



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

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HAS BEEN REMOVED FROM THIS PUBLIC VERSION

March 30, 2011

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

**Re: NERC Abbreviated Notice of Penalty regarding 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),<sup>1</sup> with information and details regarding the nature and resolution of the violations<sup>2</sup> discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Documents (Attachment b), 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)).<sup>3</sup>

The Settlement Agreement addresses thirty (30) violations for URE of the NERC Reliability Standards. The full details of these violations are described below and in the attached Disposition Documents. This Notice of Penalty is being filed with the Commission because the Western Electricity Coordinating Council (WECC) and URE have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC's determination and findings of the enforceable violations of CIP-001-1 R1, R2, R3 and R4; CIP-004-1 R2, R3 and R4; CIP-007-

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<sup>1</sup> NERC is concurrently filing a Notice of Confirmed Violation between WECC and URE that addresses violations of CIP-002-1 R2, CIP-007-1 R6/R6.5 and CIP-008-1 R1.

<sup>2</sup> For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

<sup>3</sup> *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).

1 R1; CIP-008-1 R1; CIP-009-1 R1 and R2; COM-001-1 R2; EOP-005-1 R7; FAC-001-0 R1, R2 and R3; FAC-003-1 R1; FAC-008-1 R1 and R2; FAC-009-1 R1; FAC-014-1 R2, R4 and R5; INT-006-1 R1 and two violations of INT-006-2 R1; PRC-004-1 R2; PRC-005-1 R1 and R2; and TOP-002-2 R1. According to the Settlement Agreement, the violations are Confirmed Violations and URE has agreed to the assessed penalty of one hundred and six thousand dollars (\$106,000) in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers WECC200800793, WECC200800794, WECC200800795, WECC200800796, WECC200800901, WECC200800902, WECC200800903, WECC200800904, WECC200800905, WECC200800906, WECC200800907, WECC200800908, WECC200810379, WECC200810381, WECC200810382, WECC200810383, WECC200800627, WECC200810384, WECC200810385, WECC200810386, WECC200901326, WECC200801327, WECC200901328, WECC200800797, WECC200801226, WECC200901322, WECC200810387, WECC200800909, WECC200810389 and WECC200710135 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 11, 2010, by and between WECC and URE. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Unidentified Registered Entity	NOC-491	WECC200800793	CIP-001-1	1	Medium	106,000
			WECC200800794	CIP-001-1	2	Medium	
			WECC200800795	CIP-001-1	3	Medium	
			WECC200800796	CIP-001-1	4	Medium	
			WECC200800901	CIP-004-1	2	Medium <sup>4</sup>	
			WECC200800902	CIP-004-1	3	Lower <sup>5</sup>	

<sup>4</sup> CIP-004-1 R2 has a "Lower" VRF and R2.1 had a "Lower" VRF which was in effect at the start of the violation. CIP-004-1 R2.1, R2.2 and R2.2.4 were originally assigned a "Lower" VRF. The Commission approved the VRFs as filed, but directed NERC to submit modifications. On January 27, 2009, the Commission approved the modified "Medium" VRFs. Therefore, the "Lower" VRFs were in effect from June 18, 2007 through January 27, 2009 when the "Medium" VRFs became effective. CIP-004-1 R2, R2.2.1, R2.2.2, R2.2.3 and R2.3 each have a "Lower" VRF. CIP-004-1, R2.1 and R2.2 each have a "Medium" VRF effective January 27, 2009. CIP-004-1, R2.2.4 has a "Medium" VRF. According to the Settlement Agreement, WECC determined that a "Medium" VRF was appropriate for the instant violation.

<sup>5</sup> When NERC filed VRFs it originally assigned CIP-004-1 R3 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

			WECC200800903	CIP-004-1	4	Medium <sup>6</sup>	
			WECC200800904	CIP-007-1	1	Medium <sup>7</sup>	
			WECC200800905	CIP-008-1	1	Lower <sup>8</sup>	
			WECC200800906	CIP-009-1	1	Medium	
			WECC200800907	CIP-009-1	2	Lower	
			WECC200800908	COM-001-1	2	Medium	
			WECC200810379	EOP-005-1	7	High <sup>9</sup>	
			WECC200810381	FAC-001-0	1	Medium	
			WECC200810382	FAC-001-0	2	Medium	
			WECC200810383	FAC-001-0	3	Medium	
			WECC200800627	FAC-003-1	1	High	
			WECC200810384	FAC-008-1	1	Lower <sup>10</sup>	
			WECC200810385	FAC-008-1	2	Lower	
			WECC200810386	FAC-009-1	1	Medium	
			WECC200901326	FAC-014-1 <sup>11</sup>	2	Medium	
			WECC200901327	FAC-014-1	4	Medium	
			WECC200901328	FAC-014-1	5	High <sup>12</sup>	
			WECC200800797	INT-006-1	1	Lower	
			WECC200801226	INT-006-2 <sup>13</sup>	1	Lower	

CIP-004-1 R3 was in effect from June 18, 2007 until January 27, 2009 when the “Medium” VRF became effective. According to the Settlement Agreement, WECC assigned a “Medium” VRF to the violation; however, the “Lower” VRF was in effect for the entire duration of the violation.

<sup>6</sup> When NERC filed 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 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 each have a “Lower” VRF. According to the Settlement Agreement, WECC determined that a “Medium” VRF was appropriate for the instant violation.

<sup>7</sup> When NERC filed VRFs it originally assigned CIP-007-1 R1.1 a “Lower” VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified “Medium” VRF and the Commission approved the modified “Medium” VRF. Therefore, the “Lower” VRF for CIP-007-1 R1.1 was in effect from June 18, 2007 until January 27, 2009 when the “Medium” VRF became effective. CIP-007-1 R1 has a “Medium” VRF and CIP-007-1 R1.2 and R1.3 each have a Lower VRF. According to the Settlement Agreement, WECC determined that a “Medium” VRF was appropriate for the instant violation.

<sup>8</sup> The Settlement Agreement incorrectly states that the VRF for CIP-008-1 R1 is “Medium.”

<sup>9</sup> When NERC filed VRFs it originally assigned EOP-005-1 R7 a “Medium” VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified “High” VRF and the Commission approved the modified “High” VRF. Therefore, the “Medium” VRF for EOP-005-1 R7 was in effect from June 18, 2007 until February 6, 2008 when the “High” VRF became effective.

<sup>10</sup> 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. 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.

<sup>11</sup> The Settlement Agreement incorrectly references FAC-014-2 which became effective on April 29, 2009. FAC-014-1 was enforceable from January 1, 2009 through April 28, 2009 and therefore, was the Standard in effect at the time of the violations.

<sup>12</sup> When NERC filed VRFs it originally assigned FAC-014-1 R5 and R5.1 “Medium” VRFs. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified “High” VRF and the Commission approved the modified “High” VRFs. Therefore, the “Medium” VRFs for FAC-014-1 R5 and R5.1 were in effect from June 18, 2007 until May 29, 2008 when the “High” VRFs became effective. FAC-014-1 R5.1.1, R5.1.2, R5.1.3, R5.1.4, R5.2, R5.3 and R5.4 each have a “Medium” VRF.

			WECC200901322	INT-006-2 <sup>14</sup>	1	Lower	
			WECC200810387	PRC-004-1	2	High	
			WECC200800909	PRC-005-1	1	High <sup>15</sup>	
			WECC200810389	PRC-005-1	2	Lower <sup>16</sup>	
			WECC200710135	TOP-002-2	1	Medium	

The text of the Reliability Standards at issue and further information on each of the violations is set forth in the Disposition Documents.

#### CIP-001-1 R1 through R4 - OVERVIEW

WECC determined that URE did not: (1) have a procedure for the recognition of, and for making its operating personnel aware of, sabotage events as required by R1; (2) have a procedure that contained adequate steps for the communication of information concerning sabotage events to appropriate parties in the Interconnection as required by R2; (3) provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events as required by R3; and (4) establish communications contacts with local FBI officials or develop reporting procedures appropriate to URE's circumstances as required by R4.

The duration of the CIP-001-1 R1 through R4 violations was from June 18, 2007, when the Standard became mandatory and enforceable, through September 19, 2008, the date URE completed its Mitigation Plan.

WECC determined that URE did not have an adequate procedure for the recognition of sabotage events. Thus, the settlement agreement assesses the violation as a severe risk to the reliability of the bulk power system (BPS) because the loss of URE generation as a result of a sabotage event, or the inability to quickly communicate with the FBI would cause an impact to its customers and the interconnected system.

#### CIP-004-1 R2 through R4 - OVERVIEW

WECC determined that URE did not have: (1) an adequate cyber security training program that met all the elements of R2; (2) a personnel risk assessment for personnel having authorized cyber or authorized unescorted physical access to comply with R3; and (3) a list(s) of personnel with

<sup>13</sup> INT-006-1 became effective on January 1, 2007. INT-006-2 was revised to reflect revision to the Timing Table and became effective on August 27, 2008. The actual language of the Standard, the requirements and sub-requirements did not change.

<sup>14</sup> *Id.*

<sup>15</sup> 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.

<sup>16</sup> PRC-005-1 R2 has a "Lower" Violation Risk Factor (VRF); R2.1 and R2.2 each have 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.

authorized cyber or authorized unescorted physical access to Critical Cyber Assets to comply with R4.

The duration of the CIP-004-1 R2 through R4 violations was from July 1, 2008, when the Standard became mandatory and enforceable for Table 1 entities with respect to their System Control Center assets, through December 16, 2008, the date URE completed its Mitigation Plan.

While the settlement agreement assesses the violation as a high risk because URE did not have the plans and documentation necessary to comply with the requirements of the Standard, WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS).<sup>17</sup>

#### CIP-007-1 R1 - OVERVIEW

WECC determined that URE did not have adequate test procedures for ensuring that new cyber assets and significant changes to existing cyber assets within the Electronic Security Perimeter would not adversely affect existing cyber security controls.

The duration of the CIP-007-1 R1 violation was from July 1, 2008, when the Standard became mandatory and enforceable for Table 1 entities with respect to their System Control Center assets, through December 16, 2008, the date URE completed its Mitigation Plan.

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS because URE had plans and documentation in place; however, the existing procedures did not have adequate test procedures to ensure that new cyber assets and significant changes to existing cyber assets within the Electronic Security Perimeter would not adversely affect existing cyber security controls.

#### CIP-008-1 R1 - OVERVIEW

WECC determined that URE did not have adequate procedures to appropriately characterize and classify, respond to and report cyber security incidents.

The duration of the CIP-008-1 R1 violation was from July 1, 2008, when the Standard became mandatory and enforceable for Table 1 entities with respect to their System Control Center assets, through November 25, 2008, the date URE completed its Mitigation Plan.

WECC determined that the violation did not pose a serious or substantial risk to the reliability of the BPS because a documentation gap existed for a very short period of time due to an administrative/documentation management error. URE lacked documentation stating that the Cyber Security Incident Response Plan shall be tested annually; however, actual testing of the Cyber Security Incident Response Plan had taken place.

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<sup>17</sup> The Settlement Agreement states that WECC's initial determination of the risk was high, however the actual risk was not serious or substantial based on the facts and circumstances of the instant violations.



#### CIP-009-1 R1 and R2 - OVERVIEW

WECC determined that URE did not have adequate recovery plans because the plans failed to specify required actions in response to events or conditions of varying duration and severity and failed to define the roles and responsibilities of responders for recovery of Critical Cyber Assets as required by R1. Therefore, URE could not exercise its plans as required by R2.<sup>18</sup>

The duration of the CIP-009-1 R1 and R2 violations was from July 1, 2008, when the Standard became mandatory and enforceable for Table 1 entities with respect to their System Control Center assets, through November 24, 2008, the date URE completed its Mitigation Plan.

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS because although improper function of a Critical Cyber Asset or delayed recovery from a cyber event could impact URE's normal operations and its customers, URE had some existing recovery plans in place for its Critical Cyber Assets. However, the documentation was inadequate to comply with the Standard.

#### COM-001-1 R2 - OVERVIEW

WECC determined that although URE provided evidence to show that it had telecommunication monitoring procedures in place, it lacked complete maintenance records.

The duration of the COM-001-1 R2 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through June 24, 2009, the date URE completed its Mitigation Plan.

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS because although WECC cannot verify that all of URE's vital communications are adequately managed, WECC was able to verify that URE had procedures in place to manage, alarm, test and/or actively monitor vital telecommunications facilities, and that some of the required maintenance was performed.

#### EOP-005-1 R7 - OVERVIEW

WECC determined that URE did not verify its restoration procedure by actual testing or by simulation. URE had tested portions of the restoration procedure, such as black start capability, but had not tested or simulated all the elements of the procedure.

The duration of the EOP-005-1 R7 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through July 22, 2008, the date URE completed its Mitigation Plan.

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS because although URE had not tested or simulated all the elements of the restoration plan, it had tested portions of the restoration procedure, including its black start capability.

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<sup>18</sup> Although WECC determined that URE had violations of both CIP-009-1 R1 and R2, both violations stemmed from a single act of non-compliance, which was considered in WECC's determination of the penalty.

#### FAC-001-0 R1 through R3 - OVERVIEW

WECC determined that URE had established and published facility connection requirements for non-utility generators, but did not include transmission voltage levels and did not have established interconnection requirements for transmission facilities or end-user facilities. Additionally, since the transmission voltage levels required by R1 were not established in the facility connection requirements under R1, they could not be addressed in R2.

Because URE did not establish facility connection requirements for transmission or end-user facilities, it could not update and maintain its facility connection requirements and would not have been able to make documentation of these requirements available to users of the transmission system, WECC and NERC upon request as required by R3.<sup>19</sup>

The duration of the FAC-001-0 R1 through R3 violations was from June 18, 2007, when the Standard became mandatory and enforceable, through June 5, 2008, the date URE completed its Mitigation Plan.

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS because although URE had not established facility connection and performance requirements that complied with the Standard, it had established interconnections on an as-needed basis, including regional studies and involvement of other utilities and its regional planning organization.

#### FAC-003-1 R1 - OVERVIEW

WECC determined that URE did not: (1) include its inspection plan as part of its transmission vegetation and management program (TVMP) and therefore, could not provide evidence to demonstrate it had followed the TVMP; (2) clearly define Clearance 2; and (3) provide evidence that its contract personnel had received training on URE's imminent threat procedures.

The duration of the FAC-003-1 R1 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through September 26, 2008, the date URE completed its Mitigation Plan.

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because URE's facilities are located in a high plains desert, and very little vegetation grows tall enough to contact 115 kV and 230 kV lines even on the hottest days. Also, actual vegetation management work did take place thru a tree trimming contract and herbicide application.

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<sup>19</sup> Although WECC determined that URE had violations of FAC-001-0 R1, R2 and R3, all three violations stemmed from a single act of non-compliance, which was considered in WECC's determination of the penalty.

FAC-008-1 R1 and R2, FAC-009-1 R1 and FAC-014-1 R2, R4 and R5<sup>20</sup> - OVERVIEW

WECC determined that URE did not include a statement in its rating process that it based Facility Ratings on the most limiting applicable Equipment Rating, did not have documented rating methodologies for generators, transformers, terminal equipment and series and shunt capacitors, and would not have been able to make its rating methodologies available within fifteen business days of a receipt of a request for inspection and technical review by the Reliability Coordinator, Transmission Operators, Transmission Planners and Planning Authorities that have responsibility for the area.

Since URE's Facility Ratings Methodology did not contain all the elements of FAC-008-1, URE did not establish Facility Ratings for all of its facilities based on an established methodology as required by FAC-009-1 R1.

WECC also determined that because URE did not establish Facility Ratings consistent with its methodology, URE could not establish SOLs and therefore, could not communicate its SOLs to its Planning Authority, Reliability Coordinators, Transmission Operators and Transmission Service Providers that work within its Transmission Planning Area and to adjacent Transmission Planners, as required by FAC-014-1 R5.

The duration of the FAC-008-1 R1 and R2 violations was from June 18, 2007, when the Standard became mandatory and enforceable, through June 5, 2008, the date URE completed its Mitigation Plan.

