliability Standard PRC-005.³**

**LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE
COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN
WHICH MITIGATION IS NOT YET COMPLETED)**

FRCC Compliance Staff reviewed the following documents:

- 1. Evidence provided shows the two (2) sets of out of step and bus differential transmission relays and one (1) of its substations that were outside URE's defined maintenance and testing interval in its Protection System program was tested and maintained and is now back within the URE define interval.**
- 2. URE added a new full time position, separate from operation to their compliance department. URE also had retained and deployed several outside engineering and legal resources to assist it compliance department in the review of data, reporting and data retention practices and obligations related to Reliability Standard PRC-005.**

³ URE implemented a process change in Protection System Program which would typically require employee training.

IV. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

Proposed Penalty is included in Settlement Agreement with nine other violations (FRCC200800085, FRCC200800116, FRCC200800117, FRCC200900136, FRCC200900137, FRCC200900138, FRCC200900141, FRCC200900171, and FRCC200900172).

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Requirement 2.1 of NERC Reliability Standard PRC-005-1 has a “High” VRF. FRCC Compliance Enforcement Staff assessed a VSL of “Lower” in accordance with the matrix in effect at the time the violation was discovered because URE evidence indicated Protection System devices were maintained and tested within the defined intervals was missing for no more that 25% of the applicable devices as the violation only involved 5 relays.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE’s size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation. The determination is based, in part, on the following facts:

- a. URE has had no prior violation history for this Reliability Standard;**
- b. URE self-reported the violation of PRC-005-1 R 2.1;**
- c. URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;**
- d. URE has developed an Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;**
- e. URE agreed to resolve these issues via settlement before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC;**
- f. While URE promptly initiated various mitigation and preventative measures, as described in its Mitigation Plan, it did not complete the Mitigation and Plan on time and FRCC considered it be a neutral factor in the penalty determination; and**
- g. FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.**

(2) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR
REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR
REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND
STATUS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED
ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE
ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐

EXPLAIN

**URE fully cooperated with the FRCC Compliance Staff during the
processing of the violations by promptly providing evidence of
Mitigation Plan completion.**

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S
COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES ☒ NO ☐

EXPLAIN

**On May 14, 2009, FRCC reviewed URE's Internal Compliance
Program and found that URE had established a documented Internal
Compliance Program that was contained within several program
documents.**

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT
THE COMPLIANCE PROGRAM, SUCH AS TRAINING,
COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR
OTHERWISE

YES ☒ NO ☐

EXPLAIN

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT
WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE
PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE
VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR
INVESTIGATE THE VIOLATION.

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE
RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE
RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS
"YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

URE's completed 'FRCC Compliance Self Reporting Form'

MITIGATION PLAN

URE's original 'FRCC Mitigation Plan Submittal Form' dated 8/15/2008

URE's second 'FRCC Mitigation Plan Submittal Form' dated 10/09/2008

CERTIFICATION BY REGISTERED ENTITY

URE's 'FRCC Mitigation Plan Completion Form – Certification of a Completed Mitigation Plan' dated 10/29/2008

OTHER RELEVANT INFORMATION:

None

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE **N/A**

OUTCOME **N/A**

APPEAL REQUESTED **N/A**

**Disposition Document for FAC-008-1 R1.2.1
(FRCC200800116)**

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200800116	URE_2008_03	NOC-0153
REGISTERED ENTITY		NERC REGISTRY ID.
Unidentified Registered Entity (URE)		NCRXXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT	SUB-REQUIREMENT	VRF	VSL
FAC-008-1		R1.2.1	Medium²	Severe

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose of FAC-008-1 is “[t]o ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology or methodologies.

R1 – The Transmission Owner and Generator Owner shall each document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly own Facilities. The methodology shall include all of the following (among other things):

R1.2 The method by which the Rating (of major BES equipment that comprises a Facility) is determined.

R1.2.1 The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.

VIOLATION DESCRIPTION

URE submitted a Self-Certification stating that its Facility Ratings document did not fully address all requirements of FAC-008-1; specifically, it did not address relay protective devices, potential transformers, terminal equipment, series and

¹ At the time of the Settlement Agreement, these violations were possible violations. For purposes of this disposition document, the violations at issue are described as “violations,” regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

² FAC-008-1 R1, R1.3 and R1.3.5 each have a “Lower” VRF; R1.1, R1.2, R1.2.1, R1.2.2, R1.3.1-4 each have a “Medium” VRF.

shunt compensation devices and relevant generator equipment. URE submitted a Self-Report for the same non-compliance. Because the Self-Certification was the initial submittal, FRCC determined the violation of FAC-008-1 R1.2.1 was discovered through the Self-Certification.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the bulk power system because:

- 1. URE considered the most limiting factor and used manufacturer ratings for relay protective devices, potential transformers, terminal equipment, series and shunt compensation devices and relevant generator equipment even though the ratings and their associated methodologies and considerations were not fully addressed in URE's Facility Ratings document as required by FAC-008-1 R1.2.1.**
- 2. No system event occurred due to this violation.**

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input checked="" type="checkbox"/>
ADMITS TO IT	YES	<input type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT	YES	<input checked="" type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input type="checkbox"/>
SELF-CERTIFICATION	<input checked="" type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) **6/18/2007 (enforceable date) to 8/06/2009 (Mitigation Plan completed)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **2008**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒

PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

III. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-1393**

DATE SUBMITTED TO REGIONAL ENTITY **1/15/2009³**

DATE ACCEPTED BY REGIONAL ENTITY **1/18/2009**

DATE APPROVED BY NERC **3/3/2009**

DATE PROVIDED TO FERC **3/9/2009**

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

The Mitigation Plan was not rejected.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **8/06/2009**

EXTENSIONS GRANTED **Yes**

ACTUAL COMPLETION DATE **8/06/2009**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY **8/06/2009**

LETTER DATE **8/06/2009**

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY **8/06/2009**

LETTER DATE **8/17/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

³ URE's Certification of Completion incorrectly states that the Mitigation Plan was submitted on January 6, 2009.

The following actions were taken to mitigate the issue and prevent recurrence:

- a. Reviewed URE Rating Methodology for compliance with FAC-008-1.
 - Documented incomplete Rating Methodologies as determined by URE.
 - Determined if a URE Rating Methodology exists for relay protective devices, potential and current transformers, series & shunt compensation devices, terminal equipment and relevant generator equipment.
 - Identified any relevant equipment that did not have a URE Rating Methodology.
- b. Modified existing URE Rating Methodology to be compliant with FAC-008-1.
 - Revised incomplete equipment rating methodologies.
 - Amended URE Rating Methodology to include methodologies that exist, but were not part of the official URE Rating Methodology.
 - Added rating methodologies for relevant equipment that did not have a rating methodology.
 - Re-organized URE's Rating Methodology where necessary.

