

Attachment a

Source Document

Compliance Data Management System
2007 Self-Certification Worksheet***Cloverland Electric Cooperative***

| | | | | |
|----------------------------------|--------------------|---|-------------------------|------------|
| <u>STANDARD</u> | CIP-001-1 | Sabotage Reporting -(BA,GOP,LSE,TOP,RC) | | |
| <u>RESPONSIBLE FOR COMPLYING</u> | Yes | | <u>RECEIVED_DATE</u> | 09/28/2007 |
| | <u>DUE DATE</u> | 09/28/2007 | <u>COMPLIANCE LEVEL</u> | NC Level 1 |
| | <u>MP DUE DATE</u> | 10/29/2007 | <u>SC_STATUS</u> | Submitted |

NOT RESPONSIBLE REASONMEMBER COMMENTS

The Rural Utilities Services requires its borrowers maintain and demonstrate an emergency response plan. Sabotage reporting is not included in our plan at this time, but we are in the process of resolving this issue.

MEMBER CONTACT

***** End of Report *****

Attachment b

Settlement Agreement(s)



August 17, 2009

Chuck Stevenson
System Engineer
Cloverland Electric Cooperative
2916 W M-28
Dafer, Michigan 49724

Re: Notice of Proposed Expedited Disposition of Pending Violations or Alleged Violations

Dear Chuck Stevenson:

This letter is giving notice that ReliabilityFirst Corporation ("ReliabilityFirst") proposes expedited disposition of the pending violations or alleged violations listed in **Attachment B**. **Please review the information below and respond in writing no later than five (5) business days from the date of this Notice.** Responses should be directed to Abby Sheatzley, Paralegal, at abby.sheatzley@rfirst.org. If you have questions, please call Stephanie Davis at (330) 247-3076.

ReliabilityFirst intends to submit to the North American Electric Reliability Corporation ("NERC") for filing with the Federal Energy Regulatory Commission ("FERC" or "Commission") a request to expedite resolution of the pending violations or alleged violations listed in **Attachment B** and to accept disposition of these violations or alleged violations under the terms of the Agreement in **Attachment A** hereto, based on the following factors:

- The violations do not pose a serious or substantial risk to system reliability.
- The violations occurred prior to July 3, 2008.
- The violations have been mitigated with mitigation plan completion verified by ReliabilityFirst or the violations are being mitigated under the terms of a mitigation plan that has been approved by ReliabilityFirst and NERC.

This proposed expedited disposition will result in the assessment of the penalty identified for each of the respective violations listed in **Attachment B** if this disposition is accepted by Cloverland Electric Cooperative and by NERC and FERC.

If Cloverland Electric Cooperative accepts this proposed expedited disposition, sign the attached Agreement and return it to ReliabilityFirst within **five (5) business days** after the date of this Notice. **If Cloverland Electric Cooperative does not wish to accept this proposed expedited disposition, sign the attached Decision to Opt Out and return it to ReliabilityFirst within five (5) business days after the date of this Notice.**

Sincerely,



Raymond J. Palmieri
Vice President and Director of Compliance

Attachments:

A – Agreement

B – List of Violations and associated Penalty

ATTACHMENT A

AGREEMENT

Cloverland Electric Cooperative and ReliabilityFirst agree to the following:

1. Acceptance of this Agreement results in the assessment of zero USD for the violations listed in **Attachment B**, subject to approval or modification by the North American Electric Reliability Corporation ("NERC") and the Federal Energy Regulatory Commission ("FERC" or "Commission"). Monetary penalty payments, to the extent applicable, must be made by Wire transfer to a ReliabilityFirst account that will be outlined in an invoice sent to Cloverland Electric Cooperative within twenty days after the Agreement is either approved by the Commission or is rendered effective by operation of law. Payment of this invoice shall be made within twenty days after the receipt of the invoice, and ReliabilityFirst shall notify NERC if the payment is not received.
2. The violations listed in **Attachment B** will be considered Confirmed Violations for all purposes and may be used as aggravating factors in accordance with the NERC Sanction Guidelines for determining appropriate monetary penalties or sanctions for future violations.
3. Cloverland Electric Cooperative attests there have been no repeat occurrences of the violations listed in **Attachment B** as of the date of this attestation.
4. The expedited disposition agreed to herein represents a full and final disposition of the violations listed in **Attachment B**, subject to approval or modification by NERC and FERC.
5. If Cloverland Electric Cooperative does not make the monetary penalty payment above at the times agreed by the parties, interest payable to ReliabilityFirst will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.

Accepted:
Cloverland Electric Cooperative

Tim McEach, as

8/18/09 Date

General MANAGER
(Title) on Behalf of Cloverland Electric Cooperative

ReliabilityFirst Corporation

R.J. Palmieri
By Raymond J. Palmieri,

8/25/09 Date

ATTACHMENT B

List of Violations

| NERC Violation ID | Registered Entity | Standard | Requirement | Penalty |
|-------------------|---------------------------------|-----------|-------------|------------|
| RFC200700008 | Cloverland Electric Cooperative | CIP-001-1 | 1 | \$0.00 USD |
| RFC200700010 | Cloverland Electric Cooperative | CIP-001-1 | 2 | |
| RFC200700011 | Cloverland Electric Cooperative | CIP-001-1 | 3 | |
| RFC200700013 | Cloverland Electric Cooperative | CIP-001-1 | 4 | |

Attachment c

Mitigation Plan

Compliance Data Management System
2007 Mitigation Plan Worksheet
Cloverland Electric Cooperative

| | | | |
|------------------------|--------------------|---------------------------------|------------|
| <u>PROCESS TYPE</u> | Self-Certification | <u>STANDARD</u> | CIP-001-1 |
| <u>DUE DATE</u> | 10/29/2007 | <u>STATUS</u> | Submitted |
| <u>RECEIVED</u> | 10/31/2007 | <u>TIMELINESS LEVEL</u> | NC Level 1 |
| <u>ASSESSMENT DATE</u> | | <u>COMPLIANCE LEVEL</u> | |
| <u>COMPLETED DATE</u> | | <u>SUBMITTED BY</u> | CLEC |
| <u>CONTACT</u> | | | |
| <u>PHONE</u> | | <u>EXPECTED COMPLETION DATE</u> | 01/15/2008 |
| <u>EMAIL</u> | | | |

Is the mitigation plan adequate/compliant? No

Is the recommendation non-compliance? No

REASON FOR MITIGATION PLAN

The reason for this mitigation plant is to become compliant with CIP-001-01.

PLAN STEPS

Review our current Emergency Response Plan (ERP) and incorporate a sabotage plan into the document.

Review the local authority contact list included in our ERP and verify contacts and telephone numbers.

Provide the standard to proper authorities.

Communicate the procedure to all corporate employees and management

PLAN SCHEDULE

Plan is to be revised and proper authorities notified by December 11.

Review the standard with corporate management for approval by December 18.

Complete any final revisions and communicate the procedures to corporate personnel by January 8.

MEMBER COMMENTS

REVIEW COMMENTS

Compliance Data Management System
2007 Mitigation Plan Worksheet
Cloverland Electric Cooperative

***** End of Report *****

Proposed Mitigation Plan

Date Submitted

December 17, 2007

Registered Entity Information

Company Name:

Cloverland Electric Cooperative

Company Address:

2916 W. M-28
Dafer, MI 49724

Mitigation Plan Contact Person & Phone Number:

Tom Anderson
906-635-6800, Ext. 322

Violation

Reliability Standard Number:

CIP-001-1

Requirement Number Violated:

R-2

Cause of the Violation:

We were in the process of developing and implementing a Sabotage Reporting Plan but had not completed it at the time of filing.