The duration of the FAC-009-1 R1 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through April 30, 2009, the date URE completed its Mitigation Plan.

The duration of the FAC-014-1 R2, R4 and R5 violations was from January 1, 2009, when the Standard became mandatory and enforceable, through October 28, 2009, the date URE completed its Mitigation Plan.

WECC determined that the violations of FAC-008-1 R1 and R2 and FAC-009-1 R1 did not pose a serious or substantial risk to the reliability of the BPS because although URE's methodology did not include the required statement, URE based its Facility Ratings on the most limiting factor in practice. Additionally, although URE did not have a documented Facility Ratings Methodology for generators, transformers, terminal equipment and series and shunt capacitors, URE had used industry standards and practices to rate its facilities and its system had performed successfully for many years with the ratings in place.

WECC determined that the violations of FAC-014-1 R2, R4 and R5 did not pose a serious or substantial risk to the reliability of the BPS because even though URE could not establish SOLs and IROLs, URE created interim SOLs that are used in transmission operating and planning until

<sup>20</sup> Although WECC determined that URE had violations of FAC-008-1 R1 and R2, FAC-009-1 R1 and FAC-014-1 R2, R4 and R5, all six violations stemmed from a single act of non-compliance, which was considered in WECC's determination of the penalty.



the final SOLs were established. The interim SOLs have a proven operating history based on long-standing facility ratings.

#### INT-006-1 R1 and INT-006-2 R1 (three total violations) - OVERVIEW

WECC determined that URE (1) did not respond to a Request for Interchange (RFI) within the defined assessment period and did not respond to a tag when its vendor's system shut down briefly; (2) did not respond to a tag because its system did not recognize a valid acronym; and (3) URE failed to update an e-tag due to a proxy server failure.

The duration of the first violation of INT-006-1 R1 violation was from April 25, 2008, when URE first failed to respond to the RFI, through October 8, 2008, the date URE completed its Mitigation Plan.

The duration of the second violation of INT-006-2 R1 violation was from October 19, 2008, when URE failed to respond to the transaction request, through October 28, 2008,<sup>21</sup> the date URE completed its Mitigation Plan.

The duration of the third violation of INT-006-2 R1 violation was from February 21, 2009,<sup>22</sup> when URE failed to respond to a request to transition an Arranged Interchange to a Confirmed Interchange, through May 12, 2009, the date URE completed its Mitigation Plan.

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because, in every case, the tags for the arranged interchanges were subsequently re-issued, approved and implemented. Although URE had three violations of this Standard, the violations were for routine daily commercial interchange transactions.<sup>23</sup>

#### PRC-004-1 R2 - OVERVIEW

WECC determined that URE did not conduct any analysis or develop any corrective action plans for two generator Protection System misoperations that had occurred.

The duration of the PRC-004-1 R2 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through May 15, 2008, the date URE completed its Mitigation Plan.

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS because URE's generators are composed of a number of individual turbines. A misoperation would have tripped a generator and the loss of a single generator could have been accommodated by spinning reserve until other units could be brought on line.

#### PRC-005-1 R1 and R2 - OVERVIEW

WECC determined that URE did not have a Protection System maintenance and testing program prior to January 1, 2008 as required by R1. Additionally, URE was not meeting maintenance and testing goals for transmission system equipment and was not conducting and documenting

<sup>21</sup> The Settlement Agreement incorrectly states October 29, 2008.

<sup>22</sup> The Settlement Agreement incorrectly states February 23, 2009.

<sup>23</sup> These transactions were financial transactions that revolved around routine forecasting and handling.

all required maintenance and testing of covered Protection System equipment within defined intervals.

The duration of the PRC-005-1 R1 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through January 1, 2008, when URE implemented its Protection System maintenance and testing program.

The duration of the PRC-005-1 R2 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through December 31, 2009, when URE completed its Mitigation Plan.

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS because although URE did not have documentation of its maintenance and testing which met the requirements of this Standard, URE performed maintenance and testing on its transmission interconnection facilities within the defined intervals.

#### TOP-002-2 R1 - OVERVIEW

WECC determined that URE did not maintain a set of current plans for maintaining system reliability, complete with an assessment of current conditions and options for contingencies as required by this Standard. URE also reported that it did not maintain a set of current plans designed to evaluate options and set procedures for reliable operation through a reasonable future time period.

The duration of the TOP-002-2 R1 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through June 9, 2008, the date URE completed its Mitigation Plan.

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS). The settlement agreement assesses the violation as a minimal risk based on its circumstances as pre to post June 18, 2007 violation. ]

### **Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>24</sup>**

#### **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,<sup>25</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on June 10, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a one hundred and six thousand dollar (\$106,000) financial penalty 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

<sup>24</sup> See 18 C.F.R. § 39.7(d)(4).

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

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 and third violations of INT-006;<sup>26</sup>
2. URE self-reported 28 of the 30 violations, although 4 of those violations were self-reported after being notified of an upcoming Spot Check for which URE did not get self-report credit, 10 of those violations became pre to post violations and 1 of the violations was initially self-reported and its scope was expanded during an on-site Compliance Audit;
3. WECC reported that URE was cooperative throughout the compliance enforcement process;
4. URE had a compliance program, which WECC considered to be a neutral factor in the penalty determination, as discussed in the Disposition Documents;
5. There was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. the violations did not pose a serious or substantial risk to the BPS, as discussed in the Notice of Penalty and Disposition Documents; and
7. WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the assessed penalty of one hundred and six thousand dollars (\$106,000) is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), 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

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<sup>26</sup> Although there were three violations of this Standard, the violations arose from three different factual circumstances.

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:

- a) Settlement Agreement between WECC and URE, executed on February 11, 2010, included as Attachment a;
- b) Disposition Document for Common Information dated June 10, 2010, included as Attachment b;
  - i. Disposition Document for CIP-001-1 R1 through R4, included as Attachment b-1;
  - ii. Disposition Document for CIP-004-1 R2 through R4, included as Attachment b-2;
  - iii. Disposition Document for CIP-007-1 R1, included as Attachment b-3;
  - iv. Disposition Document for CIP-008-1 R1, included as Attachment b-4;
  - v. Disposition Document for CIP-009-1 R1 and R2, included as Attachment b-5;
  - vi. Disposition Document for COM-001-1 R2, included as Attachment b-6;
  - vii. Disposition Document for EOP-005-1 R7, included as Attachment b-7;
  - viii. Disposition Document for FAC-001-0 R1 through R3, included as Attachment b-8;
  - ix. Disposition Document for FAC-003-1 R1, included as Attachment b-9;
  - x. Disposition Document for FAC-008-1 R1 and R2, FAC-009-1 R1 and FAC-014-1 R2, R4 and R5, included as Attachment b-10;
  - xi. Disposition Document for the three violations of INT-006 R1, included as Attachment b-11;
  - xii. Disposition Document for PRC-004-1 R2, included as Attachment b-12;
  - xiii. Disposition Document for PRC-005-1 R1 and R2, included as Attachment b-13;
  - xiv. Disposition Document for TOP-002-2 R1, included as Attachment b-14;
- c) Record documents for the violations of CIP-001-1 R1 through R4, included as Attachment c:
  - i. URE's Self-Report dated May 6, 2008;
  - ii. URE's Mitigation Plan designated as MIT-08-0868 dated July 10, 2008;

- iii. URE's Certification of Completion dated October 1, 2008;
- iv. WECC's Verification of Completion dated January 28, 2009;
- d) Record documents for the violations of CIP-004-1 R2 through R4, included as Attachment d:
  - i. URE's Self-Report dated June 19, 2008;
  - ii. URE's Mitigation Plan designated as MIT-08-0891 dated June 25, 2008 and revised on July 16, 2008;
  - iii. URE's Certification of Completion dated December 17, 2008;
  - iv. WECC's Verification of Completion dated January 23, 2009;
- e) Record documents for the violations of CIP-007-1 R1, included as Attachment e:
  - i. URE's Self-Report dated June 19, 2008;
  - ii. URE's Mitigation Plan designated as MIT-08-0892 dated July 16, 2008;
  - iii. URE's Certification of Completion dated December 16, 2008;
  - iv. WECC's Verification of Completion dated January 23, 2009;
- f) Record documents for the violations of CIP-008-1 R1, included as Attachment f:
  - i. URE's Self-Report dated June 19, 2008;
  - ii. URE's Mitigation Plan designated as MIT-08-0893 dated July 16, 2008;
  - iii. URE's Certification of Completion dated November 25, 2008;
  - iv. WECC's Verification of Completion dated January 23, 2009;
- g) Record documents for the violations of CIP-009-1 R1 and R2, included as Attachment g:
  - i. URE's Self-Report dated June 19, 2008;
  - ii. URE's Mitigation Plan designated as MIT-08-0894 dated July 16, 2008;
  - iii. URE's Certification of Completion dated November 24, 2008;
  - iv. WECC's Verification of Completion dated January 23, 2009;
- h) Record documents for the violations of COM-001-1 R2, included as Attachment h:
  - i. WECC's Determination of Violation Summary;
  - ii. URE's Mitigation Plan designated as MIT-08-1345 dated January 7, 2009;
  - iii. URE's Certification of Completion dated June 24, 2009;
  - iv. WECC's Verification of Completion dated November 4, 2009;
- i) Record documents for the violations of EOP-005-1 R7, included as Attachment i:
  - i. URE's Self-Report dated May 15, 2007;
  - ii. URE's Mitigation Plan designated as MIT-07-1223 dated May 19, 2008 and revised on October 23, 2008;
  - iii. URE's Certification of Completion dated July 22, 2008;



- iv. WECC's Verification of Completion dated March 31, 2010;
- j) Record documents for the violations of FAC-001-0 R1 through R3, included as Attachment j:
  - i. URE's Self-Report dated Spring 2007;
  - ii. URE's Mitigation Plan designated as MIT-07-1224 and Certification of Completion therein dated October 23, 2008;
  - iii. WECC's Verification of Completion dated June 2, 2009;
- k) Record documents for the violations of FAC-003-1 R1, included as Attachment k:
  - i. URE's Self-Report for R1.1 dated February 5, 2007;
  - ii. WECC's RSAW for the discovery of R1.2 and R1.5;
  - iii. URE's Mitigation Plan designated as MIT-07-0703 for FAC-003-1 R1.1 dated February 12, 2008;
  - iv. URE's Mitigation Plan designated as MIT-07-0703 for FAC-003-1 R1.2 and R1.5 dated September 26, 2008;
  - v. URE's Certification of Completion for FAC-003-1 R1.1 dated July 22, 2008;
  - vi. URE's Certification of Completion for FAC-003-1 R1.2 and R1.5 dated September 26, 2008;
  - vii. WECC's Verification of Completion dated March 31, 2010;
- l) Record documents for the violations of FAC-008-1 R1 and R2, included as Attachment l:
  - i. URE's Self-Report dated Spring 2007;
  - ii. URE's Mitigation Plan designated as MIT-07-1225 and Certification of Completion therein dated October 23, 2008;
  - iii. WECC's Verification of Completion dated June 2, 2009;
- m) Record documents for the violations of FAC-009-1 R1, included as Attachment m:
  - i. URE's Self-Report dated Spring 2007;
  - ii. URE's Mitigation Plan designated as MIT-07-1471 dated October 23, 2008;
  - iii. URE's Certification of Completion signed on April 30, 2009;
  - iv. WECC's Verification of Completion dated May 7, 2009;
- n) Record documents for the violations of FAC-014-1 R2, R4 and R5, included as Attachment n:
  - i. URE's Self-Report dated December 31, 2008;
  - ii. URE's Mitigation Plan designated as MIT-08-1565 dated December 31, 2008;
  - iii. URE's Certification of Completion dated October 29, 2009;
  - iv. WECC's Verification of Completion dated December 18, 2009;

- o) Record documents for the violations of INT-006-1 R1 (first violation), included as Attachment o:
  - i. URE's Self-Report for the first instance of non-compliance dated May 8, 2008;
  - ii. URE's Self-Report for the second instance of non-compliance dated August 12, 2008;
  - iii. URE's Mitigation Plan designated as MIT-08-0869 dated May 19, 2008;
  - iv. URE's Revised Mitigation Plan designated as MIT-08-0869 dated August 22, 2008;
  - v. URE's Certification of Completion dated October 8, 2008;
  - vi. WECC's Verification of Completion dated March 31, 2010;
- p) Record documents for the violations of INT-006-2 R1 (second violation), included as Attachment p:
  - i. URE's Self-Report dated October 28, 2008;
  - ii. URE's Mitigation Plan designated as MIT-08-1359 dated October 29, 2008;
  - iii. URE's Certification of Completion dated October 28, 2008;
  - iv. WECC's Verification of Completion dated February 13, 2009;
- q) Record documents for the violations of INT-006-2 R1 (third violation), included as Attachment q:
  - i. URE's Self-Report dated February 27, 2009;
  - ii. URE's Mitigation Plan designated as MIT-09-1564 dated February 27, 2009;
  - iii. URE's Certification of Completion dated May 12, 2009;
  - iv. WECC's Verification of Completion dated August 28, 2009;
- r) Record documents for the violations of PRC-004-1 R2, included as Attachment r:
  - i. URE's Self-Report dated Spring 2007;
  - ii. URE's Mitigation Plan designated as MIT-07-1226 and Certification of Completion therein dated October 23, 2008;
  - iii. WECC's Verification of Completion dated June 2, 2009;
- s) Record documents for the violations of PRC-005-1 R1, included as Attachment s:
  - i. WECC's Determination of Violation Summary;
  - ii. URE's Mitigation Plan designated as MIT-07-1346 and Certification of Completion therein dated January 2, 2009;
  - iii. WECC's Verification of Completion dated February 13, 2009;
- t) Record documents for the violations of PRC-005-1 R2, included as Attachment t:
  - i. URE's Self-Report dated May 15, 2007;
  - ii. URE's Mitigation Plan designated as MIT-07-1227 dated October 29, 2008;
  - iii. URE's Revised Mitigation Plan designated as MIT-07-1227 dated March 12, 2009;

- iv. URE's Certification of Completion dated December 31, 2009;
- v. WECC's Verification of Completion dated January 11, 2010;
- u) Record documents for the violations of TOP-002-2 R1, included as Attachment u:
  - i. URE's Self-Report dated May 15, 2007;
  - ii. URE's Mitigation Plan designated as MIT-07-1592 dated October 28, 2008;
  - iii. URE's Certification of Completion dated July 16, 2008; and
  - iv. WECC's Verification of Completion dated December 2, 2008.

**A Form of Notice Suitable for Publication<sup>27</sup>**

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

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<sup>27</sup> See 18 C.F.R § 39.7(d)(6).

## Notices and Communications

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

<p>Gerald W. Cauley President and Chief Executive Officer David N. Cook* Senior 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>Mark Maher* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (360) 713-9598 (801) 582-3918 – facsimile Mark@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p> <p>Sandy Mooy* Senior Legal Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 819-7658 (801) 883-6894 – facsimile SMooy@wecc.biz</p>	<p>Rebecca J. Michael* Associate General Counsel for Corporate and Regulatory Matters 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>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>
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NERC Notice of Penalty  
Unidentified Registered Entity  
March 30, 2011  
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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  
Vice President and General Counsel  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540-5721  
(609) 452-8060  
(609) 452-9550 – facsimile  
david.cook@nerc.net

/s/ Rebecca J. Michael  
Rebecca J. Michael  
Associate General Counsel for Corporate  
and Regulatory Matters  
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

cc: Unidentified Registered Entity  
Western Electricity Coordinating Council

Attachments



## **Attachment b**

### **Disposition Document for Common Information dated June 10, 2010**

**DISPOSITION OF VIOLATION<sup>1</sup>**  
**INFORMATION COMMON TO INSTANT VIOLATIONS**

REGISTERED ENTITY	NERC REGISTRY ID	NOC#
<b>Unidentified Registered Entity (URE)</b>	<b>NCRXXXXX</b>	<b>NOC-491</b>

REGIONAL ENTITY  
**Western Electricity Coordinating Council (WECC)**

IS THERE A SETTLEMENT AGREEMENT      YES ☒      NO ☐

WITH RESPECT TO THE VIOLATION(S), 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/ DOES NOT CONTEST IT      YES ☒

**III. PENALTY INFORMATION**

TOTAL PROPOSED PENALTY OR SANCTION OF **\$106,000** FOR **30<sup>2</sup>** VIOLATIONS.