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED)

FRCC Compliance Staff reviewed the following documents:

1. URE's Facility Rating Methodology

IV. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

Proposed Penalty is included in Settlement Agreement with nine other violations (FRCC200800085, FRCC200800086, FRCC200800117, FRCC200900136, FRCC200900137, FRCC200900138, FRCC200900141, FRCC200900171 and FRCC200900172).

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Requirement 1.2.1 of NERC Reliability Standard FAC-008-1 has a “Medium” VRF. FRCC Compliance Enforcement Staff assessed a VSL of “Severe” in accordance with the matrix in effect at the time the violation was discovered because URE’s Facility Ratings Methodology document did not address more than two of the applicable required devices.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE’s size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation. The determination is based, in part, on the following facts:

- a. URE had no prior violation history for this Requirement;**
- b. URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;**
- c. URE has developed an Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;**
- d. URE agreed to resolve these issues via settlement and promptly initiated various mitigation and preventative measures, as described in its Mitigation Plan, before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC; and**
- e. FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.**

(2) REGISTERED ENTITY’S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

N/A

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS “NO,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐
EXPLAIN

URE fully cooperated with the FRCC Compliance Staff during the processing of the violations by promptly providing evidence of Mitigation Plan completion.

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY’S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES ☒ NO ☐
EXPLAIN

On May 14, 2009, FRCC reviewed URE’s Internal Compliance Program and found that URE had established a documented Internal Compliance Program that was contained within several program documents.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE
YES ☒ NO ☐
EXPLAIN

EXPLAIN SENIOR MANAGEMENT’S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY’S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS “YES,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS “YES,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS “YES,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

URE’s ‘Self-Certification Screenshot’

URE’s ‘FRCC Compliance Self Reporting Form’

MITIGATION PLAN

URE’s revised ‘FRCC Mitigation Plan Submittal Form’ dated 1/15/2009

CERTIFICATION BY REGISTERED ENTITY

URE’s ‘FRCC Mitigation Plan Completion Form – Certification of a Completed Mitigation Plan’ dated 8/06/2009

OTHER RELEVANT INFORMATION:

None

Attachment C

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE N/A

OUTCOME N/A

APPEAL REQUESTED N/A

**Disposition Document for FAC-001-0 R2
(FRCC200800117)**

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200800117	URE_2008_04	NOC-0153
REGISTERED ENTITY		NERC REGISTRY ID.
Unidentified Registered Entity (URE)		NCRXXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
FAC-001-0	R2		Medium	High

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose of FAC-001-0 is “[t]o avoid adverse impacts on reliability, Transmission Owners must establish facility connection and performance requirements.

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 through 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 Procedure 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.**

¹ At the time of the Settlement Agreement, these violations were possible violations. For purposes of this disposition document, the violations at issue are described as “violations,” regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

- 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.**

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).

VIOLATION DESCRIPTION

URE's Facility Connection requirements document did not fully address all requirements of the Reliability Standard FAC-001-0. URE's document failed to address the following sub-requirements of FAC-001-0: R2.1.3, R2.1.8, R2.1.9, R2.1.10, R2.1.11, R2.1.12, R2.1.13, R2.1.14, R2.1.15 and R2.1.16.

On December 15, 2008, URE self-reported non-compliance with FAC-001-0 R3 along with R2. The FRCC Enforcement Staff determined there was no violation of R3 since URE had not received a request by the users of the transmission system, Regional Reliability Organization, or NERC to provide URE's documentation of FAC-001-0 requirements. The alleged violation for FAC-001-0 R3 (FRCC200800118) was dismissed on 5/11/2009.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the bulk power system because:

- 1. URE had a Facility Connection Requirements document, but it did not fully address all requirements of the Reliability Standard FAC-001-0.**
- 2. No system event occurred due to this violation.**

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input checked="" type="checkbox"/>
ADMITS TO IT	YES	<input type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT YES ☒
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT ☒
SELF-CERTIFICATION ☐
COMPLIANCE AUDIT ☐
COMPLIANCE VIOLATION INVESTIGATION ☐
SPOT CHECK ☐
COMPLAINT ☐
PERIODIC DATA SUBMITTAL ☐
EXCEPTION REPORTING ☐

DURATION DATE(S) **06/18/2007 (enforceable date) to 06/25/2009 (Mitigation Plan completed)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **12/15/2008**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒
PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

III. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-1394**

DATE SUBMITTED TO REGIONAL ENTITY **1/15/2009**
DATE ACCEPTED BY REGIONAL ENTITY **1/18/2009**
DATE APPROVED BY NERC **3/03/2009**
DATE PROVIDED TO FERC **3/09/2009**
IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

The Mitigation Plan was not rejected.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **6/25/2009**
EXTENSIONS GRANTED **None**
ACTUAL COMPLETION DATE **6/25/2009**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY **6/25/2009**
LETTER DATE **6/25/2009**

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY **6/25/2009**
LETTER DATE **7/28/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE

**The following actions were taken to mitigate the issue and prevent
recurrence:**

- a. URE modified its existing Facility Connection documents to address the sub-requirement of FAC-001-0 R2 for R2.1.3, R2.1.8, R2.1.9, R2.1.10, R2.1.11, R2.1.12, R2.1.13, R2.1.14, R2.1.15 and R2.1.16.**
- b. The Mitigation Plan includes the specification of requirements for voltage, power, power factor control, demand, synchronism, insulation systems, equipment ratings, maintenance coordination, operational issues (abnormal frequency and voltages), inspection, communications and procedures for normal and emergency conditions.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE
COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN
WHICH MITIGATION IS NOT YET COMPLETED)

FRCC Compliance Staff reviewed the following documents:
1. URE's Facility Connection Requirements document

IV. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

Proposed Penalty is included in Settlement Agreement with nine other violations (FRCC200800085, FRCC200800086, FRCC200800116, FRCC200900136, FRCC200900137, FRCC200900138, FRCC200900141, FRCC200900171 and FRCC200900172).

