

133 FERC ¶ 62,130  
FEDERAL ENERGY REGULATORY COMMISSION  
Office of Enforcement  
Washington, D.C. 20426

In Reply Refer To:  
Office of Enforcement  
Docket Nos. NP11-3-000  
NP11-5-000

November 5, 2010

Rebecca J. Michael, Assistant General Counsel, and  
Holly A. Hawkins, Attorney  
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1120 G Street, N.W.  
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Washington, D.C. 20005-3801

Marisa A. Sifontes  
Compliance Legal Counsel  
SERC Reliability Corporation  
2815 Coliseum Centre Drive, Suite 500  
Charlotte, NC 28217

Dear Mses. Michael, Hawkins, and Sifontes:

1. On October 7, 2010, the North American Electric Reliability Corporation (NERC) filed Notices of Penalty assessed by SERC Reliability Corporation (SERC) in Docket Nos. NP11-3-000 and NP11-5-000.
2. In the absence of Commission action within 30 days, these penalties would have been affirmed by operation of law.<sup>1</sup>
3. Pursuant to authority delegated by the Commission to me in my capacity as Director of the Office of Enforcement,<sup>2</sup> I am extending the time period for the Commission's consideration of NP11-3-000 and NP11-5-000 for the purpose of directing NERC and SERC to provide additional information concerning these Notices of Penalty.

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<sup>1</sup> 18 C.F.R. § 39.7(e)(1) (2010).

<sup>2</sup> 18 C.F.R. § 375.311(u), (v) (2010).

Docket Nos. NP11-3-000 and NP11-5-000

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4. I therefore extend the period of time for consideration of NP11-3-000 and NP11-5-000 until January 7, 2011, for the purpose of directing NERC and SERC to answer the questions set forth in Attachment A to this letter.
5. If no further action is taken by the Commission by January 7, 2011, these penalties will be deemed affirmed by operation of law.
6. NERC and SERC may seek non-public treatment of information in its responses, pursuant to the requirements of 18 C.F.R. § 388.112-113.
7. If you have any questions, please contact Peter Tolsdorf at (202) 502-8386.

Sincerely,

Norman C. Bay  
Director  
Office of Enforcement

Enclosure

### Attachment A

By December 3, 2010, please respond to the following requests for information.

1. With respect to the alleged violation of CIP-002-1 R3 in NP11-3-000:
  - a. Produce documentation that describes the Responsible Entity's<sup>3</sup> Critical Cyber Asset list development, such as that based on the examples identified in CIP-002-1 R3 (i.e., documentation that references the examples of systems and facilities that provide for monitoring and control, automatic generation control, real-time power system modeling, and real-time inter-utility data exchange).
  - b. State why the Responsible Entity's documentation did not initially identify the unidentified Critical Cyber Asset.
  - c. Describe the events that led to the Responsible Entity's designation of the unidentified Critical Cyber Asset. In your response, explain why the Responsible Entity did not self-report this designation to the Regional Entity.
  - d. Describe the protective measures that the Responsible Entity had in place related to the unidentified Critical Cyber Asset, from July 1, 2008, until its designation as a Critical Cyber Asset. State whether these protections were consistent with the protections the Responsible Entity provided for equipment designated as a Critical Cyber Asset and, if not consistent with those protections, describe each difference in protection.
  - e. Describe any changes and additions to the protective measures related to the unidentified Critical Cyber Asset that the Responsible Entity implemented after the asset was designated a Critical Cyber Asset.
  - f. After the Responsible Entity discovered that it failed to identify the unidentified Critical Cyber Asset, describe all corrective measures taken by the Responsible Entity to ensure that such a failure would not recur.
  - g. Describe all training the Responsible Entity provided as a result of its failure to initially identify the unidentified Critical Cyber Asset.

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<sup>3</sup> Due to NERC's filing of certain information in these Notices on a non-public basis, including the identification of each responsible entity, these requests identify the entity as the "Responsible Entity" rather than identifying the entity by name.

- h. For each person with access to the unidentified Critical Cyber Asset before it was identified as a Critical Cyber Asset, provide his or her employer, job title, and the most recent date of that person's Cyber Security training.
2. With respect to the alleged violation of CIP-004-1 R2.1 and R3 in NP11-3-000:
  - a. Explain why the Responsible Entity did not self-report the alleged violation upon discovering it.
3. With respect to NP11-5-000:
  - a. With respect to the Responsible Entity's alleged violation of CIP-002-1 R1, R2 and R3, the Notice states that "SERC determined that the Responsible Entity did not have a risk-based methodology to identify Critical Assets," and that "after URE re-evaluated its risk-based methodology, it determined that it did not have any critical assets." Explain when and how the Responsible Entity developed its risk-based methodology and when and how it evaluated the methodology and later re-evaluated it.
  - b. Explain the basis for SERC's conclusion that the Responsible Entity's alleged violations of CIP-002-1 R1, R2, and R3 did not pose a serious or significant risk to the reliability of the BPS because the Responsible Entity is a small Balancing Authority with a low estimated summer peak and, upon re-evaluation of its methodology for identifying Critical Assets, determined that it did not have any.
  - c. Explain the basis for SERC's conclusion that the Responsible Entity's alleged violations of CIP-003-1 R1, R2, and R3; CIP-004-1 R2, R3, and R4; CIP-007-1 R1; CIP-008-1 R1; and CIP-009-1 R1, and R2 did not pose a serious or significant risk to the reliability of the BPS in part because its Control Center cyber assets had only one external communications link, with its Reliability Coordinator.
  - d. The Notice states that the Responsible Entity "has a compliance program; although [it] did not have a compliance program at the time of the violations, it implemented a compliance program as a part of the Settlement Agreement." State whether SERC and NERC considered these facts to constitute a neutral, aggravating, or mitigating factor in the penalty determination, and list each reason for this consideration.

Document Content(s)

NP11-3 Data Request (2).DOC.....1-4