**(1) REGISTERED ENTITY'S COMPLIANCE HISTORY**

PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER  
YES ☐      NO ☐

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

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<sup>1</sup> For purposes of this document and attachments hereto, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged, or confirmed violation.

<sup>2</sup> Attachment 1 to the Settlement Agreement includes a violation of PRC-004-1 R3 which was subsequently dismissed as discussed in the Disposition Document for PRC-004-1 R2. The Settlement Agreement does not include this dismissed violation.

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

YES ☐ NO ☐

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND  
STATUS

ADDITIONAL COMMENTS

(2) 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 ☐  
IF NO, EXPLAIN

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM  
YES ☒ NO ☐  
EXPLAIN

**WECC reviewed URE's ICP and considered it a neutral factor in the  
penalty determination.**

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT  
WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE  
PROGRAM INCLUDING WHETHER SENIOR MANAGEMENT  
TAKES ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM,  
SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE  
EVALUATIONS, OR OTHERWISE  
YES ☒ NO ☐

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

YES ☐ NO ☒  
IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION(S) WERE INTENTIONAL (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒  
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒  
IF YES, EXPLAIN

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

YES ☐ NO ☒  
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒  
IF YES, EXPLAIN

(9) ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR  
SANCTION (NAVAPS) ISSUED  
DATE: **12/9/2008** OR N/A ☐

SETTLEMENT DISCUSSIONS COMMENCED  
DATE: **4/22/2009** 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

OUTCOME

APPEAL REQUESTED



## **Disposition Document for CIP-001-1 R1 through R4**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
WECC200800793	URE_WECC2008832
WECC200800794	URE_WECC2008833
WECC200800795	URE_WECC2008834
WECC200800796	URE_WECC2008835

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-001-1	1		Medium	Severe
CIP-001-1	2		Medium	Severe
CIP-001-1	3		Medium	Severe
CIP-001-1	4		Medium	High

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

The purpose statement of CIP-001-1 states: “Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies.”

CIP-001-1 R1 through R4 provides:

- R1. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.**
- R2. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.**
- R3. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events.**
- R4. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of**

**Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances.**

#### **VIOLATION DESCRIPTION**

**In its Self-Certification submitted from January 1, 2008 through January 10, 2008,<sup>1</sup> URE self-certified compliant to CIP-001-1 R1 through R4.<sup>2</sup> After receiving notice from WECC of an upcoming Spot Check of URE's submitted Self-Certification, URE conducted an internal review and discovered violations of CIP-001-1 R1, R2, R3, and R4 on May 2, 2008. URE self-reported the violations to WECC on May 6, 2008. URE was in violation of CIP-001-1 R1, R2, R3, and R4 because:**

- 1. it did not have a procedure for the recognition of, and for making its operating personnel aware of, sabotage events as required by R1;**
- 2. it did not have a procedure that contained adequate steps for the communication of information concerning sabotage events to appropriate parties in the Interconnection as required by R2;**
- 3. it did not provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events as required by R3; and**
- 4. it did not establish communications contacts with local FBI officials or develop reporting procedures appropriate to URE's circumstances as required by R4. Although URE had existing plans to contact the local FBI for bomb threats, its plans did not include all sabotage events and reporting procedures.**

#### **RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL**

**WECC determined that URE did not have an adequate procedure for the recognition of sabotage events. Thus, the settlement agreement assesses the violation as a severe risk to the reliability of the bulk power system (BPS) because the loss of URE generation as a result of a sabotage event, or the inability to quickly communicate with the FBI would cause an impact to its customers and the interconnected system.**

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<sup>1</sup> The Settlement Agreement incorrectly states that the Self-Certification forms were submitted during the Self-Certification period of April 1, 2008 through April 10, 2008.

<sup>2</sup> URE had self-certified compliant because there was a misunderstanding between its compliance staff and its system operations personnel on requirements for procedures and training.

**II. DISCOVERY INFORMATION**

## METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>	<sup>3</sup>
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 (mandatory and enforceable date)** through  
**9/19/2008 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **5/6/2008**

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"/>

**III. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-08-0868**

DATE SUBMITTED TO REGIONAL ENTITY **7/10/2008**

DATE ACCEPTED BY REGIONAL ENTITY **7/29/2008**

DATE APPROVED BY NERC **9/17/2008**

DATE PROVIDED TO FERC **9/17/2008**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR  
 REJECTED, IF APPLICABLE

N/A

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **9/19/2008**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **9/19/2008**

<sup>3</sup> URE submitted a Self-Report for these violations after being notified by WECC of an upcoming Spot Check.

DATE OF CERTIFICATION LETTER **10/1/2008**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **9/19/2008**

DATE OF VERIFICATION LETTER **1/28/2009**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **9/19/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**For R1, URE modified a current procedure to include requirements for the recognition of sabotage events and the process for reporting those events to System Operations. Additionally, URE developed a training package for its staff that included Security Awareness training for any employee out in the public, or in telephone contact with reporting employees or the public. URE also provided training for its operators that included a presentation on URE's security program covered surveillance and sabotage awareness and a tabletop discussion about responding to a security threat based on employees' specific job tasks.**

**For R2, URE revised its communication procedure for System Operations to include communication of information concerning sabotage to the Reliability Coordinator, affected neighbors and the rest of the interconnection through the WECC net tool.**

**For R3, URE trained its personnel on the implementation of the new communication procedure.**

**For R4, URE revised its communication procedure for System Operations to contact the local FBI for all sabotage events.**

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

**URE submitted copies of its communication procedure for System Operations which contained both internal and external sabotage event communication procedures and contact numbers, sabotage event response guidelines, a procedure for recognizing sabotage events and reporting procedures. URE also submitted its FBI contact number and a letter from the FBI.**

EXHIBITS (SEE ATTACHMENTS TO THE NOTICE OF PENALTY):

SOURCE DOCUMENT

**URE's Self-Report dated May 6, 2008**

MITIGATION PLAN

**URE's Mitigation Plan submitted July 10, 2008**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Completion of the Mitigation Plan dated October 1, 2008**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion of the Mitigation Plan dated January 28, 2009**

## **Disposition Document for CIP-004-1 R2 through R4**



## **DISPOSITION OF VIOLATION**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
<b>WECC200800901</b>	<b>URE_WECC2008954</b>
<b>WECC200800902</b>	<b>URE_WECC2008956</b>
<b>WECC200800903</b>	<b>URE_WECC2008957</b>

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>CIP-004-1</b>	<b>2</b>		<b>Medium<sup>1</sup></b>	<b>N/A</b>
<b>CIP-004-1</b>	<b>3</b>		<b>Lower<sup>2</sup></b>	<b>N/A</b>
<b>CIP-004-1</b>	<b>4</b>		<b>Medium<sup>3</sup></b>	<b>N/A</b>

#### **PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)**

**The purpose statement of CIP-004-1 provides in pertinent part: “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....”**

<sup>1</sup> CIP-004-1 R2 has a “Lower” VRF and R2.1 had a “Lower” VRF which was in effect at the start of the violation. CIP-004-1 R2.1, R2.2 and R2.2.4 were originally assigned a “Lower” VRF. The Commission approved the VRFs as filed, but directed NERC to submit modifications. On January 27, 2009, the Commission approved the modified “Medium” VRFs. Therefore, the “Lower” VRFs were in effect from June 18, 2007 through January 27, 2009 when the “Medium” VRFs became effective. CIP-004-1 R2, R2.2.1, R2.2.2, R2.2.3 and R2.3 each have a “Lower” VRF. CIP-004-1, R2.1 and R2.2 each have a “Medium” VRF effective January 27, 2009. CIP-004-1, R2.2.4 has a “Medium” VRF. According to the Settlement Agreement, WECC determined that a “Medium” VRF was appropriate for the instant violation.

<sup>2</sup> When NERC filed VRFs it originally assigned CIP-004-1 R3 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 R3 was in effect from June 18, 2007 until January 27, 2009 when the “Medium” VRF became effective. According to the Settlement Agreement, WECC assigned a “Medium” VRF to the violation; however, the “Lower” VRF was in effect for the entire duration of the violation.

<sup>3</sup> When NERC filed 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 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 each have a “Lower” VRF. According to the Settlement Agreement, WECC determined that a “Medium” VRF was appropriate for the instant violation.

**CIP-004-1 R2, R3 and R4 provide:**

**R2. Training – The Responsible Entity<sup>[4]</sup> shall establish, maintain, and document an annual cyber security training program for personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, and review the program annually and update as necessary.**

**R2.1. This program will ensure that all personnel having such access to Critical Cyber Assets, including contractors and service vendors, are trained within ninety calendar days of such authorization.**

**R2.2. Training shall cover the policies, access controls, and procedures as developed for the Critical Cyber Assets covered by CIP-004, and include, at a minimum, the following required items appropriate to personnel roles and responsibilities:**

**R2.2.1. The proper use of Critical Cyber Assets;**

**R2.2.2. Physical and electronic access controls to Critical Cyber Assets;**

**R2.2.3. The proper handling of Critical Cyber Asset information; and**

**R2.2.4. Action plans and procedures to recover or re-establish Critical Cyber Assets and access thereto following a Cyber Security Incident.**

**R2.3. The Responsible Entity shall maintain documentation that training is conducted at least annually, including the date the training was completed and attendance records.**

**R3. Personnel Risk Assessment – The Responsible Entity shall have a documented personnel risk assessment program, in accordance with federal, state, provincial, and local laws, and subject to existing collective bargaining unit agreements, for personnel having authorized cyber or authorized unescorted physical access. A personnel risk assessment shall be conducted pursuant to that program within thirty days of such personnel being granted such access. Such program shall at a minimum include:**

**R3.1. The Responsible Entity shall ensure that each assessment conducted include, at least, identity verification (e.g., Social Security Number verification in the U.S.) and seven-year criminal check. The Responsible Entity may conduct more detailed reviews, as permitted by law and subject to existing collective bargaining unit agreements, depending upon the criticality of the position.**

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<sup>4</sup> 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, and Regional Reliability Organizations.

- R3.2. The Responsible Entity shall update each personnel risk assessment at least every seven years after the initial personnel risk assessment or for cause.**
- R3.3. The Responsible Entity shall document the results of personnel risk assessments of its personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, and that personnel risk assessments of contractor and service vendor personnel with such access are conducted pursuant to Standard CIP-004.**
- R4. Access – The Responsible Entity 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, 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.**
  - R4.2. The Responsible Entity shall revoke such access to Critical Cyber Assets within 24 hours for personnel terminated for cause and within seven calendar days for personnel who no longer require such access to Critical Cyber Assets.**

#### **VIOLATION DESCRIPTION**

**On June 19, 2008, prior to the effective date of CIP-004-1 for Table 1 entities,<sup>5</sup> URE self-reported its violations of CIP-004-1 R2, R3, and R4. URE contracted for an independent analysis of its current cyber security training program and received the results from the analysis on June 6, 2008. Based on the independent assessment, URE determined that its plans and documentation supporting compliance with CIP-004-1 R2, R3, and R4 were inadequate and URE would not be in compliance with the Standard by the July 1, 2008 effective date.**

**URE did not have the following: a cyber security training program that met all the elements of R2; a personnel risk assessment for personnel having authorized cyber or authorized unescorted physical access to comply with R3; and a list(s) of personnel with authorized cyber or authorized unescorted physical access to Critical Cyber Assets to comply with R4.**

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<sup>5</sup> See *Guidance for Enforcement of CIP Standards*:  
[http://www.nerc.com/files/Guidance\\_on\\_CIP\\_Standards.pdf](http://www.nerc.com/files/Guidance_on_CIP_Standards.pdf).

## RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

While the settlement agreement assesses the violation as a high risk because URE did not have the plans and documentation necessary to comply with the requirements of the Standard, WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS).<sup>6</sup>

### 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) 7/1/2008 (Standard effective date for Table 1 entities) through 12/16/2008 (Mitigation Plan completion)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 6/19/2008

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"/>

### III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. MIT-08-0891

DATE SUBMITTED TO REGIONAL ENTITY 7/16/2008

DATE ACCEPTED BY REGIONAL ENTITY 7/28/2008

DATE APPROVED BY NERC 9/17/2008

DATE PROVIDED TO FERC 9/17/2008

<sup>6</sup> The Settlement Agreement states that WECC's initial determination of the risk was high, however the actual risk was not serious or substantial based on the facts and circumstances of the instant violations.

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

**URE initially submitted its Mitigation Plan on June 25, 2008, with a proposed completion date of December 17, 2008, accepted by WECC on July 28, 2008.**

MITIGATION PLAN COMPLETED      YES   ☒      NO   ☐

EXPECTED COMPLETION DATE   **12/17/2008**

EXTENSIONS GRANTED          **N/A**

ACTUAL COMPLETION DATE      **12/16/2008**

DATE OF CERTIFICATION LETTER   **12/17/2008**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **12/16/2008**

DATE OF VERIFICATION LETTER   **1/23/2009**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **12/16/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**URE completed the following actions by December 16, 2008:**

- **developed a list of personnel identified by system or physical access (EMS, GMS, SCADA, Physical only);**
- **identified list of affected personnel;**
- **reviewed 19 records for identification;**
- **complete, document and implement a procedure for identifying personnel with cyber and physical access to Critical Cyber Assets;**
- **reviewed and approved list of personnel with access; and**
- **reviewed the completed and documented process.**

**URE completed the following actions by October 31, 2008:**

- **created a policy and defined criteria for background check access to Critical Cyber Assets; and**
- **completed background checks and reviewed against appropriate personnel.**

**URE completed the following actions by December 16, 2008:**

- **developed a training program and online courses for EMS and SCADA personnel;**
- **all EMS and SCADA personnel completed the training;**
- **developed a training program and online courses for GMS personnel;**
- **GMS personnel completed the training;**
- **Developed a training program and online courses for Physical Access only personnel; and**
- **Physical Access only personnel completed the training.**

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

**For R2, URE submitted the following:**

- **its program ensuring scheduled training as defined in the requirement;**
- **a PowerPoint training presentation; and**
- **attendance sheets for the training sessions.**

**For R3, URE submitted the personnel risk assessment procedure**

**For R4, URE submitted the procedure for identifying personnel with Cyber and Physical Access to Critical Cyber Assets**

EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):

SOURCE DOCUMENT

**URE's Self-Report dated June 19, 2008**

MITIGATION PLAN

**URE's Mitigation Plan designated as MIT-08-0891 dated June 25, 2008 and revised on July 16, 2008**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Completion dated December 17, 2008**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion dated January 23, 2009**

## **Disposition Document for CIP-007-1 R1**



## **DISPOSITION OF VIOLATION**

NERC TRACKING NO. WECC200800904 REGIONAL ENTITY TRACKING NO. URE\_WECC2008958

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-007-1	1		Medium <sup>1</sup>	N/A

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

**The purpose statement of CIP-007-1 provides in pertinent part: “Standard CIP-007 requires Responsible Entities<sup>[2]</sup> to define methods, processes, and procedures for securing those systems determined to be Critical Cyber Assets, as well as the non-critical Cyber Assets within the Electronic Security Perimeter(s). Standard CIP-007 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009. ....”**

**CIP-007-1 R1 provides:**

**R1. Test Procedures – The Responsible Entity shall ensure that new Cyber Assets and significant changes to existing Cyber Assets within the Electronic Security Perimeter do not adversely affect existing cyber security controls. For purposes of Standard CIP-007, a significant change shall, at a minimum, include implementation of security patches, cumulative service packs, vendor releases, and version upgrades of operating systems, applications, database platforms, or other third-party software or firmware.**

<sup>1</sup> When NERC filed VRFs it originally assigned CIP-007-1 R1.1 a “Lower” VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified “Medium” VRF and the Commission approved the modified “Medium” VRF. Therefore, the “Lower” VRF for CIP-007-1 R1.1 was in effect from June 18, 2007 until January 27, 2009 when the “Medium” VRF became effective. CIP-007-1 R1 has a “Medium” VRF and CIP-007-1 R1.2 and R1.3 each have a Lower VRF. According to the Settlement Agreement, WECC determined that a “Medium” VRF was appropriate for the instant violation.