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Requirement 2 of NERC Reliability Standard FAC-001-0 has a “Medium” VRF. FRCC Compliance Enforcement Staff assessed a VSL of “High” in accordance with the matrix in effect at the time the violation was discovered because URE’s Facility Connection Requirements document did not address nine to twelve of the sub-components.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE’s size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation. The determination is based, in part, on the following facts:

- a. URE has had no prior violation history for this Reliability Standard;**
- b. URE self-reported the violation of Requirement 2.1;**
- c. URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;**
- d. URE has developed an Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;**
- e. URE agreed to resolve these issues via settlement and promptly initiated various mitigation and preventative measures, as described in its Mitigation Plan, before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC; and**
- f. FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.**

(2) REGISTERED ENTITY’S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☐ **NO** ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS
N/A

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ **NO** ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐
EXPLAIN

URE fully cooperated with the FRCC Compliance Staff during the processing of the violation by promptly providing evidence of Mitigation Plan completion.

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES ☒ NO ☐
EXPLAIN

On May 14, 2009, FRCC reviewed of URE's Internal Compliance Program and found that URE had established a documented Internal Compliance Program that was contained within several program documents.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE
YES ☒ NO ☐
EXPLAIN

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☒ NO ☐
IF YES, EXPLAIN

URE self-reported this violation.

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

URE's completed 'FRCC Compliance Self Reporting Form' submitted 12/15/2008

MITIGATION PLAN

URE's 'FRCC Mitigation Plan Submittal Form' dated 1/15/2009

CERTIFICATION BY REGISTERED ENTITY

URE's 'FRCC Mitigation Plan Completion Form – Certification of a Completed Mitigation Plan' dated 6/25/2009

OTHER RELEVANT INFORMATION:

None

Attachment D

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE N/A

OUTCOME N/A

APPEAL REQUESTED N/A

Disposition Document for PRC-005-1 R1.2 (FRCC200900136)

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200900136	URE_2009_01	NOC-153
REGISTERED ENTITY		NERC REGISTRY ID.
Unidentified Registered Entity (URE)		NCRXXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1		R1.2	High²	Lower

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose of PRC-005-1 is “[t]o ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested.

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

R1.2 Summary of maintenance and testing procedures.

VIOLATION DESCRIPTION

During a 2008 Spot Check conducted by FRCC, FRCC discovered URE’s possible non-compliance with PRC-005-1 R1.2. On March 6, 2009, URE subsequently self-reported that its Protection System maintenance and testing program did not include a summary of maintenance and testing procedures for DC control circuitry and voltage and current sensing devices.

¹ At the time of the Settlement Agreement, these violations were possible 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.

² When NERC filed VRFs for PRC-005-1, NERC originally assigned a “Medium” VRF to PRC-005-1 R1. In the Commission’s May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified “High” VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the “Medium” VRF was in effect from June 18, 2007 until August 9, 2007 and the “High” VRF has been in effect since August 9, 2007.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the BPS because:

- 1. URE performed continuous monitoring of its DC control circuitry and voltage /current sensing devices through its Supervisory Control and Data Acquisition (SCADA) system. URE's SCADA is monitored 24 hours a day by Energy Management Control Center personnel, with the exception of DC Control Circuitry at one of its stations which was continuously monitored by control room operators through the Distributed Control System (DCS).**

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☒
 ADMITS TO IT YES ☐
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT YES ☒
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) 6/18/2007 (enforceable date) to 7/15/2009 (Mitigation Plan completion date)

**DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 2/04/2009³
 (Revised on 3/6/2009)**

³ The Self-Report also included a possible non-compliance with PRC-005-1 R2.2 (FRCC200900137).

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒
PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

III. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-1819**

DATE SUBMITTED TO REGIONAL ENTITY **6/24/2009**

DATE ACCEPTED BY REGIONAL ENTITY **7/01/2009**

DATE APPROVED BY NERC **7/21/2009**

DATE PROVIDED TO FERC **7/21/2009**

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

The original Self-Report & Mitigation Plan was submitted on 2/04/2009 which included mitigation for PRC-005-1 R1.2 and R2.2. FRCC Compliance Staff reviewed the Self-Report & Mitigation Plan provided. These were rejected by FRCC because revisions needed to be made to both which included revised dates for potential non-compliance and to add additional potential non-compliance associated with monthly battery checks (R2) at other facilities.

URE submitted a revised Self-Report and revised Mitigation Plan for PRC-005-1 R1.2 and R2.2 on 3/06/2009. FRCC sent URE a letter dated 4/02/2009 extending the review period for the Mitigation Plan until the completion of the 2008 FRCC annual Spot Check (which included PRC-005-1 all requirements).

FRCC rejected the Mitigation Plan dated 3/06/2009 on 6/02/2009 because the revised Mitigation Plan did not address the summary of maintenance and testing procedures for associated communication systems, DC control circuitry, and voltage and sensing devices.

URE submitted a revised Mitigation Plan for PRC-005-1 R1.2 and R2.2 on 6/24/2009 identified as 03/06/2009 (revised).⁴ The Mitigation Plan was accepted by FRCC on 07/01/2009.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

⁴ URE's Certification of Completion incorrectly states the Mitigation Plan submitted date as March 6, 2009 (revised). The revised Mitigation Plan submitted on June 24, 2009 is incorrectly dated as March 6, 2009.

EXPECTED COMPLETION DATE **7/15/2009**
EXTENSIONS GRANTED **N/A**
ACTUAL COMPLETION DATE **7/15/2009**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY **7/15/2009**
LETTER DATE **7/15/2009**

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY **07/16/2009**
LETTER DATE **7/28/2009**

**ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE**

**The following actions were taken to mitigate the issue and prevent
recurrence:**

- a. URE modified its existing Protection System maintenance and testing program that affects the BPS to include a summary of maintenance and testing procedures for associated communication system, DC control circuitry, and voltage and current sensing devices.**
- b. URE discussed the importance of closely following URE's maintenance practices to all parties within URE responsible for complying with its established guidelines. URE compliance manager discussed the Self-Report and associated mitigation with senior management of URE.**

**LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE
COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN
WHICH MITIGATION IS NOT YET COMPLETED)**

FRCC Compliance Staff reviewed the following documents:

- 1. URE-01 URE's PRC-005-1 Protection System Program document. This document defines for each of the 5 Protection System components (protective relay, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry), the type of test to be performed, the interval between test, the basis for the test and summary of testing procedures.**

IV. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

Proposed Penalty is included in Settlement Agreement with nine other violations (FRCC200800085, FRCC200800086, FRCC200800116, FRCC200800117, FRCC200900137, FRCC200900138, FRCC200900141, FRCC200900171 and FRCC200900172).

