NERC
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Attachment a

Source Document

PRIVILEGED AND CONFIDENTIAL INFORMATION & CRITICAL ENERGY INFRASTRUCTURE INFORMATION HAVE BEEN REMOVED FROM THIS PUBLIC VERSION.

Attachment b

Settlement Agreement(s)

CENTRAL LINCOLN
YOUR PUBLICLY-OWNED ELECTRIC UTILITY
2129 North Coast Highway • P.O. Box 1126 • Newport, OR 97365-0090 • 541-265-3211 • *FAX: 541-265-5208*

Laura Scholl
Managing Director of Compliance
615 Arapeen Drive Suite 210
Salt Lake City, UT 84108

Re: Notice of Proposed Expedited Disposition of Pending Violations or Alleged Violations (Central Lincoln People's Utility District

Dear Ms. Scholl,

Thank you for the Proposed Expedited Disposition. Central Lincoln accepts the proposed zero penalty with gratitude. Attached is the signed Agreement. Please return a copy after WECC acceptance signature.

For the record, though, Central Lincoln has the following concerns regarding the two standards in question; and the way they were handled.

CIP-001-1 R3:

1. Central Lincoln filed a WECC Mitigation Plan Completion form for all the requirements of CIP-001 on August 29 2007, attaching all the documentation that was later included in the offsite audit. WECC accepted the completion January 16, 2008. Two months later, WECC found the same documentation insufficient to show compliance with R3, since there was no record of disbursement to operations personnel. To minimize any possible risk to the bulk electric system, we believe any insufficiencies should have been found and addressed at the time of completion.
2. Steve McCoy presented a policy for dealing with sabotage for the fictitious entity "Smith Power" at the April 2008 Compliance User Group meeting in Reno. Various versions were presented for instruction, but version 5 was deemed "fully compliant" with all the requirements of CIP-001 even though no evidence of disbursement to operations personnel of the guidelines was presented.
3. M2 is the measure used to confirm compliance with R2 and R3. The measure only states that entities are to have and provide upon the request the policies/procedures/guidelines of R2 and R3. No proof of disbursement is mentioned by the measure. The policies/procedures/guidelines were provided prior to the audit.

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4. CIP-001 applies to Central Lincoln's function as a load-serving entity. This function is defined by NERC as: "Secures energy and transmission service (and related interconnected Operations Services) to serve the electrical demand and energy requirements of its end-use customers." As defined, an LSE has no operating personnel in the field to observe possible incidents of physical sabotage. Central Lincoln's field operating personnel perform its duties as a distribution provider, but CIP-001 is not applicable to the DP function.

Central Lincoln also has issues with PRC-005-1 as well as with the related PRC-004-1. Originally, Central Lincoln believed it had no protection systems that affected the reliability of the bulk electric system. A conversation with an engineer from our host balancing authority (Bonneville Power Administration) in early 2008 altered that opinion, and Central Lincoln filed a self report and mitigation plan and completion for PRC-005 dealing with the one protection system we jointly determined could affect the reliability of the BES. During the March 2008 audit, the audit team apparently agreed with this determination, and found Central Lincoln fully compliant with PRC-005 based on records from the one protection system. Since then, however, much confusion has ensued. A relay workshop was held in August 2008, where no two WECC representatives could seem to agree on anything. And two compliance bulletins were issued, which only added to the confusion. While Central Lincoln has begun to include all above 100 kV protection systems in its compliance documentation, we believe that most of these radial line protections have no effect on the reliability of the BES.

Thank you for opportunity to voice these concerns.

Respectfully yours:

Michael Wilson

Chief Engineer
Central Lincoln People's Utility District
2129 North Coast Hwy
Newport Oregon 97365

Attachment:
A – Agreement

Cc: Steve Alexanderson

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Western Electricity Coordinating Council

Laura Scholl
Managing Director, Compliance

(801) 819-7619
lscholl@wecc.biz

July 14, 2009

Michael Wilson P.E.
Chief Engineer
Central Lincoln People's Utility District

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

Dear Mr. Wilson,

This letter is giving notice that WECC 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 10 days from the date of this Notice.** Responses should be directed to Laura Scholl, Managing Director of Compliance, at lscholl@wecc.biz . If you have questions, please call Ms. Scholl at 801-819-7619.

WECC intends to file with the North American Electric Reliability Corporation ("NERC") and the Federal Energy Regulatory Commission ("FERC") 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 high risk to system reliability.
- The violations occurred prior to July 2008.
- The violations have been mitigated with mitigation plan completion verified by WECC.

This proposed expedited disposition will result in the assessment of zero penalties for the violations listed in **Attachment B** if this disposition is accepted by Central Lincoln People's Utility District and by NERC and FERC.

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If Central Lincoln People's Utility District accepts this proposed expedited disposition, sign the attached Agreement and return it to WECC within 10 days after the date of this Notice. If Central Lincoln People's Utility District does not respond within 10 days, WECC will deem this Agreement accepted by Central Lincoln People's Utility District.

Cordially,

Managing Director of Compliance
615 Arapeen Drive Suite 210
Salt Lake City, UT 84108

LS:rh

Attachments:
A – Agreement
B – List of Violations

Cc: Steve Alexanderson, CLPD Senior Systems Engineer

CONFIDENTIAL

ATTACHMENT A

AGREEMENT

Central Lincoln People's Utility District and WECC agree to the following:

1. Acceptance of this Agreement results in the assessment of zero penalties 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").

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. Central Lincoln People's Utility District attests there have been no repeat occurrences of the violations listed in **Attachment B.**

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.

Accepted:
Central Lincoln People's Utility District

By _____ Date July 22, 2009

WECC

By _____ Date 7/23/09

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ATTACHMENT B

List of Violations

NERC Violation ID	Registered Entity	Standard	Requirement
~~WECC200810225~~ WECC200800595	Central Lincoln People's Utility District	PRC-005-1	1
~~WECC200800595~~ WECC200810225	Central Lincoln People's Utility District	CIP-001-1	3

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Attachment c

Mitigation Plan

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Attachment d

Registered Entity's
Certification of Completion

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Attachment e

Regional Entity's Verification of Completion

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