<sup>2</sup> Within the text of Standard CIP-007, “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, and Regional Reliability Organizations.

- R1.1. The Responsible Entity shall create, implement, and maintain cyber security test procedures in a manner that minimizes adverse effects on the production system or its operation.**
- R1.2. The Responsible Entity shall document that testing is performed in a manner that reflects the production environment.**
- R1.3. The Responsible Entity shall document test results.**

#### **VIOLATION DESCRIPTION**

**On June 19, 2008, prior to the effective date of CIP-007-1 for Table 1 entities,<sup>3</sup> URE self-reported its violation of CIP-007-1 R1. URE contracted for an independent analysis of its current cyber security training program and received the results from the analysis on June 6, 2008. Based on the independent assessment, URE determined that its plans and documentation supporting compliance with CIP-007-1 R1 were inadequate and URE would not be in compliance with the Standard by the July 1, 2008 effective date.**

**URE did not have adequate test procedures for ensuring that new cyber assets and significant changes to existing cyber assets within the Electronic Security Perimeter would not adversely affect existing cyber security controls.**

#### **RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL**

**WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because URE had plans and documentation in place; however, the existing procedures did not have adequate test procedures to ensure that new cyber assets and significant changes to existing cyber assets within the Electronic Security Perimeter would not adversely affect existing cyber security controls.**

## **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"/>

<sup>3</sup> See *Guidance for Enforcement of CIP Standards*:  
[http://www.nerc.com/files/Guidance\\_on\\_CIP\\_Standards.pdf](http://www.nerc.com/files/Guidance_on_CIP_Standards.pdf).

DURATION DATE(S) **7/1/2008 (Standard effective date for Table 1 entities) through 12/16/2008 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **6/19/2008**

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

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-08-0892**

DATE SUBMITTED TO REGIONAL ENTITY **7/16/2008**

DATE ACCEPTED BY REGIONAL ENTITY **7/28/2008**

DATE APPROVED BY NERC **9/17/2008**

DATE PROVIDED TO FERC **9/17/2008**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

**URE initially submitted its Mitigation Plan on June 25, 2008. WECC rejected the Mitigation Plan because it did not adequately describe the cause of the violation and did not adequately identify the anticipated impact of the violation on the reliability of the BPS. URE submitted a revised Mitigation Plan on July 16, 2008.**

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **12/17/2008**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **12/16/2008**

DATE OF CERTIFICATION LETTER **12/16/2008**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **12/16/2008**

DATE OF VERIFICATION LETTER **1/23/2009**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **12/16/2008**

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

**URE and its contractor developed test procedures for the addition of new cyber assets, and changes to existing cyber assets, to ensure such additions and changes do not adversely affect URE's existing cyber security controls.**

**To comply with R1.1, these test procedures require URE to make changes in a non-production or non-operational environment, and they extensively address possible impacts to security.**

**To comply with R1.2, the basic test procedures are set out in an exhaustive template/checklist for each type of cyber application reflecting its production environment. The templates include the assessment of risk and a comparison of resulting changes to the expected changes (before/after) for all software or firmware modifications; logs for documenting the results of all tests; authorized ports and services; and required post-change implementation needs.**

**To comply with R1.3, URE tested the implementation of software on its systems utilizing the above templates.**

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

**For R1.1, URE provided the testing security controls for the new firmware based cyber assets, testing security controls for the new operating system based cyber assets, testing security controls for the existing firmware based cyber assets, and testing security controls for the existing operating system based cyber assets.**

**For R1.2, URE provided the test procedure checklist for new firmware based cyber assets, testing security controls for changes to existing firmware based cyber assets, test procedure checklist for new operating system based cyber assets, and test procedure checklist for changes to existing operating system based cyber assets.**

**For R1.3, URE provided test results for the implementation of software on its systems utilizing the above templates.**

EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):

SOURCE DOCUMENT

**URE's Self-Report dated June 19, 2008**

MITIGATION PLAN

**URE's Mitigation Plan designated as MIT-08-0892 dated July 16, 2008**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Completion dated December 16, 2008**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion dated January 23, 2009**

## **Disposition Document for CIP-008-1 R1**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO. WECC200800905 REGIONAL ENTITY TRACKING NO. URE\_WECC2008959

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-008-1	1		Lower <sup>1</sup>	N/A

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

**The purpose statement of CIP-008-1 provides in pertinent part: “Standard CIP-008 ensures the identification, classification, response, and reporting of Cyber Security Incidents related to Critical Cyber Assets. Standard CIP-008 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009. ....”**

**CIP-008-1 R1 provides:**

- R1. Cyber Security Incident Response Plan – The Responsible Entity<sup>[2]</sup> shall develop and maintain a Cyber Security Incident response plan. The Cyber Security Incident Response plan shall address, at a minimum, the following:**
- R1.1. Procedures to characterize and classify events as reportable Cyber Security Incidents.**
  - R1.2. Response actions, including roles and responsibilities of incident response teams, incident handling procedures, and communication plans.**
  - R1.3. Process for reporting Cyber Security Incidents to the Electricity Sector Information Sharing and Analysis Center (ES ISAC). The Responsible Entity must ensure that all reportable Cyber Security Incidents are reported to the ES ISAC either directly or through an intermediary.**
  - R1.4. Process for updating the Cyber Security Incident response plan within ninety calendar days of any changes.**
  - R1.5. Process for ensuring that the Cyber Security Incident response plan is reviewed at least annually.**

<sup>1</sup> The Settlement Agreement incorrectly states that the VRF for CIP-008-1 R1 is “Medium.”

<sup>2</sup> Within the text of Standard CIP-008, “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, and Regional Reliability Organizations.



**R1.6. Process for ensuring the Cyber Security Incident response plan is tested at least annually. A test of the incident response plan can range from a paper drill, to a full operational exercise, to the response to an actual incident.**

#### VIOLATION DESCRIPTION

**On June 19, 2008, prior to the effective date of CIP-008-1 for Table 1 entities with respect to their System Control Center assets,<sup>3</sup> URE self-reported its violation of CIP-008-1 R1. URE contracted for an independent analysis of its current cyber security training program and received the results from the analysis on June 6, 2008. Based on the independent assessment, URE determined that its cyber security incident response plan supporting compliance with CIP-008-1 R1 was inadequate and URE would not be in compliance with the Standard by the July 1, 2008 effective date.**

**URE did not have adequate procedures to appropriately characterize and classify, respond to and report cyber security incidents.**

#### RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**WECC determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because a documentation gap existed for a very short period of time due to an administrative/documentation management error. URE lacked documentation stating that the Cyber Security Incident Response Plan shall be tested annually; however, actual testing of the Cyber Security Incident Response Plan had taken place.**

## 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) 7/1/2008 (Standard effective date for Table 1 entities) through 11/25/2008 (Mitigation Plan completion)**

**DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 6/19/2008**

<sup>3</sup> See *Guidance for Enforcement of CIP Standards*:  
[http://www.nerc.com/files/Guidance\\_on\\_CIP\\_Standards.pdf](http://www.nerc.com/files/Guidance_on_CIP_Standards.pdf).

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

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-08-0893**

DATE SUBMITTED TO REGIONAL ENTITY **7/16/2008**

DATE ACCEPTED BY REGIONAL ENTITY **7/28/2008**

DATE APPROVED BY NERC **9/17/2008**

DATE PROVIDED TO FERC **9/17/2008**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

**URE initially submitted its Mitigation Plan on June 25, 2008. WECC rejected the Mitigation Plan because it did not adequately describe the cause of the violation and did not adequately identify the anticipated impact of the violation on the reliability of the BPS. URE resubmitted its Mitigation Plan on July 16, 2008.**

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **11/30/2008<sup>4</sup>**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **11/25/2008**

DATE OF CERTIFICATION LETTER **11/25/2008**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **11/25/2008**

DATE OF VERIFICATION LETTER **1/23/2009**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **11/25/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

- 1. URE and its contractor developed an incident classification document, dated August 27, 2008, addressing R1.1 and a cyber security incident response plan, dated November 26, 2008, addressing R1.2 through R1.5;**

<sup>4</sup> The Mitigation Plan incorrectly states a proposed completion date of November 31, 2008.

2. **URE trained its personnel on incident response and responsibilities on October 31, 2008; and**
3. **URE tested its incident response plan, and documented the test results, on November 13, 2008<sup>5</sup> to satisfy R1.6.**

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

**URE provided the following:**

- **the incident classification document dated August 27, 2008;**
- **cyber security incident response plan dated November 26, 2008;<sup>6</sup>**
- **Incident response roles assignments lists for control center assets each dated October 25, 2008;**
- **The recovery plan and incident response plan dated November 13, 2008 which was used to test the recovery plan and incident response plan, and to document lessons learned; and**
- **a PowerPoint presentation used for training on the cyber security incident response plan and training records dated November 20, 2008.**

EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):

SOURCE DOCUMENT

**URE's Self-Report dated June 19, 2008**

MITIGATION PLAN

**URE's Mitigation Plan designated as MIT-08-0893 dated July 16, 2008**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Completion dated November 25, 2008**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion dated January 23, 2009**

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<sup>5</sup> The Settlement Agreement incorrectly states this as November 31, 2008.

<sup>6</sup> All evidence was submitted to WECC on November 25, 2008.

## **Disposition Document for CIP-009-1 R1 and R2**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
WECC200800906	URE_WECC2008960
WECC200800907	URE_WECC2008961

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-009-1	1		Medium	N/A
CIP-009-1	2		Lower	N/A

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

**The purpose statement of CIP-009-1 states: “Standard CIP-009 ensures that recovery plan(s) are put in place for Critical Cyber Assets and that these plans follow established business continuity and disaster recovery techniques and practices. Standard CIP-009 should be read as a group of standards numbered Standards CIP-002 through CIP-009. ...”**

**CIP-009-1 R1 and R2 provide:**

**R1. Recovery Plans – The Responsible Entity<sup>[1]</sup> shall create and annually review recovery plan(s) for Critical Cyber Assets. The recovery plan(s) shall address at a minimum the following:**

**R1.1. Specify the required actions in response to events or conditions of varying duration and severity that would activate the recovery plan(s).**

**R1.2. Define the roles and responsibilities of responders.**

**R2. Exercises – The recovery plan(s) shall be exercised at least annually. An exercise of the recovery plan(s) can range from a paper drill, to a full operational exercise, to recovery from an actual incident.**

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<sup>1</sup> 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, and Regional Entities.

## VIOLATION DESCRIPTION

On June 19, 2008, prior to the effective date of CIP-009-1 for Table 1 entities,<sup>2</sup> URE self-reported its violations of CIP-009-1 R1 and R2. URE contracted for an independent analysis of its current cyber security training program and received the results from the analysis on June 6, 2008. Based on the independent assessment, URE determined that its recovery plans supporting compliance with CIP-009-1 R1 and R2 were inadequate and URE would not be in compliance with the Standard by the July 1, 2008 effective date.

URE did not have adequate recovery plans because the plans failed to specify required actions in response to events or conditions of varying duration and severity and failed to define the roles and responsibilities of responders for recovery of Critical Cyber Assets as required by R1. Therefore, URE could not exercise its plans as required by R2.<sup>3</sup>

## RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) although improper function of a critical cyber asset or delayed recovery from a cyber event could impact URE's normal operations and its customers, , URE had existing recovery plans in place for its Critical Cyber Assets. However, the documentation was inadequate to comply with the Standard.

## 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) **7/1/2008 (Standard effective date for Table 1 entities) through 11/24/2008 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **6/19/2008**

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<sup>2</sup> See *Guidance for Enforcement of CIP Standards*:  
[http://www.nerc.com/files/Guidance\\_on\\_CIP\\_Standards.pdf](http://www.nerc.com/files/Guidance_on_CIP_Standards.pdf).

<sup>3</sup> Although WECC determined that URE had violations of both CIP-009-1 R1 and R2, both violations stemmed from a single act of non-compliance, which was considered in WECC's determination of the penalty.

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

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-08-0894**  
DATE SUBMITTED TO REGIONAL ENTITY **7/16/2008**  
DATE ACCEPTED BY REGIONAL ENTITY **7/28/2008**  
DATE APPROVED BY NERC **9/17/2008**  
DATE PROVIDED TO FERC **9/17/2008**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

**URE initially submitted its Mitigation Plan on June 25, 2008. WECC rejected the Mitigation Plan because it did not adequately describe the cause of the violation and did not adequately identify the anticipated impact of the violation on the reliability of the BPS. URE resubmitted a revised Mitigation Plan on July 16, 2008.**

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **11/30/2008<sup>4</sup>**  
EXTENSIONS GRANTED **N/A**  
ACTUAL COMPLETION DATE **11/24/2008**

DATE OF CERTIFICATION LETTER **11/24/2008<sup>5</sup>**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **11/24/2008**

DATE OF VERIFICATION LETTER **1/23/2009**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **11/24/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**For R1, URE and its contractor developed a cyber security incident recovery plan dated October 28, 2008. The plan required actions in response to events of varying duration and severity and contained definitions of roles and responsibilities for responders. URE personnel associated with the EMS and SCADA systems were trained by URE on incident recovery roles and**

<sup>4</sup> The Mitigation Plan incorrectly states the expected completion date as November 31, 2008.

<sup>5</sup> WECC received the Certification of Completion on November 25, 2008.



**responsibilities on September 30, 2008. URE personnel associated with the control center assets were trained by URE on incident recovery roles and responsibilities on October 31, 2008.**

**For R2, URE and its contractor conducted realistic tests of the cyber security incident recovery plan. URE tested and documented the EMS and SCADA recovery plan on October 31, 2008, and the GMS plan on November 13, 2008.<sup>6</sup> URE plans to exercise its recovery plans at least annually.**

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

**URE provided the following evidence:**

- **the security incident recovery plan dated October 28, 2008;**
- **recovery role assignments lists for control center assets, dated September 25, 2008 and October 23, 2008;**
- **recovery role assignments lists and acknowledgement rosters dated September 25, 2008, September 29, 2008 and October 31, 2008;**
- **a PowerPoint for training on the security incident recovery plan;**
- **training records dated November 20, 2008; and**
- **a security incident recovery plan tests, which were used to test the Recovery Plans and the Incident Response Plan, and to document lessons learned.**

**EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):**

**SOURCE DOCUMENT**

**URE's Self-Report dated June 19, 2008**

**MITIGATION PLAN**

**URE's Mitigation Plan designated as MIT-08-0894 dated July 16, 2008**

**CERTIFICATION BY REGISTERED ENTITY**

**URE's Certification of Completion dated November 24, 2008**

**VERIFICATION BY REGIONAL ENTITY**

**WECC's Verification of Completion dated January 23, 2009**

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<sup>6</sup> The Settlement Agreement incorrectly states November 30, 2008.

## **Disposition Document for COM-001-1 R2**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO. WECC200800908 REGIONAL ENTITY TRACKING NO. URE\_WECC2008962

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
COM-001-1	2		Medium	Moderate <sup>1</sup>

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

The purpose statement of COM-001-1 states: “Each Reliability Coordinator, Transmission Operator and Balancing Authority needs adequate and reliable telecommunications facilities internally and with others for the exchange of Interconnection and operating information necessary to maintain reliability.”

COM-001-1 R2 provides: “Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall manage, alarm, test and/or actively monitor vital telecommunications facilities. Special attention shall be given to emergency telecommunications facilities and equipment not used for routine communications.”