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Requirement 1.2 of NERC Reliability Standard PRC-005-1 has a “High” VRF. FRCC Compliance Enforcement Staff assessed a VSL of “Lower” in accordance with the matrix in effect at the time the violation was discovered because URE’s summary of maintenance and testing procedures was missing for no more that 25% of the applicable devices.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE’s size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation. The determination is based, in part, on the following facts:

- a. URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;**
- b. URE has developed an Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;**
- c. URE self-reported the violation of Requirement 2.1;**
- d. URE agreed to resolve these issues via settlement and promptly initiated various mitigation and preventative measures, as described in its Mitigation Plan, before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC; and**
- e. FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.**

(2) REGISTERED ENTITY’S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐

EXPLAIN

URE fully cooperated with the FRCC Compliance Staff during the processing of the violations by promptly providing evidence of Mitigation Plan completion.

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES ☒ NO ☐

EXPLAIN

On May 14, 2009, FRCC reviewed URE's Internal Compliance Program and found that URE had established a documented Internal Compliance Program that was contained within several program documents.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE

YES ☒ NO ☐

EXPLAIN

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

URE's revised 'FRCC Compliance Self Reporting Form' dated 3/06/2009

MITIGATION PLAN

URE's revised 'FRCC Mitigation Plan Submittal Form' submitted 6/24/2009

CERTIFICATION BY REGISTERED ENTITY

URE's 'FRCC Mitigation Plan Completion Form – Certification of a Completed Mitigation Plan' dated 7/15/2009

OTHER RELEVANT INFORMATION:

None

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE **N/A**

OUTCOME **N/A**

APPEAL REQUESTED **N/A**

Disposition Document for PRC-005-1 R2.2 (FRCC200900137)

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200900137	URE_2009_02	NOC-0153
REGISTERED ENTITY		NERC REGISTRY ID.
Unidentified Registered Entity (URE)		NCRXXXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1		R2.2	Higher²	Lower

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose of PRC-005-1 is “[t]o ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”

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

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

VIOLATION DESCRIPTION

During a 2008 Spot Check conducted by FRCC, FRCC discovered URE’s possible non-compliance with PRC-005-1 R2.2. On February 4, 2009 and revised on March 6, 2009, URE subsequently self-reported that it did not have evidence of the date

¹ At the time of the Settlement Agreement, these violations were possible violations. For purposes of this disposition document, the violations at issue are described as “violations,” regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

² PRC-005-1 R2 has a “Lower” VRF; R2.1 has a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007.

each Protection System device was last tested/maintained for current and voltage sensing devices, station batteries and some protective relays from June 18, 2007 to present. Specifically, URE self-reported the following: (1) Monthly visual inspection of the battery bank was not performed prior to May 22, 2008; (2) Semi-annual testing of the battery bank was not performed prior to September 9, 2008; (3) Semi-annual testing of two battery banks was not performed between September 2, 2008 and December 2, 2008; (4) Power Factor test was not performed on three potential transformers (PTs) from November 6, 2007 to February 10, 2009. After the November 6, 2007 modification, Power Factor testing of the PTs became; (5) Polarizing voltage checks were not performed on two transmission lines from June 18, 2007 to February 8, 2009; (6) Polarizing voltage checks were not performed on a transmission line from June 18, 2007 to November 5, 2007; (7) Monthly visual inspection of a Battery Bank was not performed prior to October 9, 2008; and (8) Monthly visual inspection of a Battery Bank was not performed prior to February 3, 2009.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the BPS because:

1. URE's field verification of Protective System components has revealed very few components (12 out of 2,500) out of interval.
2. No system events were a result of the components being out of interval.
3. URE promptly tested and maintained each component found out of interval to bring it back within interval and subsequently recorded the testing dates.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☒
 ADMITS TO IT YES ☐
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT YES ☒
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT ☒

Attachment F

SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) **6/18/2007 (enforceable date) to 6/24/2010**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **2/04/2009³**
(revised on 3/06/2009)

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

III. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-1820**

DATE SUBMITTED TO REGIONAL ENTITY	6/24/2009
DATE ACCEPTED BY REGIONAL ENTITY	7/01/2009
DATE APPROVED BY NERC	7/21/2009
DATE PROVIDED TO FERC	7/21/2009

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

The original Self-Report & Mitigation Plan was submitted on 2/04/2009 which included mitigation for PRC-005-1 R1.2 and R2.2. FRCC Compliance Staff reviewed the Self-Report & Mitigation Plan provided. These were rejected by FRCC because revisions needed to be made to both which included revised dates for potential non-compliance and to add additional potential non-compliance associated with monthly battery checks (R2) at other URE facilities.

URE submitted a revised Self-Report and revised Mitigation Plan for PRC-005-1 R1.2 and R2.2 on 3/06/2009. FRCC sent URE a letter dated 4/02/2009 extending the review period for the Mitigation Plan until the completion of the 2008 FRCC annual Spot Check (which included PRC-005-1 all requirements).

³ The Self-Report also included URE's possible non-compliance with PRC-005-1 R1.2 (FRCC200900136).

FRCC rejected the Mitigation Plan dated 3/06/2009 on 6/02/2009 because the revised Mitigation Plan did not address the basis for maintenance and testing interval of DC control circuitry.

URE submitted revised Mitigation Plans for PRC-005-1 R1.2 and R2.2 on 6/24/2009 identified as 03/06/2009 (revised).⁴ The Mitigation Plans were accepted by FRCC on 07/01/2009.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **8/31/2010**
EXTENSIONS GRANTED N/A
ACTUAL COMPLETION DATE **8/30/2010**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY 08/30/10
LETTER DATE 08/30/10

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY 08/30/10
LETTER DATE 01/07/11

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The following actions were taken to mitigate the issue and prevent recurrence:

- a. **URE will specify, bid, evaluate and award contract(s) for BES Transmission and Generator Protection System components inventory and documentation updates (*e.g.* asset lists, relay one line diagrams, *etc.* as necessary), and maintenance/testing as needed.**
- b. **URE will conduct a field verification of PRC-005 BES Transmission and Generator Protection System components and their maintenance and testing records.**
- c. **URE will provide quarterly summaries during the field verification, which will include: (1) listing of components inventoried to date; (2) identification of any BES Transmission and Generator Protection System components found to be out of maintenance/testing intervals(s), which were brought into compliance or is scheduled for compliance testing; and (3) identification of any BES Transmission and Generator Protection System components that were not in the existing component listing.**

⁴ The revised Mitigation Plan submitted on June 24, 2009 is incorrectly dated as March 6, 2009.