Plan to Correct the Violation

We have developed and implemented a Sabotage Reporting Plan. This plan establishes the processes and procedures we are prepared to activate in response to a sabotage threat or incident impacting the reliability of our facilities. This plan provides employees and corporate managers with the procedure for reporting and responding to such occurrences.

RELIABILITY VIOLATION

Plan to Prevent Recurrence of the Violation

Our Sabotage Reporting Plan identifies specific entities we will notify in the event of a sabotage threat or incident affecting our facilities. These entities include our power supplier, transmission operator, and local/state/federal agencies.

Mitigation Plan

Anticipated Impact of the Mitigation Plan on the Bulk Power System Reliability:

None

Action Plan to Mitigate Any Increased Risk to the Reliability of the Bulk Power-System while the Mitigation Plan is Being Implemented:

None

RELIABILITY

Mitigation Plan Schedule

Anticipated Completion Date:

January 15, 2008

Implementation Milestones & Due Dates (no more than three (3) months apart):

The completion date submitted for this project as part of our mitigation plan was January 15, 2008. We expedited this project and completed it on December 14, 2007.

Any Additional Information

Signature Donald Wozniak Date 12/14/07

Name:

Title:

Attachment d

Registered Entity's Certification of Completion (Included in Attachment c)

Attachment e

Regional Entity's Verification of Completion

November 11, 2008

Summary of Evidence of Completion of Mitigation Plan for Cloverland Electric Cooperative

NERC Violation ID: RFC200700008
RFC200700010
RFC200700011
RFC200700012
NERC Plan ID: MIT-07-0217
MIT-07-0218
MIT-07-0219
MIT-07-0220
NERC Registry ID: NCR00724
Standard: CIP-001-1
Requirement: 1, 2, 3, 4
Status: Complete

Review Process:

On December 17, 2007, Cloverland Electric Cooperative certified that these Mitigation Plans were completed as of December 14, 2007. ReliabilityFirst requested and received evidence of completion for actions taken by Cloverland Electric Cooperative as specified in the Mitigation Plans. ReliabilityFirst performed an in-depth review of the information provided to verify that all actions specified in the Mitigation Plans were successfully completed.

Evidence Provided:

Cloverland Electric Cooperative submitted its Emergency Response Plan. Included within the Emergency Response Plan was a section for Sabotage reporting (Section I: Sabotage Reporting/Response Plan) that was completed December 14, 2007 and effective December 17, 2007, the following business day. After discussions with ReliabilityFirst staff, Cloverland Electric Cooperative submitted a revised Section I which included additional details (Section I: Sabotage Reporting/Response Plan dated July, 2008). Section I provides guidance on recognizing events on its facilities including those stemming from sabotage, tampering, and vandalism. Section I also identifies the appropriate parties to be notified for the various events. Contact information for the local FBI office is listed as one of the parties to be notified.

Cloverland Electric Cooperative conducted a review of its Emergency Response Plan on February 14, 2008 with its personnel. An attendance log (Cloverland Electric Cooperative Safety and Training Attendance Log dated 2-14-08) with the signatures of the personnel in attendance was submitted as evidence. Cloverland Electric Cooperative

also conducted a review of the revised Section I of the Emergency Response Plan on July 10, 2008. An attendance log (Cloverland Electric Cooperative Safety and Training Attendance Log dated 7-10-08) with the signatures of the personnel in attendance was submitted as evidence.

Review Results:

The Reliability*First* Compliance Staff has reviewed the evidence discussed above that was provided by Cloverland Electric Cooperative, and has determined, in their professional judgment, that Cloverland Electric Cooperative has submitted sufficient evidence to conclude that Cloverland Electric Cooperative has completed the Mitigation Plans that were approved by Reliability*First* and NERC.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Robert K. Wargo". The signature is written in a cursive style with a large, sweeping initial "R".

Robert K. Wargo
Manager of Compliance Enforcement
Reliability*First* Corporation