#### **VIOLATION DESCRIPTION**

During an on-site Compliance Audit, URE provided evidence to show that it had telecommunication monitoring procedures in place, but lacked complete maintenance records. URE provided the WECC Audit Team (Audit Team) with summary documents showing listings of maintenance it had performed, but the documents contained many omissions. Some of URE’s monthly maintenance records were not available prior to early July 2008. In addition, URE’s records did not consistently provide evidence of URE follow-up on problems discovered during testing. A number of items required follow-up and URE did not provide any evidence that the required follow-up had been completed. In an interview with URE’s a Supervisor, the Audit Team verified that not all items marked for follow-up received follow-up attention. Therefore, the Audit Team determined, and WECC later concurred, that URE failed to manage, alarm, test, or actively monitor its vital and emergency telecommunications facilities as required by the Standard.

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<sup>1</sup> The source document incorrectly states a “Severe” VSL.

## RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because although WECC cannot verify that all of URE's vital communications were adequately managed, WECC was able to verify that URE had procedures in place to manage, alarm, test and/or actively monitor vital telecommunications facilities, and that some of the required maintenance was performed.

**II. DISCOVERY INFORMATION**

## METHOD OF DISCOVERY

SELF-REPORT	<input type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input checked="" 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 (mandatory and enforceable date)** through **6/24/2009 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **Audit Date**

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**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-08-1345**

DATE SUBMITTED TO REGIONAL ENTITY **1/7/2009**

DATE ACCEPTED BY REGIONAL ENTITY **1/13/2009**

DATE APPROVED BY NERC **2/17/2009**

DATE PROVIDED TO FERC **2/23/2009**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

N/A

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **6/30/2009**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **6/24/2009**

DATE OF CERTIFICATION LETTER **6/24/2009**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **6/24/2009**

DATE OF VERIFICATION LETTER **11/4/2009**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **6/24/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**URE completed the following actions:**

- 1. reviewed and updated its maintenance management plan for telecommunication facilities;**
- 2. examined maintenance intervals to ensure compliance with its procedures;**
- 3. updated its follow-up procedures;**
- 4. implemented its maintenance strategy to meet maintenance goals; and**
- 5. completed maintenance inspection and testing on all devices to establish a baseline for tracking of defined 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, LIST EVIDENCE  
REVIEWED FOR COMPLETED MILESTONES)

**URE provided the following evidence:**

- monthly maintenance schedule;**
- semi-annual maintenance schedule;**
- phone network maintenance monitor;**
- microwave maintenance monitor;**
- fiber optic network maintenance monitor;**
- monthly/semi-annual/annual maintenance monitor; and**
- transfer trip quarterly maintenance monitor.**

EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):

SOURCE DOCUMENT

**WECC's Determination of Violation Summary**

MITIGATION PLAN

**URE's Mitigation Plan designated as MIT-08-1345 dated January 7, 2009**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Completion dated June 24, 2009**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion dated November 4, 2009**

## **Disposition Document for EOP-005-1 R7**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO. WECC200810379 REGIONAL ENTITY TRACKING NO. URE\_WECC20081092

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
EOP-005-1	7		High <sup>1</sup>	Moderate

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

**The purpose statement of EOP-005-1 R7 states: “To ensure plans, procedures, and resources are available to restore the electric system to a normal condition in the event of a partial or total shut down of the system.”**

**EOP-005-1 R7 provides: “Each Transmission Operator and Balancing Authority shall verify the restoration procedure by actual testing or by simulation.”**

#### **VIOLATION DESCRIPTION**

**URE initially discovered a violation of EOP-005-1 R7 in May 2007 as a result of a self-evaluation. URE had not verified its restoration procedure by actual testing or by simulation as required by the Standard. URE had tested portions of the restoration procedure, such as black start capability, but had not tested or simulated all the elements of the procedure.**

**URE self-reported the violation on May 15, 2007, and therefore, the violation was initially logged as a pre-June 18, 2007 violation. URE concurrently submitted a Mitigation Plan for the violation with a proposed completion date of January 15, 2008. On May 19, 2008, URE requested an extension for its Mitigation Plan completion date. Since URE failed to submit its extension request prior to the Mitigation Plan’s originally proposed completion date, the violation became a enforceable post-June 18<sup>th</sup> violation.<sup>2</sup>**

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<sup>1</sup> When NERC filed VRFs it originally assigned EOP-005-1 R7 a “Medium” VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified “High” VRF and the Commission approved the modified “High” VRF. Therefore, the “Medium” VRF for EOP-005-1 R7 was in effect from June 18, 2007 until February 6, 2008 when the “High” VRF became effective.

<sup>2</sup> The Settlement Agreement incorrectly states that this violation became enforceable because URE missed a June 2008 update to its Mitigation Plan.



**During the on-site Compliance Audit, the WECC Audit Team (Audit Team) confirmed that URE had a post-June 18<sup>th</sup> violation of EOP-005-1 R7.**

**RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL**

**WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because although URE had not tested or simulated all the elements of the restoration plan, it had tested portions of the restoration procedure, such as black start capability.**

**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 (mandatory and enforceable date) through 7/22/2008 (Mitigation Plan completion)**

**DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 5/15/2007**

**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 checked="" type="checkbox"/>	NO <input type="checkbox"/>

### III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-1223**  
DATE SUBMITTED TO REGIONAL ENTITY **5/19/2008<sup>3</sup> (signed 5/14/2008)**  
DATE ACCEPTED BY REGIONAL ENTITY **7/23/2008**  
DATE APPROVED BY NERC **1/7/2009**  
DATE PROVIDED TO FERC **1/7/2009**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **8/1/2008**  
EXTENSIONS GRANTED **N/A**  
ACTUAL COMPLETION DATE **7/22/2008**

DATE OF CERTIFICATION LETTER **10/23/08<sup>4</sup>**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **7/22/2008**

**On July 22, 2008, URE submitted a completed Mitigation Plan to certify that its Mitigation Plan was completed. During the Audit, the Audit Team determined that URE had completed its Mitigation Plan, but also recommended that URE submit another Mitigation Plan to document its completed milestones. URE submitted another completed Mitigation Plan on October 23, 2008 which was accepted by WECC on May 15, 2009 as URE's final Certification of Completion.**

DATE OF VERIFICATION LETTER **3/31/2010<sup>5</sup>**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **7/22/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**URE contracted with a simulator vendor to develop and validate a blackstart system simulator.**

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<sup>3</sup> This Mitigation Plan was submitted with an attached extension request for the pre-June 18<sup>th</sup> violation. Since this Mitigation Plan was submitted after the proposed completion date for the pre-June 18<sup>th</sup> Mitigation Plan of January 15, 2008, the May 19, 2008 Mitigation Plan was accepted by WECC as the Mitigation Plan for the post-June 18<sup>th</sup> violation. The Settlement Agreement (P 14) incorrectly states that WECC accepted the extension request.

<sup>4</sup> This Certification of Completion was incorrectly dated July 22, 2008.

<sup>5</sup> The Verification of Completion incorrectly states that WECC received the evidence on July 23, 2008.

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

**URE provided a copy of the restoration guidelines which verified URE's new restoration procedures.**

EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):

SOURCE DOCUMENT

**URE's Self-Report dated May 15, 2007**

MITIGATION PLAN

**URE's Mitigation Plan designated as MIT-07-1223 dated May 19, 2008 and revised on October 23, 2008**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Completion dated July 22, 2008**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion dated March 31, 2010**

## **Disposition Document for FAC-001-0 R1 through R3**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
WECC200810381	URE_WECC20081095
WECC200810382	URE_WECC20081096
WECC200810383	URE_WECC20081099

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
FAC-001-0	1		Medium	High
FAC-001-0	2		Medium	Severe
FAC-001-0	3		Medium	High

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

**The purpose statement of FAC-001-0 states: “To avoid adverse impacts on reliability, Transmission Owners must establish facility connection and performance requirements.”**

**FAC-001-0 R1, R2 and R3 provide:**

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

**R1.1. Generation facilities,**

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

**R1.3. End-user facilities**

**R2. The Transmission Owner’s facility connection requirements shall address, but are not limited to, the following items:**

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

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

**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 initially discovered violations of FAC-001-0 R1, R2 and R3 in May 2007 as a result of a self-evaluation and self-reported them to WECC on May 15, 2007.<sup>1</sup> With**

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<sup>1</sup> The Self-Report was submitted with a date of Spring 2007; the May 15, 2007 submittal date was provided in the Settlement Agreement.

respect to R1, URE had established and published facility connection requirements for non-utility generators, but had not included transmission voltage levels. URE also did not have established interconnection requirements for transmission facilities or for end-user facilities. Additionally, since the transmission voltage levels required by R1 were not established in the facility connection requirements under R1, they could not be addressed in R2. Since URE was in violation of R1 and R2, URE reported it could not update and maintain its facility connection requirements and would not have been able to make documentation of these requirements available to users of the transmission system, WECC and NERC upon request as required by R3.<sup>2</sup>

Although URE self-reported the violations before June 18, 2007, the violations became enforceable because URE failed to submit an acceptable Mitigation Plan prior to June 18, 2007.<sup>3</sup>

## RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because although URE had not established facility connection and performance requirements that complied with the Standard, it had established interconnections on an as-needed basis, including regional studies and involvement of other utilities and its regional planning organization.

## 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 (mandatory and enforceable date) through 6/5/2008 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **5/15/2007**

<sup>2</sup> Although WECC determined that URE had violations of FAC-001-0 R1, R2 and R3, all three violations stemmed from a single act of non-compliance, which was considered in WECC's determination of the penalty.

<sup>3</sup> The Settlement Agreement incorrectly states that the violations became enforceable because URE failed to submit several required updates to its Mitigation Plan.

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

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-1224**

DATE SUBMITTED TO REGIONAL ENTITY **10/23/2008<sup>4</sup>**

DATE ACCEPTED BY REGIONAL ENTITY **5/11/2009**

DATE APPROVED BY NERC **1/7/2009**

DATE PROVIDED TO FERC **1/7/2009**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

**URE initially submitted its Mitigation Plan for this violation on May 15, 2007. WECC rejected this Mitigation Plan on August 14, 2007, because it did not include a schedule for completion. On July 24, 2008,<sup>5</sup> URE submitted a completed Mitigation Plan certifying that it had completed its Mitigation Plan on June 5, 2008, approximately five (5) weeks after the approved completion date of April 28, 2008. During an on-site Compliance Audit conducted by WECC, the WECC Audit Team (Audit Team) determined that URE's Mitigation Plan had been completed but recommended that URE submit a new Mitigation Plan because URE failed to submit several updates for its August 14, 2007 Mitigation Plan. URE submitted another revised Mitigation Plan on October 23, 2008 as complete, which was accepted by WECC and sent to NERC as stated above.**

MITIGATION PLAN COMPLETED

YES ☒

NO ☐

EXPECTED COMPLETION DATE **4/28/2008**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **6/5/2008**

DATE OF CERTIFICATION LETTER **7/24/2008 and again on 10/23/2008**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **6/5/2008**

DATE OF VERIFICATION LETTER **6/2/2009**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **6/5/2008**

<sup>4</sup> This Mitigation Plan was incorrectly marked as a new Mitigation Plan.

<sup>5</sup> In the discussion of the R2 violation, the Settlement Agreement incorrectly states July 25, 2008.



ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**For R1, URE developed and published facility connection requirements, including a seven-step process and a flow chart that addressed generation, transmission and end-user facilities.**

**For R2, URE addressed all the required elements and sub-requirements in its facility connection requirements.**

**For R3, URE updates and republishes its facility connection requirements as required and they are available on the URE Web site.**

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

**URE submitted its facility connection requirements document.**

EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):

SOURCE DOCUMENT

**URE's Self-Report dated Spring 2007 (May 15, 2007)**

MITIGATION PLAN

**URE's Mitigation Plan designated as MIT-07-1224 and Certification of Completion therein dated October 23, 2008**

CERTIFICATION BY REGISTERED ENTITY

**See Mitigation Plan**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion dated June 2, 2009.**

## **Disposition Document for FAC-003-1 R1**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO. WECC200800627 REGIONAL ENTITY TRACKING NO. URE\_WECC2008654

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
FAC-003-1	1	1.1, 1.2, 1.5	High	Severe

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

**The purpose statement of FAC-003-1 states:**

**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 Reliability Organizations (RRO) and the North American Electric Reliability Council (NERC).**

**FAC-003-1 R1 provides:**

**R1. The Transmission Owner shall prepare, and keep current, a formal transmission vegetation management program (TVMP). The TVMP shall include the Transmission Owner's objectives, practices, approved procedures, and work specifications.<sup>1</sup>**

**R1.1. The TVMP shall define a schedule for and the type (aerial, ground) of ROW vegetation inspections. This schedule should be flexible enough to adjust for changing conditions. The inspection schedule shall be based on the anticipated growth of vegetation and any other environmental or operational factors that could impact the relationship of vegetation to the Transmission Owner's transmission lines.**

**R1.2. The Transmission Owner, in the TVMP, shall identify and document clearances between vegetation and any overhead, ungrounded supply conductors, taking into consideration transmission line voltage, the effects of ambient temperature on conductor sag under maximum design loading, and the effects**

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<sup>1</sup> ANSI A300, Tree Care Operations – Tree, Shrub, and Other Woody Plant Maintenance – Standard Practices, while not a requirement of this standard, is considered to be an industry best practice.

of wind velocities on conductor sway. Specifically, the Transmission Owner shall establish clearances to be achieved at the time of vegetation management work identified herein as Clearance 1, and shall also establish and maintain a set of clearances identified herein as Clearance 2 to prevent flashover between vegetation and overhead ungrounded supply conductors.

**R1.2.1. Clearance 1 —** The Transmission Owner shall determine and document appropriate clearance distances to be achieved at the time of transmission vegetation management work based upon local conditions and the expected time frame in which the Transmission Owner plans to return for future vegetation management work. Local conditions may include, but are not limited to: operating voltage, appropriate vegetation management techniques, fire risk, reasonably anticipated tree and conductor movement, species types and growth rates, species failure characteristics, local climate and rainfall patterns, line terrain and elevation, location of the vegetation within the span, and worker approach distance requirements. Clearance 1 distances shall be greater than those defined by Clearance 2 below.

**R1.2.2. Clearance 2 —** The Transmission Owner shall determine and document specific radial clearances to be maintained between vegetation and conductors under all rated electrical operating conditions. These minimum clearance distances are necessary to prevent flashover between vegetation and conductors and will vary due to such factors as altitude and operating voltage. These Transmission Owner-specific minimum clearance distances shall be no less than those set forth in the Institute of Electrical and Electronics Engineers (IEEE) Standard 516-2003 (*Guide for Maintenance Methods on Energized Power Lines*) and as specified in its Section 4.2.2.3, Minimum Air Insulation Distances without Tools in the Air Gap.

**R1.2.2.1** Where transmission system transient overvoltage factors are not known, clearances shall be derived from Table 5, IEEE 516-2003, phase-to-ground distances, with appropriate altitude correction factors applied.

**R1.2.2.2 Where transmission system transient overvoltage factors are known, clearances shall be derived from Table 7, IEEE 516-2003, phase-to-phase voltages, with appropriate altitude correction factors applied.**

- R1.3. All personnel directly involved in the design and implementation of the TVMP shall hold appropriate qualifications and training, as defined by the Transmission Owner, to perform their duties.**
- R1.4. Each Transmission Owner shall develop mitigation measures to achieve sufficient clearances for the protection of the transmission facilities when it identifies locations on the ROW where the Transmission Owner is restricted from attaining the clearances specified in Requirement 1.2.1.**
- R1.5. Each Transmission Owner shall establish and document a process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. This is so that action (temporary reduction in line rating, switching line out of service, etc.) may be taken until the threat is relieved.**

#### **VIOLATION DESCRIPTION**

**URE discovered a violation of FAC-003-1 R1.1 on February 1, 2008 through a self-evaluation process.<sup>2</sup> URE self-reported the violation to WECC on February 5, 2008.<sup>3</sup> During the on-site Compliance Audit, the WECC Audit Team confirmed that URE had a violation of FAC-003-1 R1.1 and determined that URE was also in violation of R1.2 and R1.5 which stemmed from the single act of non-compliance that caused the violation of R1.1. URE confirmed that its TVMP lacked three elements required by the Standard, specifically R1.1, R1.2 and R1.5.**

**For R1.1, URE implemented an inspection plan in 2006 and 2007, but did not include the inspection plan as part of its TVMP and, therefore, could not provide evidence to demonstrate that it had followed the TVMP.**

**For R1.2, URE's TVMP did not clearly define Clearance 2. It was referenced in URE's TVMP as the "IEEE standard," but without any reference to the section or applicable table within the Standard. During the Audit, the Audit Team interviewed URE's Manager of Reliability Policies and Compliance and he could not identify or document Clearance 2 requirements in URE's TVMP.**

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<sup>2</sup> During a previous self-certification, URE incorrectly self-certified that it was compliant with FAC-003-1. URE used the Reliability Standard Auditing Worksheets (RSAWs) as a guide but did not take into consideration the measures of the Standard, which outlines implementation of the requirements in more detail.