- d. **URE will review and modify accordingly all BES Transmission and Generator Protection System relay one line diagrams.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED)

FRCC Compliance Staff reviewed the following milestone documents:

1. **URE's PRC-005-1 R2.2 report dated 9/22/2009 that lists Protection System components that were found outside of defined intervals.**
2. **URE's first quarterly report dated 9/24/2009 provides a comprehensive summary of BES Transmission and Generator Protection System components verifying the maintenance/testing requirements.**
3. **URE's second quarterly report dated 12/08/2009 provides a comprehensive summary of BES Transmission and Generator Protection System components verifying the maintenance/testing requirements.**
4. **URE's Master asset list**
5. **URE's PRC-005 Relay random sample dated 12/9/2010**
6. **URE's PRC-005 DC Control Circuitry random sample dated 12/9/2010**
7. **URE's PRC-005 Associated Communication random sample dated 12/10/2010**
8. **URE's PRC-005 Instrument Transformer random sample**
9. **URE's PRC-005 Battery random sample dated 12/9/2010**
10. **URE's one-line diagram of Bulk Electric System dated 11/8/2010**
11. **URE's PRC-005 one-line diagram drawings final dated 8/30/2010**

IV. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

Proposed Penalty is included in Settlement Agreement with nine other violations (FRCC200800085, FRCC200800086, FRCC200800116, FRCC200800117, FRCC200900136, FRCC200900138, FRCC200900141, FRCC200900171 and FRCC200900172).

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Requirement 2.2 of NERC Reliability Standard PRC-005-1 has a "High" VRF. FRCC Compliance Enforcement Staff assessed a VSL of "Lower" in accordance

with the matrix in effect at the time the violation was discovered because URE's summary of maintenance and testing procedures was missing for no more than 25% of the applicable devices.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE's size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation. The determination is based, in part, on the following facts:

- a. URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;
- b. URE has developed an Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;
- c. URE self reported the violation of Requirement 2.1;
- d. URE agreed to resolve these issues via settlement and promptly initiated various mitigation and preventative measures, as described in its Mitigation Plan, before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC; and
- e. FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.

(2) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐
EXPLAIN

URE fully cooperated with the FRCC Compliance Staff during the processing of the violations by promptly providing a revised Mitigation Plan.

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES ☒ NO ☐
EXPLAIN

On May 14, 2009, FRCC reviewed URE's Internal Compliance Program and found that URE had established a documented Internal Compliance Program that was contained within several program documents.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE
YES ☒ NO ☐
EXPLAIN

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

URE's revised 'FRCC Compliance Self Reporting Form' dated 3/06/2009

MITIGATION PLAN

URE's revised 'FRCC Mitigation Plan Submittal Form' submitted 6/24/2009

CERTIFICATION BY REGISTERED ENTITY

N/A

OTHER RELEVANT INFORMATION:

None

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

Attachment F

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE N/A

OUTCOME N/A

APPEAL REQUESTED N/A

Disposition Document for CIP-004-1 R4.1 (FRCC200900138)

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200900138	URE_2009_03	NOC-0153
REGISTERED ENTITY Unidentified Registered Entity (URE)		NERC REGISTRY ID. NCRXXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-004-1		R4.1	Lower²	Level 1 (Lower)

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

Standard CIP-004 requires that personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, including contractors and service vendors, have an appropriate level of personnel risk assessment, training, and security awareness. Standard CIP-004 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009.

R4 – Access – The Responsible Entity³ shall maintain list(s) of personnel with authorized cyber or authorized unescorted physical access to Critical Cyber Assets, including their specific electronic and physical access rights to Critical Cyber Assets.

R4.1 The Responsible Entity shall review the list(s) of its personnel who have such access to Critical Cyber Assets quarterly, and update the list(s) within seven

¹ At the time of the Settlement Agreement, these violations were possible violations. For purposes of this disposition document, the violations at issue are described as “violations,” regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

² When NERC filed Violation Risk Factors (VRFs) it originally assigned CIP-004-1 R4.2 a “Lower” VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified “Medium” VRF and on January 27, 2009, the Commission approved the modified “Medium” VRF. Therefore, the “Lower” VRF for CIP-004-1 R4.2 was in effect from June 18, 2007 until January 27, 2009 when the “Medium” VRF became effective. CIP-004-1 R4 and R4.1 have “Lower” VRFs.

³ Within the text of Standard CIP-004, “Responsible Entity” shall mean: Reliability Coordinator, Balancing Authority, Interchange Authority, Transmission Service Provider, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, Load Serving Entity, NERC, or Regional Entity.

calendar days of any change of personnel with such access to Critical Cyber Assets, or any change in the access rights of such personnel. The Responsible Entity shall ensure access list(s) for contractors and service vendors are properly maintained.

VIOLATION DESCRIPTION

On January 28, 2009, URE self-reported its possible non-compliance with CIP-004-1 R4.1. URE's procedures were inadequate to assure that access list of personnel who have access to Critical Cyber Assets are updated within seven calendar days of any change of personnel. There were four (4) occurrences of the access list not being updated within the required seven calendar days from 8/18/2008 to 01/14/2009.⁴

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the BPS because:

- 1. URE had revoked or suspended access to the Critical Cyber Assets prior to the list(s) being updated. URE confirmed that each person that should have been removed from the access list had no unauthorized access to Critical Cyber Assets during the periods that the list was inaccurate.**

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☒
 ADMITS TO IT YES ☐
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT YES ☒
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

⁴ URE Self-Reported the four occurrences. FRCC considered the occurrences to be a single violation of the Reliability Standard requirement because URE did not have adequate processes or procedures in place, nor sufficient training of personnel to ensure that the lists were updated as required by R4.1, which formed a single cause for the occurrences of non-compliance.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) **08/18/2008 to 02/13/2009 (Mitigation Plan completed)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **01/28/2009**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

III. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-08-1490**

DATE SUBMITTED TO REGIONAL ENTITY **2/13/2009**
 DATE ACCEPTED BY REGIONAL ENTITY **3/07/2009**
 DATE APPROVED BY NERC **3/27/2009**
 DATE PROVIDED TO FERC **3/31/2009**
 IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

Original Mitigation Plan, dated 1/28/2009 was rejected on 2/12/2009 for the following deficiencies:

- a. **Mitigation Plan Section D.2 proposed/actual completion dates were not included for each Milestone Activity.**

URE submitted a revised Mitigation Plan on 2/13/2009 which was accepted by FRCC.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **2/13/2009**
EXTENSIONS GRANTED **N/A**
ACTUAL COMPLETION DATE **2/13/2009**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY **2/13/2009**
LETTER DATE **2/13/2009**

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY **2/13/2009**
LETTER DATE **3/12/2009**

**ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE**

**The following actions were taken to mitigate the issue and prevent
recurrence:**

- a. URE access list for Critical Cyber Assets was updated.**
- b. URE revised the written practices to ensure access lists are updated within the required timelines.**
- c. URE trained staff on the new practices including training on the revisions to practices document on the Physical Security access system and on Critical Cyber Asset electronic management. The training was based on events that will trigger the update of Critical Cyber and Physical Security Access lists.**
- d. URE implemented the 'OATi webCompliance' software tracking tool. URE setup tracking and alarms for quarterly Critical Cyber Assets access list review. Within the software program URE set up an electronic seven day task reminder via e-mail and in OATi as a mode of checking the list on a weekly basis.**

**LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE
COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN
WHICH MITIGATION IS NOT YET COMPLETED)**

FRCC Compliance Staff reviewed the following milestone documents:

- 1. URE's procedure document on Physical Security access.**
- 2. URE's procedure document on Critical Cyber Asset electronic management.**
- 3. An internal URE e-mail identifying the employee within the company that is responsible for maintaining the lists of personnel with both electronic and unescorted physical access to Critical Cyber Assets.**

4. URE's individual employee forms (with employee signatures) indicating they received training on the on the Physical Security access system and on Critical Cyber Asset electronic management documents.
5. URE's examples of OATi webCompliance Quarterly and seven-day tracking alarm and an example of the corporate email reminder.

IV. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

Proposed Penalty is included in Settlement Agreement with nine other violations (FRCC200800085, FRCC200800086, FRCC200800116, FRCC200800117, FRCC200900136, FRCC200900137, FRCC200900141, FRCC200900171 and FRCC200900172).

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Requirement 4.1 of NERC Reliability Standard CIP-004-1 has a "Lower" VRF. FRCC Compliance Enforcement Staff assessed a VSL of "Level 1" in accordance with the Levels of Non-Compliance in effect at the time the violation was discovered because URE's list(s) of personnel with their access rights is available, but had not been reviewed and updated as required.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE's size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation. The determination is based, in part, on the following facts:

- a. The instant violation was URE's second violation of CIP-004-1 R4.1;
- b. URE Self-Reported the violation of Requirement 4.1;
- c. URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;
- d. URE has developed an Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;
- e. URE agreed to resolve these issues via settlement and promptly initiated various mitigation and preventative measures, as described

- in its Mitigation Plan, before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC; and**
- f. FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.**

(2) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☒ NO ☐

NUMBER OF SUCH VIOLATIONS

1

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

This is the second of two (2) CIP-004-1 violations contained within this Settlement Agreement.

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐

EXPLAIN

URE fully cooperated with the FRCC Compliance Staff during the processing of the violations by promptly providing evidence of Mitigation Plan completion.

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES ☒ NO ☐

EXPLAIN

On May 14, 2009, FRCC reviewed URE's Internal Compliance Program and found that URE had established a documented Internal Compliance Program that was contained within several program documents.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE

YES ☒ NO ☐

EXPLAIN

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION

YES ☐ NO ☒

IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒

IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒

IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒

IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS “YES,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

URE’s FRCC Compliance Self Reporting Form dated 1/28/2009

MITIGATION PLAN

URE’s revised FRCC Mitigation Plan Submittal Form dated 2/13/2009

CERTIFICATION BY REGISTERED ENTITY

URE’s FRCC Mitigation Plan Completion Form – Certification of a Completed Mitigation Plan dated 2/13/2009

OTHER RELEVANT INFORMATION:

None

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE **N/A**

OUTCOME **N/A**

APPEAL REQUESTED **N/A**

Disposition Document for PRC-005-1 R2.2 (FRCC200900141)

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200900141	URE_2009_04	NOC-0153
REGISTERED ENTITY Unidentified Registered Entity (URE)		NERC REGISTRY ID. NCRXXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1		R2.2	High²	Lower

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose of PRC-005-1 is “[t]o ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”

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

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

VIOLATION DESCRIPTION

During a 2008 Spot Check conducted by FRCC, FRCC discovered URE’s possible non-compliance with PRC-005-1 R2.2. On February 13, 2009, URE subsequently self-reported that it discovered 44 (forty-four) protective relays at one of its

¹ At the time of the Settlement Agreement, these violations were possible violations. For purposes of this disposition document, the violations at issue are described as “violations,” regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

² PRC-005-1 R2 has a “Lower” VRF; R2.1 has a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007.

substations and 1 (one) protective relay at another of its substations that were not tested during URE's defined testing/maintenance interval as stated in URE's Protection System Program.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the BPS because:

- 1. URE's test results of the Protective Relays that were not tested during URE's defined testing/maintenance interval resulted in that each relay passed the test without adjustment. None of the relays failed the test once the testing was performed.³**

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input checked="" type="checkbox"/>
ADMITS TO IT	YES	<input type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT	YES	<input checked="" type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

³ Most of the relays were on a 14 month test and maintenance interval. The interval was missed on an average of 6 months. It is possible for a relay to fail or miss-operate but since the testing was being performed on a 14 month cycle the likely hood of a misoperation is diminished. URE's testing and maintenance interval for protection systems are on a 1-year interval for electromechanical and 3-year interval for digital. The actual testing and maintenance for the relays that are part of the Self Report were 1-2 years beyond URE's defined interval. The '*NERC Protections System Maintenance Technical Reference*' dated September 13, 2007 indicates the recommended maximum verification interval for un-monitored and partial monitored protective relays is 5-7 years. The actual testing of URE's protective relays that were out of interval was 2-5 years, therefore, the relays were tested within the NERC recommended intervals.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) **6/18/2007 (enforceable date) to 2/24/2009 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **2/13/2009**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

III. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-1685**

DATE SUBMITTED TO REGIONAL ENTITY **3/13/2009**
 DATE ACCEPTED BY REGIONAL ENTITY **5/11/2009**
 DATE APPROVED BY NERC **5/18/2009**
 DATE PROVIDED TO FERC **5/18/2009**
 IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

The Mitigation Plan was not rejected.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **2/24/2009**
 EXTENSIONS GRANTED **N/A**
 ACTUAL COMPLETION DATE **2/24/2009**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY **2/24/2009**
 LETTER DATE **3/13/2009**

Attachment H

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY **2/24/2009**
LETTER DATE **1/20/2010**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE

**The following actions were taken to mitigate the issue and prevent
recurrence:**

- a. URE tested the Protective Relays that were outside URE's
testing/maintenance interval as stated in URE's Protection
System Program.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE
COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN
WHICH MITIGATION IS NOT YET COMPLETED)

FRCC Compliance Staff reviewed the following milestone documents:

- 1. URE's summary list of Protective System relays including test
dates.**
- 2. URE's test result for the Protective System relays that showed
evidence of the date when URE last tested/maintained the
devices.**

IV. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

**Proposed Penalty is included in Settlement Agreement with nine other violations
(FRCC200800085, FRCC200800086, FRCC200800116, FRCC200800117,
FRCC200900136, FRCC200900137, FRCC200900138, FRCC200900171 and
FRCC200900172).**

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

**Requirement 2.2 of NERC Reliability Standard PRC-005-1 has a "High" VRF.
FRCC Compliance Enforcement Staff assessed a VSL of "Lower" in accordance
with the matrix in effect at the time the violation was discovered because URE's
summary of maintenance and testing procedures was missing for no more that 25%
of the applicable devices.**

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE's size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation. The determination is based, in part, on the following facts:

- a. **URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;**
- b. **URE has developed an Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;**
- c. **URE self reported the violations of Requirement 2.2;**
- d. **URE agreed to resolve these issues via settlement and promptly initiated various mitigation and preventative measures, as described in its Mitigation Plan, before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC; and**
- e. **FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.**

(2) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐
EXPLAIN

URE fully cooperated with the FRCC Compliance Staff during the processing of the violations by promptly providing evidence of Mitigation Plan completion.

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES ☒ NO ☐
EXPLAIN

On May 14, 2009, FRCC reviewed of URE's Internal Compliance Program and found that URE had established a documented Internal Compliance Program that was contained within several program documents.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE
YES ☒ NO ☐
EXPLAIN

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN.

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒

IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒

IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

URE's FRCC Compliance Self Reporting Form submitted 2/13/2009

MITIGATION PLAN

URE's FRCC Mitigation Plan Submittal Form dated 3/13/2009

CERTIFICATION BY REGISTERED ENTITY

URE's FRCC Mitigation Plan Completion Form – Certification of a Completed Mitigation Plan dated 3/13/2009

OTHER RELEVANT INFORMATION:

None

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☒ NO CONTEST

HEARING REQUESTED

YES ☐ NO ☒

DATE N/A

OUTCOME N/A

APPEAL REQUESTED N/A

Disposition Document for PRC-005-1 R2.1 (FRCC200900171)

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200900171	URE_2009_05	NOC-0153
REGISTERED ENTITY		NERC REGISTRY ID.
Unidentified Registered Entity (URE)		NCRXXXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1		R2.1	High²	Lower

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose of PRC-005-1 is “[t]o ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”

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

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

VIOLATION DESCRIPTION

During a Spot Check conducted by FRCC, FRCC discovered URE’s possible non-compliance with PRC-005-1 R2.1. On April 27, 2009, URE subsequently self-

¹ At the time of the Settlement Agreement, these violations were possible violations. For purposes of this disposition document, the violations at issue are described as “violations,” regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

² PRC-005-1 R2 has a “Lower” VRF; R2.1 has a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007.

reported that it did not perform power factor testing on its coupling capacitor voltage transformers (CCVT) at one of its substations (the CCVTs were due to be tested on January 23, 2005). The violation therefore was from 6/18/2007 when the Standard became mandatory until 4/01/2009 when the CCVTs were tested

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the BPS because:

1. URE performed continuous monitoring of its coupling capacitor voltage transformer devices through its Supervisory Control and Data Acquisition (SCADA) system.³ URE's SCADA is monitored 24 hours a day by URE's System Operators.
2. URE tested the relays and all relay setting and functions were found to be in compliance with the transmission system requirements.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input checked="" type="checkbox"/>
ADMITS TO IT	YES	<input type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT	YES	<input checked="" type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>

³ With continuous SCADA monitoring the System Operator would be aware if the CCVT experienced bad voltage readings therefore alerting field crews to check it out.

Attachment I

COMPLIANCE VIOLATION INVESTIGATION ☐
 SPOT CHECK ☐
 COMPLAINT ☐
 PERIODIC DATA SUBMITTAL ☐
 EXCEPTION REPORTING ☐

DURATION DATE(S) **6/18/2007 (enforceable date) to 4/02/2009 (Mitigation Plan completion date)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **4/27/2009**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒
 PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

III. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-1690**

DATE SUBMITTED TO REGIONAL ENTITY **4/27/2009**
 DATE ACCEPTED BY REGIONAL ENTITY **5/11/2009**
 DATE APPROVED BY NERC **5/18/2009**
 DATE PROVIDED TO FERC **5/18/2009**
 IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

The Mitigation Plan was not rejected.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **4/02/2009**
 EXTENSIONS GRANTED **N/A**
 ACTUAL COMPLETION DATE **4/02/2009**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY **4/02/2009**
 LETTER DATE **4/27/2009**
 DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY **4/02/2009**
 LETTER DATE **2/15/2010**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The following actions were taken to mitigate the issue and prevent recurrence:

- a. **URE performed the power factor test/maintenance on CCVTs (voltage and current sensing devices) that were outside URE's testing/maintenance intervals.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED)

FRCC Compliance Staff reviewed the following milestone documents:

- 1. Evidence that shows that power factor testing was performed on) coupling capacitor voltage transformers (CCVT) that was out of test interval from 6/18/2007 till 4/01/2009. The report indicates those tests were performed on 4/01/2009.**
- 2. Evidence shows detail results of the power factor testing on that was performed on the CCVTs.**

IV. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

Proposed Penalty is included in Settlement Agreement with nine other violations (FRCC200800085, FRCC200800086, FRCC200800116, FRCC200800117, FRCC200900136, FRCC200900137, FRCC200900138, FRCC200900141, and FRCC200900172).

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Requirement 2.1 of NERC Reliability Standard PRC-005-1 has a "High" VRF. FRCC Compliance Enforcement Staff assessed a VSL of "Lower" in accordance with the matrix in effect at the time the violation was discovered because URE maintained and tested System Protection devices within the defined intervals was missing for no more that 25% of the applicable devices.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE's size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation. The determination is based, in part, on the following facts:

- a. **URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;**
- b. **URE has developed an Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;**
- c. **URE self reported the violation of Requirement 2.1;**
- d. **URE agreed to resolve these issues via settlement and promptly initiated various mitigation and preventative measures, as described in its Mitigation Plan, before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC; and**
- e. **FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.**

(2) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐
EXPLAIN

URE fully cooperated with the FRCC Compliance Staff during the processing of the violations by promptly providing evidence of Mitigation Plan completion.