<sup>3</sup> URE's Self-Report incorrectly states that the violation was discovered and reported in 2007.

**For R1.5, URE was unable to provide evidence that its contract personnel had received training on URE's imminent threat procedures.**

**RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL**

**WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) due to the location and size of URE's facilities. Also, actual vegetation management work did take place thru a tree trimming contract and herbicide application.**

**II. DISCOVERY INFORMATION**

**METHOD OF DISCOVERY**

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input checked="" 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 (mandatory and enforceable date) through 9/26/2008 (Mitigation Plan completion)**

**DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 2/5/2008 and Audit Date**

**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

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-0703**  
DATE SUBMITTED TO REGIONAL ENTITY **2/12/2008<sup>4</sup>**  
DATE ACCEPTED BY REGIONAL ENTITY **2/29/2008**  
DATE APPROVED BY NERC **9/3/08**  
DATE PROVIDED TO FERC **9/3/08**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **R1.1: 4/15/2008**  
**R1.2 and R1.5: 9/26/2008**  
EXTENSIONS GRANTED **N/A**  
ACTUAL COMPLETION DATE **R1.1: 7/21/2008**  
**R1.2 and R1.5: 9/26/2008**

DATE OF CERTIFICATION LETTER **R1.1: 7/22/2008**  
**R1.2 and R1.5: 9/26/2008**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF  
**R1.1: 7/21/2008**  
**R1.2 and R1.5: 9/26/2008**

DATE OF VERIFICATION LETTER **3/31/2010**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **9/26/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**For R1.1, URE developed a new Transmission Line Vegetation Management Inspection Form for field crews (line patrolmen) to use for vegetation inspections on transmission ROWs. URE also revised its TVMP to include management controls to ensure adherence to procedure through quarterly checks. URE inspects its transmission lines from the ground annually.**

**For R1.2 and R1.5, URE defined the derivation of Clearance 2 in its TVMP. On August 7, 2008, URE's Line Superintendent documented the training of TVMP contractor personnel on imminent threat procedures. To ensure**

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<sup>4</sup> URE certified on July 22, 2008 that its Mitigation Plan for R1.1 was completed on July 21, 2008, approximately 3 months after the approved completion date. During the Audit, the Audit Team determined that although URE's Mitigation Plan for R1.1 was complete, URE had to submit a revised Mitigation Plan to include the violations of R1.2 and R1.5. When URE submitted its revised Mitigation Plan on September 26, 2008 (dates shown above), it only included R1.2 and R1.5 since R1.1 had already been mitigated.

**future compliance, URE revised its contract template for tree trimming contracts to include imminent threat procedure training.**

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

**For R1.1, URE provided its Vegetation Management Form to be used by patrolmen to document their inspections, and its TVMP revised on July 21, 2008 to show the summary of the 2008 inspection and the completed inspection forms.**

**For R1.2 and R1.5, URE provided its Vegetation Management Program and a letter from the TVMP contractor dated September 25, 2008 confirming that training on the imminent threat procedure was completed.**

EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):

SOURCE DOCUMENT

**URE's Self-Report for R1.1 dated February 5, 2007**

**WECC's RSAW for the discovery of R1.2 and R1.5**

MITIGATION PLAN

**URE's Mitigation Plan designated as MIT-07-0703 for FAC-003-1 R1.1 dated February 12, 2008**

**URE's Mitigation Plan designated as MIT-07-0703 for FAC-003-1 R1.2 and R1.5 dated September 26, 2008**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Completion for FAC-003-1 R1.1 dated July 22, 2008**

**URE's Certification of Completion for FAC-003-1 R1.2 and R1.5 dated September 26, 2008**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion dated March 31, 2010**



## **Disposition Document for FAC-008-1 R1 and R2, FAC-009-1 R1 and FAC-014-1 R2, R4 and R5**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
WECC200810384	URE_WECC20081100
WECC200810385	URE_WECC20081101
WECC200810386	URE_WECC20081102
WECC200901326	URE_WECC20091468
WECC200901327	URE_WECC20091469
WECC200901328	URE_WECC20091470

### **I. VIOLATION INFORMATION<sup>1</sup>**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S) <sup>2</sup>	VSL(S)
<b>FAC-008-1</b>	<b>1</b>		<b>Lower<sup>3</sup></b>	<b>Lower</b>
<b>FAC-008-1</b>	<b>2</b>		<b>Lower</b>	<b>Lower</b>
<b>FAC-009-1</b>	<b>1</b>		<b>Medium</b>	<b>Moderate</b>
<b>FAC-014-1<sup>4</sup></b>	<b>2</b>		<b>Medium</b>	<b>N/A</b>
<b>FAC-014-1</b>	<b>4</b>		<b>Medium</b>	<b>N/A</b>
<b>FAC-014-1</b>	<b>5</b>		<b>High<sup>5</sup></b>	<b>N/A</b>

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

**The purpose statements of FAC-008-1 and FAC-009-1 state: “To ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric**

<sup>1</sup> Although WECC determined that URE had violations of FAC-008-1 R1 and R2, FAC-009-1 R1 and FAC-014-1 R2, R4 and R5, all six violations stemmed from a single act of non-compliance, which was considered in WECC’s determination of the penalty.

<sup>2</sup> The Settlement Agreement incorrectly states that FAC-014-1 R2, R4 and R5 each have a “Lower” VRF.

<sup>3</sup> 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. 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.

<sup>4</sup> The Settlement Agreement incorrectly references FAC-014-2 which became effective on April 29, 2009. FAC-014-1 was enforceable from January 1, 2009 through April 28, 2009 and therefore, was the Standard in effect at the time of the violations.

<sup>5</sup> When NERC filed VRFs it originally assigned FAC-014-1 R5 and R5.1 “Medium” VRFs. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified “High” VRF and the Commission approved the modified “High” VRFs. Therefore, the “Medium” VRFs for FAC-014-1 R5 and R5.1 were in effect from June 18, 2007 until May 29, 2008 when the “High” VRFs became effective. FAC-014-1 R5.1.1, R5.1.2, R5.1.3, R5.1.4, R5.2, R5.3 and R5.4 each have a “Medium” VRF.

System (BES) are determined based on an established methodology or methodologies.”

**FAC-008-1 R1 and R2 provide:**

**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 owned Facilities. The methodology shall include all of the following:**

**R1.1. A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.**

**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.**

**R1.2.2. The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.**

**R1.3. Consideration of the following:**

**R1.3.1. Ratings provided by equipment manufacturers.**

**R1.3.2. Design criteria (e.g., including applicable references to industry Rating practices such as manufacturer’s warranty, IEEE, ANSI or other standards).**

**R1.3.3. Ambient conditions.**

**R1.3.4. Operating limitations.**

**R1.3.5. Other assumptions.**

**R2. The Transmission Owner and Generator Owner shall each make its Facility Ratings Methodology available for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the associated Facilities are located, within 15 business days of receipt of a request.**

**FAC-009-1 R1 provides:**

**R1. The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.**

**The purpose statement of FAC-014-1 states: “To ensure that System Operating Limits (SOLs) used in the reliable planning and operation of the Bulk Electric**

System (BES) are determined based on an established methodology or methodologies.”

FAC-014-1 R2, R4 and R5 provide:

**R2. The Transmission Operator shall establish SOLs (as directed by its Reliability Coordinator) for its portion of the Reliability Coordinator Area that are consistent with its Reliability Coordinator’s SOL Methodology.**

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**R4. The Transmission Planner shall establish SOLs, including IROLs, for its Transmission Planning Area that are consistent with its Planning Authority’s SOL Methodology.**

**R5. The Reliability Coordinator, Planning Authority and Transmission Planner shall each provide its SOLs and IROLs to those entities that have a reliability-related need for those limits and provide a written request that includes a schedule for delivery of those limits as follows:**

**R5.1. The Reliability Coordinator shall provide its SOLs (including the subset of SOLs that are IROLs) to adjacent Reliability Coordinators and Reliability Coordinators who indicate a reliability-related need for those limits, and to the Transmission Operators, Transmission Planners, Transmission Service Providers and Planning Authorities within its Reliability Coordinator Area. For each IROL, the Reliability Coordinator shall provide the following supporting information:**

**R5.1.1. Identification and status of the associated Facility (or group of Facilities) that is (are) critical to the derivation of the IROL.**

**R5.1.2. The value of the IROL and its associated  $T_v$ .**

**R5.1.3. The associated Contingency(ies).**

**R5.1.4. The type of limitation represented by the IROL (e.g., voltage collapse, angular stability).**

**R5.2. The Transmission Operator shall provide any SOLs it developed to its Reliability Coordinator and to the Transmission Service Providers that share its portion of the Reliability Coordinator Area.**

**R5.3. The Planning Authority shall provide its SOLs (including the subset of SOLs that are IROLs) to adjacent Planning Authorities, and to Transmission Planners, Transmission Service Providers, Transmission Operators and Reliability Coordinators that work within its Planning Authority Area.**

**R5.4. The Transmission Planner shall provide its SOLs (including the subset of SOLs that are IROLs) to its Planning Authority, Reliability Coordinators, Transmission Operators, and**

**Transmission Service Providers that work within its  
Transmission Planning Area and to adjacent Transmission  
Planners.**

**VIOLATION DESCRIPTION**

**FAC-008-1 R1 and R2**

**On May 15, 2007, URE discovered violations of FAC-008-1 R1 and R2 as a result of a self-evaluation and submitted a Self-Report,<sup>6</sup> specifically for violations of R1.1, R1.2.1, R1.2.2<sup>7</sup> and R2. With respect to R1, URE did not include a statement in its rating process that it based Facility Ratings on the most limiting applicable Equipment Rating as required by R1.1. Additionally, while URE had used industry standards and practices to rate its facilities, URE did not have documented rating methodologies for generators, transformers, terminal equipment and series and shunt capacitors, as required by R1.2.1. Since URE was in violation of R1.2.1,<sup>8</sup> URE reported its rating methodologies would not have been available within fifteen business days of a receipt of a request for inspection and technical review by the Reliability Coordinator, Transmission Operators, Transmission Planners and Planning Authorities that have responsibility for the area as required by R2.**

**Although the violations of FAC-008-1 R1 and R2 were self-reported prior to June 18, 2007, they became enforceable because URE failed to submit an acceptable Mitigation Plan prior to June 18, 2007, as discussed in detail in section III below.<sup>9</sup>**

**FAC-009-1 R1**

**On May 15, 2007, URE discovered a violation of FAC-009-1 R1 as a result of a self-evaluation and submitted a Self-Report<sup>10</sup> stating that because its Facility Ratings Methodology did not contain all the elements of FAC-008-1, URE did not establish Facility Ratings for all of its facilities based on an established methodology as required by FAC-009-1 R1.**

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<sup>6</sup> The Self-Report was submitted with a date of Spring 2007; the May 15, 2007 submittal date was provided in the Settlement Agreement.

<sup>7</sup> The Self-Report and original Mitigation Plan erroneously listed R1.2.2 as a violation, and therefore the documents did not discuss non-compliance with this sub-requirement. Although URE self-reported violations of sub-requirements of R1, WECC characterized the violation as a violation of R1. Additionally, the Settlement Agreement does not fully describe WECC's determination of the violation. WECC's determination only describes URE's non-compliance with R1.1.

<sup>8</sup> Incorrectly stated as R1.1 on page 22 of the Settlement Agreement.

<sup>9</sup> The Settlement Agreement incorrectly states that the violations became enforceable because URE failed to complete its Mitigation Plan by an expected completion date of April 28, 2008.

<sup>10</sup> The Self-Report was submitted with a date of Spring 2007; the May 15, 2007 submittal date was provided in the Settlement Agreement.

Although the violation of FAC-009-1 R1 was self-reported prior to June 18, 2007, it became enforceable because URE failed to submit an acceptable Mitigation Plan prior to June 18, 2007, as discussed in detail in section III below.<sup>11</sup>

**FAC-014-1 R2, R4 and R5**

On December 31, 2008, prior to the enforceable date of FAC-014-1, URE discovered and self-reported violations of FAC-014-1 R2, R4 and R5, specifically R5.2 and R5.4. URE planned to establish Facility Ratings by April 30, 2009 in accordance with an approved Mitigation Plan for a violation of FAC-009-1. Until URE established these Facility Ratings for compliance with FAC-009-1, URE could not establish SOLs as required by FAC-014-1 R2 and R4. Therefore, URE could not communicate its SOLs to its Planning Authority, Reliability Coordinators, Transmission Operators and Transmission Service Providers that work within its Transmission Planning Area and to adjacent Transmission Planners, as required by FAC-014-1 R5.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violations of FAC-008-1 R1 and R2 and FAC-009-1 R1 did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because although URE's methodology did not include the required statement, URE based its Facility Ratings on the most limiting factor in practice. Additionally, although URE did not have a documented Facility Ratings Methodology for generators, transformers, terminal equipment and series and shunt capacitors, URE had used industry standards and practices to rate its facilities and its system had performed successfully for many years with the ratings in place.

WECC determined that the violations of FAC-014-1 R2, R4 and R5 did not pose a serious or substantial risk to the reliability of the BPS because even though URE could not establish SOLs and IROLs, URE created interim SOLs that are used in transmission operating and planning until the final SOLs were established. The interim SOLs have a proven operating history based on long-standing facility ratings.

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<sup>11</sup> The Settlement Agreement incorrectly states that the violations became enforceable because URE failed to submit the required updates to its Mitigation Plan in September 2007, December 2007, March 2008 and June 2008.

## 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)

**FAC-008-1 R1 and R2: 6/18/2007 (mandatory and enforceable date) through 6/5/2008 (Mitigation Plan completion)**

**FAC-009-1 R1: 6/18/2007 (mandatory and enforceable date) through 4/30/2009 (Mitigation Plan completion)**

**FAC-014-1 R2, R4 and R5: 1/1/2009 (mandatory and enforceable date) through 10/28/2009 (Mitigation Plan completion)**

### DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

**FAC-008-1 R1 and R2: 5/15/2007**

**FAC-009-1 R1: 5/15/2007**

**FAC-014-1 R2, R4 and R5: 12/31/2008**

### 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 checked="" type="checkbox"/>	NO	<input checked="" type="checkbox"/>

**The violations of FAC-008-1 R1 and R2 and FAC-009-1 R1 were pre-to-post June 18, 2007 violations.**

## III. MITIGATION INFORMATION

### FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	See chart below
DATE SUBMITTED TO REGIONAL ENTITY	See chart below
DATE ACCEPTED BY REGIONAL ENTITY	See chart below
DATE APPROVED BY NERC	See chart below
DATE PROVIDED TO FERC	See chart below

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

**For FAC-008-1 R1 and R2:**

URE initially submitted a Mitigation Plan for its violations of FAC-008-1 R1 and R2 on May 15, 2007 with a proposed completion date of “winter 2008.” WECC rejected this Mitigation Plan on June 14, 2007 because of the ambiguous expected completion date. URE submitted a revised Mitigation Plan on June 29, 2007 with a proposed completion date of October 31, 2008. WECC accepted the Mitigation Plan on August 9, 2007 but did not initially send it to NERC for its approval. During an on-site Compliance Audit conducted by WECC, the WECC Audit Team (Audit Team) recommended that URE submit another revised Mitigation Plan because URE failed to submit updates for its June 29, 2007 Mitigation Plan in September 2007, December 2007 and March 2008. URE submitted another revised Mitigation Plan on October 24, 2008 (dated October 23, 2008) as complete which was accepted by WECC and sent to NERC as shown in the chart below.