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES ☒ NO ☐

EXPLAIN

On May 14, 2009, FRCC reviewed URE's Internal Compliance Program and found that URE had established a documented Internal Compliance Program that was contained within several program documents.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE

YES ☒ NO ☐
EXPLAIN

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

URE's FRCC Compliance Self Reporting Form submitted 4/27/2009

MITIGATION PLAN

URE's FRCC Mitigation Plan Submittal Form dated 4/27/2009

CERTIFICATION BY REGISTERED ENTITY

URE's FRCC Mitigation Plan Completion Form – Certification of a Completed Mitigation Plan dated 4/27/2009

OTHER RELEVANT INFORMATION:

None

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☒ NO CONTEST

HEARING REQUESTED

YES ☐ NO ☒

DATE N/A

OUTCOME N/A

APPEAL REQUESTED N/A

**Disposition Document for FAC-003-1 R2
(FRCC200900172)**

DISPOSITION OF VIOLATION¹

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
FRCC200900172	URE_2009_06	NOC-0153
REGISTERED ENTITY		NERC REGISTRY ID.
Unidentified Registered Entity (URE)		NCRXXXX

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
FAC-003-1	R2		High	Lower

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose of FAC-003-1 is to improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines and vegetation on and along transmission ROW, and reporting vegetation related outages of the transmission systems to the respective Regional Entities and NERC.

R2 – The Transmission Owner shall create and implement an annual plan for vegetation management work to ensure the reliability of the system. The plan shall describe the methods used, such as manual clearing, mechanical clearing, herbicide treatment, or other actions. The plan should be flexible enough to adjust to changing conditions, taking into consideration anticipated growth of vegetation and all other environmental factors that may have an impact on the reliability of the transmission systems. Adjustments to the plan shall be documented as they occur. The plan should take into consideration the time required to obtain permissions or permits from landowners or regulatory authorities. Each Transmission Owner shall have systems and procedures for documenting and tracking the planned vegetation management work and ensuring that the vegetation management work was completed according to work specifications.

¹ At the time of the Settlement Agreement, these violations were possible violations. For purposes of this disposition document, the violations at issue are described as “violations,” regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

VIOLATION DESCRIPTION

During a Spot-Check conducted by FRCC URE failed to provide evidence that URE's annual plan for vegetation management work ensured that vegetation management work was completed according to work specifications.

**RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL
FRCC finds that the violation did not pose a serious or substantial risk to the reliability of the BPS because:**

- 1. URE stated that it actually performed field verification visits to inspect and confirm whether the transmission vegetation management work was performed per the contract specification. URE did not document these field verifications.**

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☒
 ADMITS TO IT YES ☐
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT YES ☒
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input checked="" type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) 6/18/2007 (enforceable date) to 6/11/2009 (Mitigation Plan completion date)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **5/12/2009**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒

PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

III. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-07-1762**

DATE SUBMITTED TO REGIONAL ENTITY **6/12/2009**

DATE ACCEPTED BY REGIONAL ENTITY **6/18/2009**

DATE APPROVED BY NERC **6/23/2009**

DATE PROVIDED TO FERC **6/23/2009**

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

The Mitigation Plan was not rejected.

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **6/11/2009**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **6/11/2009**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY **6/11/2009**

LETTER DATE **6/12/2009**

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY **6/11/2009**

LETTER DATE **6/18/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE

**The following actions were taken to mitigate the issue and prevent
recurrence:**

- a. **URE developed and implemented URE's Vegetation Management work inspection report which includes the date, inspector name, method of inspections, evaluation of right-of-way condition by structure and method required for resolving areas needing maintenance.**
- b. **URE executive management issued a directive to personnel responsible for URE's Vegetation Management Program on**

the required use of the new Vegetation Management work inspection report.

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED)

FRCC Compliance Staff reviewed the following milestone documents:

- 1. A directive to URE's Vegetation Management personnel on the required use of the Vegetation Management work inspection report.**
- 2. URE's new Vegetation Management work inspection report.**

IV. PENALTY INFORMATION

PROPOSED PENALTY OR SANCTION

Proposed Penalty is included in Settlement Agreement with nine other violations (FRCC200800085, FRCC200800086, FRCC200800116, FRCC200800117, FRCC200900136, FRCC200900137, FRCC200900138, FRCC200900141, and FRCC200900171).

Total penalty is \$55,000 (fifty-five thousand dollars).

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Requirement 2 of NERC Reliability Standard FAC-003-1 has a "High" VRF. FRCC Compliance Enforcement Staff assessed a VSL of "Lower" in accordance with the matrix in effect at the time the violation was discovered because URE did not meet one of the three required elements (having procedures for tracking work performed as part of the annual plan) specified in the requirement.

(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION

FRCC has determined that the proposed penalty bears a reasonable relationship to the severity of the violation, in view of URE's size and status as a not-for-profit entity, and considers the actions taken by URE to mitigate the violation.

The determination is based, in part, on the following facts:

- a. URE has had no prior violation history for this Reliability Standard;**
- b. URE fully cooperated with FRCC Compliance Enforcement Staff in addressing these issues;**
- c. URE has developed and Internal Compliance Program and demonstrated continuing improvements in the implementation of the program;**

- d. **URE agreed to resolve these issues via settlement and promptly initiated various mitigation and preventative measures, as described in its Mitigation Plan, before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction from FRCC; and**
- e. **FRCC determined that there was no serious or substantial risk to the BPS as a result of this violation, as discussed above.**

(2) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

0

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS
N/A

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☐ NO ☒

NUMBER OF SUCH VIOLATIONS

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐

EXPLAIN

URE fully cooperated with the FRCC Compliance Staff during the processing of the violations by promptly providing evidence of Mitigation Plan completion.

(4) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES ☒ NO ☐

EXPLAIN

On May 14, 2009, FRCC reviewed URE's Internal Compliance Program and found that URE had established a documented Internal

Compliance Program that was contained within several program documents.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE

YES ☒ NO ☐
EXPLAIN

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

FRCC's 2008 Annual Compliance Spot Check Report for URE

MITIGATION PLAN

URE's FRCC Mitigation Plan Submittal Form dated 6/12/2009

CERTIFICATION BY REGISTERED ENTITY

URE's FRCC Mitigation Plan Completion Form – Certification of a Completed Mitigation Plan dated 6/12/2009

OTHER RELEVANT INFORMATION:

None

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: OR N/A ☒

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☒ NO CONTEST

HEARING REQUESTED

YES ☐ NO ☒

DATE N/A

OUTCOME N/A

APPEAL REQUESTED N/A