**For FAC-009-1 R1:**

URE initially submitted a Mitigation Plan for its violation of FAC-009-1 R1 on May 15, 2007 with a proposed completion date of “summer 2009.” WECC rejected this Mitigation Plan on June 14, 2007 because of the ambiguous expected completion date. URE submitted a revised Mitigation Plan on June 29, 2007 with a proposed completion date of April 30, 2009. WECC accepted the Mitigation Plan on August 9, 2007 but did not initially send it to NERC for its approval. During the Audit, the Audit Team recommended that URE submit another revised Mitigation Plan because URE failed to submit updates for its June 29, 2007 Mitigation Plan in September 2007, December 2007, March 2008 and June 2008. URE submitted another revised Mitigation Plan on October 24, 2008 (dated October 23, 2008) with a proposed completion date of April 30, 2009 which was accepted by WECC and sent to NERC as shown in the chart below.

MITIGATION PLAN COMPLETED      YES   ☒      NO   ☐

EXPECTED COMPLETION DATE      See chart below

EXTENSIONS GRANTED      N/A

ACTUAL COMPLETION DATE      See chart below

DATE OF CERTIFICATION LETTER      See chart below

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF      See ‘Actual Completion’ dates in chart below

DATE OF VERIFICATION LETTER      See chart below

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF      See ‘Actual Completion’ dates in chart below



	<b>FAC-008-1 R1, R2</b>	<b>FAC-009-1 R1</b>	<b>FAC-014-1 R2, R4, R5</b>
<b>MP #</b>	MIT-07-1225	MIT-07-1471	MIT-08-1565
<b>Submitted to WECC</b>	10/23/2008	10/23/2008	12/31/2008
<b>Accepted by WECC</b>	8/1/2008	12/2/2008	1/5/2009
<b>Approved by NERC</b>	1/7/2009	3/13/2009	4/10/2009
<b>Provided to FERC</b>	1/7/2009	3/17/2009	4/10/2009
<b>Expected Completion</b>	6/5/2008	4/30/2009	10/30/2009
<b>Actual Completion</b>	6/5/2008	4/30/2009	10/28/2009
<b>Certification Letter</b>	10/23/2008 <sup>12</sup>	4/30/2009 <sup>13</sup>	10/29/2009 <sup>14</sup>
<b>Verification Letter</b>	6/2/2009	5/7/2009	12/18/2009

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

To comply with FAC-008-1 R1 and R2, URE created a methodology to coordinate Facility Ratings across the URE service territory and made the process and rating available as required.

To comply with FAC-009-1 R1, URE established its Facility Ratings for its project lines and switchyard first and ten for other remaining lines and facilities.

To comply with FAC-014-1 R2, R4 and R5, URE:

- established SOLs consistent with its Reliability Coordinator's methodology and in accordance with FAC-010-1 and FAC-011-1 to include Facility Ratings, transient stability ratings, voltage stability ratings and system voltage limits;
- established SOLs consistent with its Planning Authority's methodology and in accordance with FAC-010-1 and FAC-011-1 to include Facility Ratings, transient stability ratings, voltage stability ratings and system voltage limits;
- provided its SOLs to its Reliability Coordinator and its Planning Authority.

<sup>12</sup> The Certification was included within the Mitigation Plan.

<sup>13</sup> This Certification of Completion was incorrectly dated October 23, 2008 and was submitted on a new Mitigation Plan form.

<sup>14</sup> This Certification of Completion letter was signed on October 28, 2009.

**URE established preliminary SOLs by June 30, 2009 for use during the interim. The interim SOLs had a proven operating history based on long-standing facility ratings, thereby minimizing the risk to the reliability of the BPS.**

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

**For FAC-008-1 R1 and R2, WECC reviewed:**

- **URE's transmission and distribution engineering procedure for FAC-008-1;**
- **URE's transmission system Facility Ratings Methodology;**
- **URE's engineering procedure for FAC-008-1; and**
- **URE's generation Facility Ratings Methodology.**

**For FAC-009-1 R1, WECC reviewed:**

- **URE's transmission and distribution engineering procedure for FAC-009-1;**
- **URE's engineering procedure for FAC-009-1; and**
- **A table showing URE's Facility Ratings dated April 29, 2009.**

**For FAC-014-1 R2, R4 and R5, WECC reviewed:**

- **URE's summary table of SOLs (FAC-014\_Rev004);**
- **URE's transmission and distribution engineering procedure for FAC-014-1; and**
- **URE's e-mail correspondence on communication of SOLs dated October 28, 2009.**

**EXHIBITS:**

**SOURCE DOCUMENT**

**URE's Self-Report for FAC-008-1 R1 and R2 dated Spring 2007 (May 15, 2007)**

**URE's Self-Report for FAC-009-1 R1 dated Spring 2007 (May 15, 2007)**

**URE's Self-Report for FAC-014-1 R2, R4 and R5 dated December 31, 2008**

**MITIGATION PLAN**

**URE's Mitigation Plan for FAC-008-1 R1 and R2 designated as MIT-07-1225 and Certification of Completion therein dated October 23, 2008**

**URE's Mitigation Plan for FAC-009-1 R1 designated as MIT-07-1471 dated October 23, 2008**

**URE's Mitigation Plan for FAC-014-1 R2, R4 and R5 designated as MIT-08-1565 dated December 31, 2008**

**CERTIFICATION BY REGISTERED ENTITY**

**See Mitigation Plan for Certification for FAC-008-1 R1 and R2**

**URE's Certification of Completion for FAC-009-1 R1 signed on April 30, 2009**

**URE's Certification of Completion for FAC-014-1 R2, R4 and R5 dated October 29, 2009**

**VERIFICATION BY REGIONAL ENTITY**

**WECC's Verification of Completion for FAC-008-1 R1 and R2 dated June 2, 2009**

**WECC's Verification of Completion for FAC-009-1 R1 dated May 7, 2009**

**WECC's Verification of Completion for FAC-014-1 R2, R4 and R5 dated December 18, 2009**

## **Disposition Document for the three violations of INT-006 R1**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
WECC200800797	URE_WECC2008836
WECC200801226	URE_WECC20081337
WECC200901322	URE_WECC20091462

### **I. VIOLATION INFORMATION<sup>1</sup>**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRP(S)	VSL(S)
INT-006-1	1		Lower	Moderate
INT-006-2	1		Lower	N/A
INT-006-2 <sup>2</sup>	1		Lower	N/A

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

**The purpose statements of both INT-006-1 and INT-006-2 state: “To ensure that each Arranged Interchange is checked for reliability before it is implemented.”**

**INT-006-1 and INT-006-2 R1 provides:**

**R1. Prior to the expiration of the reliability assessment period defined in the Timing Table, Column B, the Balancing Authority and Transmission Service Provider shall respond to a request from an Interchange Authority to transition an Arranged Interchange to a Confirmed Interchange.**

**R1.1. Each involved Balancing Authority shall evaluate the Arranged Interchange with respect to:**

**R1.1.1. Energy profile (ability to support the magnitude of the Interchange).**

**R1.1.2. Ramp (ability of generation maneuverability to accommodate).**

**R1.1.3. Scheduling path (proper connectivity of Adjacent Balancing Authorities).**

**R1.2. Each involved Transmission Service Provider shall confirm that the transmission service arrangements associated with the Arranged Interchange have adjacent Transmission Service**

<sup>1</sup> INT-006-1 became effective on January 1, 2007. INT-006-2 was revised to reflect revision to the Timing Table and became effective on August 27, 2008. The actual language of the Standard, the requirements and sub-requirements did not change.

<sup>2</sup> The Self-Report and Mitigation Plan incorrectly reference INT-006-3.

**Provider connectivity, are valid and prevailing transmission system limits will not be violated.**

#### **VIOLATION DESCRIPTION**

##### **First Occurrence**

**On April 25, 2008, URE discovered a violation of INT-006-1 R1 through a self-evaluation process. URE self-reported the violation to WECC on May 8, 2008<sup>3</sup> because URE failed to respond to a Request for Interchange (RFI) within the assessment period that is defined in Column B of the Timing Table in the Standard.**

**On August 12, 2008, after URE certified that it had completed its Mitigation Plan, but before WECC had completed its verification of its completion, URE self-reported another violation of INT-006-1 R1 because it had failed to respond to a tag when its vendor's system shut down briefly. WECC considered this to be a second instance of this first occurrence of the INT-006-1 R1 violation.**

##### **Second Occurrence**

**On October 19, 2008, URE discovered another violation of INT-006-2 (effective August 27, 2008) through a self-evaluation process. URE self-reported the violation to WECC on October 28, 2008 because URE failed to respond to a tag because its system did not recognize a valid acronym. URE's etag vendor did not update its software correctly to include recent changes to the acronyms in the NERC Registry. As a result, a tag that required updated NERC Registry information was not transferred to URE's tagging system for assessment.**

##### **Third Occurrence**

**On February 23, 2009, URE discovered another violation of INT-006-2 through a self-evaluation process. URE self-reported the violation to WECC on February 27, 2009 and reported that on February 21, 2009, it discovered an expired tag number caused by the failure of a proxy server that was used to route eTagging traffic from outside to the management system servers. The tag was not successfully updated by URE's application and URE's system did not communicate the transaction to the Open Access Technology International system.**

#### **RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL**

**WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because, in every case, the tags for the arranged interchanges were subsequently re-issued, approved and implemented. Although URE had three violations of this Standard, the violations were for routine daily commercial interchange transactions.<sup>4</sup>**

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<sup>3</sup> The Settlement Agreement incorrectly states that URE self-reported the violation on May 6, 2008.

<sup>4</sup> These transactions were financial transactions that revolved around routine forecasting and handling.

## 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)

**First Violation: 4/25/2008 (when URE first failed to respond to the RFI) through 10/8/2008 (Mitigation Plan completion)<sup>5</sup>**

**Second Violation: 10/19/2008 (when URE failed to respond to the transaction request) through 10/28/2008<sup>6</sup> (Mitigation Plan completion)**

**Third Violation: 2/21/2009<sup>7</sup> (when URE failed to respond to a request to transition an Arranged Interchange to a Confirmed Interchange) through 5/12/2009 (Mitigation Plan completion)**

### DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

**First Violation: 5/8/2008 (first instance) and 8/12/2008 (second instance)**

**Second Violation: 10/28/2008**

**Third Violation: 2/27/2009**

### 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"/>

<sup>5</sup> The Settlement Agreement incorrectly states that the violation ended on October 8, 2008.

<sup>6</sup> The Settlement Agreement incorrectly states October 29, 2008.

<sup>7</sup> The Settlement Agreement incorrectly states February 23, 2009.

### III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. See chart below  
DATE SUBMITTED TO REGIONAL ENTITY See chart below  
DATE ACCEPTED BY REGIONAL ENTITY See chart below  
DATE APPROVED BY NERC See chart below  
DATE PROVIDED TO FERC See chart below

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

**For the first violation, URE submitted its Mitigation Plan for its May 8, 2008 self-reported violation on May 19, 2008 with a proposed completion date of August 18, 2008. The Mitigation Plan was accepted by WECC on July 23, 2008 and approved by NERC on September 17, 2008. The Mitigation Plan was submitted as non-public information to FERC on September 17, 2008 in accordance with FERC orders. On July 9, 2008, URE certified that it completed its Mitigation Plan on June 16, 2008. Before WECC completed its review, URE self-reported its second instance of this violation and therefore, WECC rejected URE's certification because it did not mitigate the second instance of the violation. URE submitted a revised Mitigation Plan to include the second instance of the violation as shown in the chart below.**

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE See chart below  
EXTENSIONS GRANTED N/A  
ACTUAL COMPLETION DATE See chart below

DATE OF CERTIFICATION LETTER See chart below  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF See 'Actual Completion' dates in chart below

DATE OF VERIFICATION LETTER See chart below  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF See 'Actual Completion dates in chart below



	<b>First Violation</b>	<b>Second Violation</b>	<b>Third Violation</b>
<b>MP #</b>	MIT-08-0869	MIT-08-1359	MIT-09-1564
<b>Submitted to WECC</b>	8/22/2008	10/29/2008 <sup>8</sup>	2/27/2009
<b>Accepted by WECC</b>	7/23/08	11/20/2008	3/6/2009
<b>Approved by NERC</b>	10/21/10	2/9/2009	4/10/2009
<b>Provided to FERC</b>	10/21/10	2/17/2009	4/10/2009
<b>Expected Completion</b>	10/12/2008	10/28/2008	5/26/2009
<b>Actual Completion</b>	10/8/2008	10/28/2008 <sup>9</sup>	5/12/2009
<b>Certification Letter</b>	10/8/2008 <sup>10</sup>	10/29/2008 <sup>11</sup>	5/12/2009
<b>Verification Letter</b>	3/31/10	2/13/2009	8/28/2009

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

##### To mitigate the first violation:

- URE improved its alarm system to alert its operator;
- URE made software improvements to allow its system to run with fewer processing delays; and
- URE's vendor made software enhancements to its system to minimize or prevent the system problems that caused the violations.

URE monitored the system's performance from September 11, 2008 to October 8, 2008 to ensure it operated correctly. During that period, URE processed tags properly and reported only two tags that had "expired." URE responded to both expired tags within the assessment period required by the Standard.

##### To mitigate the second violation:

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<sup>8</sup> The Settlement Agreement incorrectly states October 28, 2008.

<sup>9</sup> The Settlement Agreement incorrectly states that URE certified and WECC verified that URE completed its Mitigation Plan on October 29, 2008.

<sup>10</sup> WECC received this Certification of Completion on October 10, 2008.

<sup>11</sup> This Certification of Completion is dated October 28, 2008.

- **URE worked with its software vendor to identify the cause of the problem and make corrections. The software vendor corrected its procedures to make required updates nightly.**

**To mitigate the third violation:**

- **URE used an outside consultant to build a different proxy server to replace the server that failed. URE monitored the server for sixty (60) days to verify that the system was functioning properly.**

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

**For the first violation, WECC reviewed:**

- **A copy of the two expired tags showing that URE responded to the tags within the assessment period. URE provided an attestation that the vendor made software enhancements to URE's system.**

**For the second violation, WECC reviewed:**

- **An e-mail from URE's software vendor stating that registry updates would occur nightly.**

**For the third violation, WECC reviewed:**

- **A URE help desk ticket regarding connection issues on the eTagging proxy service, and email correspondence discussing the repair of the online system.**

**EXHIBITS (SEE ATTACHMENT TO NOTICE OF PENALTY):**

**SOURCE DOCUMENT**

**URE's Self-Report for the first instance of the first violation dated May 8, 2008**

**URE's Self-Report for the second instance of the first violation dated August 12, 2008**

**URE's Self-Report for the second violation dated October 28, 2008**

**URE's Self-Report for the third violation dated February 27, 2009**

**MITIGATION PLAN**

**URE's Mitigation Plan for the first instance of the first violation designated as MIT-08-0869 dated May 19, 2008**

**URE's Revised Mitigation Plan to include the second instance of the first violation designated as MIT-08-0869 dated August 22, 2008**

**URE's Mitigation Plan for the second violation designated as MIT-08-1359 dated October 29, 2008**

**URE's Mitigation Plan for the third violation designated as MIT-09-1564 dated February 27, 2009**

**CERTIFICATION BY REGISTERED ENTITY**

**URE's Certification of Completion for both instances of the first violation dated October 8, 2008**

**URE's Certification of Completion for the second violation dated October 28, 2008**

**URE's Certification of Completion for the third violation dated May 12, 2009**

**VERIFICATION BY REGIONAL ENTITY**

**WECC's Verification of Completion for both instances of the first violation dated March 31, 2010**

**WECC's Verification of Completion for the second violation dated February 13, 2009**

**WECC's Verification of Completion for the third violation dated August 28, 2009**

## **Disposition Document for PRC-004-1 R2**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO. WECC200810387 REGIONAL ENTITY TRACKING NO. URE\_WECC20081105

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-004-1	2		High	Lower

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

**The purpose statement of PRC-004-1 states: “Ensure all transmission and generation Protection System Misoperations affecting the reliability of the Bulk Electric System (BES) are analyzed and mitigated.”**

**PRC-004-1 R2 provides: “The Generator Owner shall analyze its generator Protection System Misoperations, and shall develop and implement a Corrective Action Plan to avoid future Misoperations of a similar nature according to the Regional Reliability Organization’s procedures developed for PRC-003 R1.”**

#### **VIOLATION DESCRIPTION**

**On May 15, 2007, URE discovered a violation of PRC-004-1 R2 through a self-evaluation process and submitted a Self-Report<sup>1</sup> to WECC.<sup>2</sup>**

**In the Self-Report, URE stated that it had no transmission misoperations. In addition, URE reported that it tracks generator protection misoperations in both an operations log and a database. When URE re-examined its records for compliance purposes it determined that two generator Protection System misoperations had occurred for which URE had not conducted any analysis or developed any corrective action plans, as required by R2.**

**Although URE self-reported this violation before June 18, 2007, it became enforceable because URE failed to submit an acceptable Mitigation Plan prior to June 18, 2007 as discussed in section III below.<sup>3</sup>**

<sup>1</sup> URE also self-reported a violation of PRC-004-1 R3. WECC dismissed this violation on April 30, 2009 because it was deemed an unenforceable violation in accordance with FERC Order No. 693 and associated NERC guidance.

<sup>2</sup> The Self-Report was submitted with a date of Spring 2007; the May 15, 2007 submittal date was provided in the Settlement Agreement.

<sup>3</sup> The Settlement Agreement incorrectly states that the violation became enforceable because URE failed to submit several updates to its Mitigation Plan.

## RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because a misoperation would have tripped a generator and the loss of a single generator could have been accommodated by spinning reserve until other units could be brought on line.**

### 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 (mandatory and enforceable date) through 5/15/2008 (Mitigation Plan completion)**

**DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 5/15/2007**

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 checked="" type="checkbox"/>	NO <input type="checkbox"/>

### III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-1226**

DATE SUBMITTED TO REGIONAL ENTITY **10/23/2008**<sup>4</sup>

DATE ACCEPTED BY REGIONAL ENTITY **8/1/2008**

DATE APPROVED BY NERC **1/7/2009**

DATE PROVIDED TO FERC **1/7/2009**

<sup>4</sup> The Verification document states that WECC received this Mitigation Plan on October 24, 2008.

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

**URE initially submitted its Mitigation Plan for this violation on May 15, 2007 with a proposed completion date of “Spring 2008.” On June 29, 2007, URE submitted a revised Mitigation Plan with a proposed completion date of June 30, 2008. During an on-site Compliance Audit conducted by WECC, the WECC Audit Team (Audit Team) recommended that URE submit another revised Mitigation Plan because URE failed to submit several updates for its June 29, 2007 Mitigation Plan. URE submitted another revised Mitigation Plan on October 23, 2008 as complete which was accepted by WECC and sent to NERC as stated above.**

MITIGATION PLAN COMPLETED      YES   ☒      NO   ☐

EXPECTED COMPLETION DATE   **5/15/2008**

EXTENSIONS GRANTED          **N/A**

ACTUAL COMPLETION DATE      **5/15/2008**

DATE OF CERTIFICATION LETTER **10/23/2008 (contained within Mitigation Plan)**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **5/15/2008**

DATE OF VERIFICATION LETTER **6/2/2009**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **5/15/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**URE analyzed the two misoperations that were not previously analyzed, developed corrective action plans and implemented those plans. URE documented the corrective action plans and the actions it took in its computer maintenance management system.**

**To ensure future compliance, URE developed and documented the engineering and operating procedures.**

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

**WECC reviewed URE’s:**

- **Engineering and operations procedures**

EXHIBITS:

SOURCE DOCUMENT

**URE's Self-Report dated Spring 2007**

MITIGATION PLAN

**URE's Mitigation Plan designated as MIT-07-1226 and Certification of Completion therein dated October 23, 2008**

CERTIFICATION BY REGISTERED ENTITY

**See Mitigation Plan**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion dated June 2, 2009**



## **Disposition Document for PRC-005-1 R1 and R2**

## **DISPOSITION OF VIOLATION**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
WECC200800909	URE_WECC2008963
WECC200810389	URE_WECC20081107

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	1		High <sup>1</sup>	Severe <sup>2</sup>
PRC-005-1	2		Lower <sup>3</sup>	Lower

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

**The purpose statement of PRC-005-1 states: “To ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”**

**PRC-005-1 R1 provides:**

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

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

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

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<sup>1</sup> 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.

<sup>2</sup> The source document incorrectly states that the violation was assigned a High Violation Severity Level.

<sup>3</sup> PRC-005-1 R2 has a “Lower” Violation Risk Factor (VRF); R2.1 and R2.2 each have 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.

**PRC-005-1 R2 provides:**

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

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

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

#### **VIOLATION DESCRIPTION**

**On May 15, 2007, URE discovered a violation of PRC-005-1 R2 through its self-evaluation process and self-reported<sup>4</sup> it to WECC.<sup>5</sup> URE was not meeting maintenance and testing goals for transmission system equipment. Additionally, URE was not conducting and documenting all required maintenance and testing of covered Protection System<sup>6</sup> equipment within defined intervals. WECC SMEs reviewed the documentation and determined that URE had not maintained and tested 60% of the transmission Protection Systems within defined intervals. Sixty percent of the systems are located at four Substations. URE did not have the date last tested for these facilities.**

**During an on-site Compliance Audit conducted by WECC, the WECC Audit Team (Audit Team) agreed that URE had a violation of PRC-005-1 R2. The Audit Team also discovered a violation of PRC-005-1 R1. At the Audit, URE presented documentation that it had developed its Protection System maintenance and testing plan on January 1, 2008. Prior to January 1, 2008, URE did not have a maintenance and testing plan for its system protection devices that met the requirements of PRC-005-1 R1. Therefore, the Audit Team determined that although URE was compliant with PRC-005-1 R1 at the time of the Audit, had a gap in compliance prior to January 1, 2008.**

**Although URE self-reported the violation of PRC-005-1 R2 before June 18, 2007, it became enforceable because URE failed to complete its Mitigation Plan by the proposed completion date of December 30, 2008, as discussed in section III below.<sup>7</sup>**

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<sup>4</sup> The Self-Report was submitted with a date of Spring 2007; the May 15, 2007 submittal date was provided in the Settlement Agreement.

<sup>5</sup> In its Mitigation Plan for R2 which was submitted with the Self-Report, URE stated that it did not have procedures in place, however URE did not self-report a violation of R1.

<sup>6</sup> *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.”

<sup>7</sup> The Settlement Agreement incorrectly states that the violation of R2 became enforceable because URE failed to submit three required updates to its Mitigation Plan.

## RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because although URE did not have documentation of its maintenance and testing which met the requirements of this Standard, URE performed maintenance and testing on its transmission interconnection facilities.**

**II. DISCOVERY INFORMATION**

## METHOD OF DISCOVERY

SELF-REPORT (R2)	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT (R1)	<input checked="" 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)

**R1: 6/18/2007 (mandatory and enforceable date) through 1/1/2008 (when URE implemented its Protection System maintenance and testing program)**

**R2: 6/18/2007 (mandatory and enforceable date) through 12/31/2009 (Mitigation Plan completion)**

## DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

**R1: Audit Date**

**R2: 5/15/2007**

## 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 checked="" type="checkbox"/>	NO	<input checked="" type="checkbox"/>

**The violation of PRC-005-1 R2 is a pre to post June 18, 2007 violation.**

### III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	See chart below
DATE SUBMITTED TO REGIONAL ENTITY	See chart below
DATE ACCEPTED BY REGIONAL ENTITY	See chart below
DATE APPROVED BY NERC	See chart below
DATE PROVIDED TO FERC	See chart below

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

For PRC-005-1 R2, URE initially submitted a Mitigation Plan on May 15, 2007 with a proposed completion date of December 30, 2008. This plan was accepted by WECC at the Audit; however, the Audit Team recommended that URE submit another Mitigation Plan because URE had not submitted milestone updates as required. URE submitted another Mitigation Plan on October 29, 2008<sup>8</sup> with the same proposed completion date of December 30, 2008. The Mitigation Plan was accepted by WECC on November 6, 2008, approved by NERC on January 7, 2009 and submitted as non-public information to FERC on January 7, 2009 in accordance with FERC orders.

On December 30, 2008, URE certified that it had completed its Mitigation Plan. WECC reviewed URE's documentation and determined that it had not maintained and tested 60% of its transmission Protection Systems within defined intervals. Sixty percent of the systems are located at four Substations. Therefore, this violation became a pre to post June 18, 2007 violation.

On February 23, 2009, WECC notified URE that it rejected the certification and URE would need to submit a new Mitigation Plan. URE submitted a new Mitigation Plan on March 12, 2009<sup>9</sup> with a new proposed completion date of December 31, 2009, as shown in the chart below.

MITIGATION PLAN COMPLETED      YES   ☒      NO   ☐

EXPECTED COMPLETION DATE	See chart below
EXTENSIONS GRANTED	N/A
ACTUAL COMPLETION DATE	See chart below

DATE OF CERTIFICATION LETTER See chart below  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF See 'Actual Completion' dates in chart below

<sup>8</sup> The Settlement Agreement states that the Mitigation Plan was submitted on October 30, 2008.

<sup>9</sup> The Settlement Agreement incorrectly states this Mitigation Plan was submitted on March 11, 2009.

DATE OF VERIFICATION LETTER See chart below  
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF See 'Actual  
 Completion' dates in chart below

	PRC-005-1 R1	PRC-005-1 R2
MP #	MIT-07-1346	MIT-07-1227
Submitted to WECC	1/2/2009	3/12/2009
Accepted by WECC	1/7/2009	3/18/2009
Approved by NERC	2/17/2009	8/20/2009
Provided to FERC	2/23/2009	8/20/2009
Expected Completion	1/1/2008	12/31/2009
Actual Completion	1/1/2008	12/31/2009
Certification Letter	1/2/2009	12/31/2009 <sup>10</sup>
Verification Letter	2/13/2009	1/11/2010

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

**To comply with PRC-005-1 R1, URE developed a Protection System maintenance management software program, examined its maintenance intervals and procedures, and dedicated resources.**

**URE subsequently revised and reformatted the program.**

**To comply with PRC-005-1 R2, URE completed maintenance, inspection and testing for its transmission and generation Protection Systems.**

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

**For PRC-005-1 R1, WECC reviewed:**

- **URE's assessment of its maintenance program;**

<sup>10</sup> WECC's Verification of Completion letter incorrectly states that WECC received URE's Certification of Completion on December 30, 2009.

- URE's procedure for its relay and test equipment; and
- URE's Protection System Maintenance, Inspection & Testing Program.

For PRC-005-1 R2, WECC reviewed:

- Documentation confirming testing and maintenance was completed for each substation that had transmission Protection Systems that were not tested within the defined intervals.

EXHIBITS (SEE ATTACHMENTS TO NOTICE OF PENALTY):

**SOURCE DOCUMENT**

**WECC's Determination of Violation Summary for R1**

**URE's Self-Report for R2 dated May 15, 2007**

**MITIGATION PLAN**

**URE's Mitigation Plan for R1 designated as MIT-07-1346 and Certification of Completion therein dated January 2, 2009**

**URE's Mitigation Plan for R2 designated as MIT-07-1227 dated October 29, 2008**

**URE's Revised Mitigation Plan for R2 designated as MIT-07-1227 dated March 12, 2009**

**CERTIFICATION BY REGISTERED ENTITY**

**See Mitigation Plan for R1**

**URE's Certification of Completion for R2 dated December 31, 2009**

**VERIFICATION BY REGIONAL ENTITY**

**WECC's Verification of Completion for R1 dated February 13, 2009**

**WECC's Verification of Completion for R2 dated January 11, 2010**

## **Disposition Document for TOP-002-2 R1**



## **DISPOSITION OF VIOLATION**

NERC TRACKING NO. WECC200710135 REGIONAL ENTITY TRACKING NO. URE\_WECC2007787

### **I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
TOP-002-2	1		Medium	Severe

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

The purpose statement of TOP-002-2 states: “Current operations plans and procedures are essential to being prepared for reliable operations, including response for unplanned events.”

TOP-002-2 R1 provides:

**R1. Each Balancing Authority and Transmission Operator shall maintain a set of current plans that are designed to evaluate options and set procedures for reliable operation through a reasonable future time period. In addition, each Balancing Authority and Transmission Operator shall be responsible for using available personnel and system equipment to implement these plans to ensure that interconnected system reliability will be maintained.**

#### VIOLATION DESCRIPTION

On May 15, 2007, URE discovered a violation of TOP-002-2 R1 through its self-evaluation process and self-reported it to WECC on that same day. URE reported that it did not maintain a set of current plans for maintaining system reliability, complete with an assessment of current conditions and options for contingencies as required by this Standard. URE also reported that it did not maintain a set of current plans designed to evaluate options and set procedures for reliable operation through a reasonable future time period.

Although URE self-reported this violation before June 18, 2007, it became enforceable because URE completed its Mitigation Plan ten (10) months late, as discussed in section III below.

#### RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS). The settlement agreement assesses the violation as a minimal risk based on its circumstances as pre to post June 18, 2007 violation.

**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 (mandatory and enforceable date) through 6/9/2008 (Mitigation Plan completion)**

**DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 5/15/2007**

**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 checked="" type="checkbox"/>	NO <input type="checkbox"/>

**III. MITIGATION INFORMATION**

**FOR FINAL ACCEPTED MITIGATION PLAN:**

MITIGATION PLAN NO.	<b>MIT-07-1592</b>
DATE SUBMITTED TO REGIONAL ENTITY	<b>10/28/2008</b>
DATE ACCEPTED BY REGIONAL ENTITY	<b>12/2/2008</b>
DATE APPROVED BY NERC	<b>4/27/2009</b>
DATE PROVIDED TO FERC	<b>4/28/2009</b>

**IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE**

**URE initially submitted a Mitigation Plan for this violation on May 15, 2007 with a proposed completion date of August 31, 2007. WECC accepted the Mitigation Plan at the Audit on July 28, 2008. This Mitigation Plan was not submitted to NERC because it was a pre-June 18 Mitigation Plan.**

**During an on-site Compliance Audit conducted by WECC, the WECC Audit Team (Audit Team) concluded that URE had completed its Mitigation Plan on June 9, 2008, which was ten (10) months after the approved completion date of August 31, 2007. Therefore, the Audit Team instructed URE to submit a new Mitigation Plan for the post-June 18 violation. On July 16, 2008, URE submitted a Certification of Completion and subsequently, on October 28, 2008, submitted the revised Mitigation Plan requested by the Audit Team, as shown above.**

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **8/31/2007**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **6/9/2008 (10 months late)**

DATE OF CERTIFICATION LETTER **7/16/2008<sup>1</sup>**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **6/9/2008**

DATE OF VERIFICATION LETTER **12/2/2008**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **6/9/2008**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**URE drafted a procedure and plan that utilized seasonal planning documents and provided a daily assessment that incorporated current system conditions, including weather and load forecasts. URE also trained its system operators on the new procedure and plan format.**

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

**WECC reviewed:**

- **URE's operating procedure for Normal Operations;**
- **URE's load summary by station for Summer 2008 and Winter 2008; and**
- **Examples of URE's daily reliability plan..**

EXHIBITS:

SOURCE DOCUMENT

**URE's Self-Report dated May 15, 2007**

MITIGATION PLAN

**URE's Mitigation Plan designated as MIT-07-1592 dated October 28, 2008**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Completion dated July 16, 2008**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Completion dated December 2, 2008**

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<sup>1</sup> The Certification of Completion was received by WECC on July 23, 2008.