November 30, 2010

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

Re: NERC Abbreviated Notice of Penalty regarding Rosebud Operating Services, Inc.,
FERC Docket No. NP11-__-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Rosebud Operating Services, Inc. (ROSI), with information and details regarding the nature and resolution of the violation discussed in detail in the Disposition Document attached hereto (Attachment a) in accordance with the Federal Energy Regulatory Commission’s (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).

This NOP is being filed with the Commission because ROSI does not dispute the violation of CIP-001-1 Requirement (R) 2 and the assessed two thousand dollar ($2,000) penalty. Accordingly, the violation identified as NERC Violation Tracking Identification Number

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1 On October 14, 2009, NERC submitted an Omnibus filing, FERC Docket No. NP10-2-000, which addressed violations for certain registered entities including violations of CIP-001-1 R1 and R3 for ROSI. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty. Due to the timing of the violations of CIP-001-1 R1 and R3 in relation to the instant violation of R2, WECC did not consider the violations of R1 and R3 as previous violations for the purpose of aggravating the penalty.

2 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.

WECC201001839 is a Confirmed Violation, as that term is in the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violation
This NOP incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on April 14, 2010, by Western Electricity Coordinating Council (WECC). The details of the findings and the basis for the penalty are set forth in the Disposition Document. This NOP 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 at issue in this NOP.

<table>
<thead>
<tr>
<th>NOC ID</th>
<th>NERC Violation ID</th>
<th>Reliability Std.</th>
<th>Req. (R)</th>
<th>VRF</th>
<th>Duration</th>
<th>Total Penalty ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOC-542</td>
<td>WECC201001839</td>
<td>CIP-001-1</td>
<td>2</td>
<td>Medium</td>
<td>6/18/07-11/20/07</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

The text of the Reliability Standard at issue and further information on the subject violation is set forth in the Disposition Document.

CIP-001-1 R2 - OVERVIEW
On February 19, 2010, ROSI self-reported a violation of CIP-001-1 R2 to WECC. WECC determined that ROSI, as a Generator Operator, did not have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed

Basis for Determination
Taking into consideration the Commission’s direction in Order No. 693, the NERC Sanction Guidelines, the Commission’s July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders, the NERC BOTCC reviewed the NOCV and supporting documentation on October 12, 2010. The NERC BOTCC approved the NOCV, including WECC’s assessment of a two thousand dollar ($2,000) financial penalty against ROSI based upon WECC’s findings and determinations, the NERC BOTCC’s review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

In reaching this determination, the NERC BOTCC considered the following factors:

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4 See 18 C.F.R. § 39.7(d)(4).
6 ROSI did not receive credit for having a compliance program because it was not reviewed by WECC.
1. ROSI self-reported the violation;
2. WECC reported that ROSI was cooperative throughout the compliance enforcement process;
3. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. WECC determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Document; and
5. 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 assessed penalty of two thousand dollar ($2,000) as 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 NOP with the Commission, or, if the Commission decides to review the penalty, upon final determination by the Commission.

Attachments to be included as Part of this Notice of Penalty

The attachments to be included as part of this NOP are the following documents:

a) Disposition of Violation, included as Attachment a;
b) ROSI’s Self-Report for CIP-001-1 R2 dated February 19, 2010, included as Attachment b;\(^7\)
c) ROSI’s Mitigation Plan MIT-07-2380 for CIP-001-1 R2 submitted February 19, 2010, included as Attachment c;
d) ROSI’s Certification of Completion of the Mitigation Plan for CIP-001-1 R2 dated February 19, 2010, included as Attachment d; and
e) WECC’s Verification of Completion of the Mitigation Plan for CIP-001-1 R2 dated March 8, 2010, included as Attachment e.

A Form of Notice Suitable for Publication\(^8\)

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

\(^7\) The Self-Report stated that ROSI mitigated the violation in October 2007, although in its Certification of Completion, ROSI subsequently certified the mitigation plan complete as of November 20, 2007.
\(^8\) 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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Address</th>
<th>Phone Numbers</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gerald W. Cauley</td>
<td>President and Chief Executive Officer</td>
<td>North American Electric Reliability Corporation</td>
<td>(609) 452-8060</td>
<td><a href="mailto:david.cook@nerc.net">david.cook@nerc.net</a></td>
</tr>
<tr>
<td>David N. Cook*</td>
<td>Sr. Vice President and General Counsel</td>
<td>North American Electric Reliability Corporation</td>
<td>(609) 452-9550 – facsimile</td>
<td><a href="mailto:david.cook@nerc.net">david.cook@nerc.net</a></td>
</tr>
<tr>
<td>Shannon Morgan*</td>
<td>Administrative Assistant</td>
<td>Rosebud Operating Services, Inc.</td>
<td>(208) 344-3570</td>
<td><a href="mailto:shannon.morgan@rosi-boise.com">shannon.morgan@rosi-boise.com</a></td>
</tr>
<tr>
<td>Christopher Luras*</td>
<td>Manager of Compliance Enforcement</td>
<td>Western Electricity Coordinating Council</td>
<td>(801) 883-6887</td>
<td><a href="mailto:CLuras@wecc.biz">CLuras@wecc.biz</a></td>
</tr>
<tr>
<td>Rebecca J. Michael*</td>
<td>Assistant General Counsel</td>
<td>North American Electric Reliability Corporation</td>
<td>(202) 393-3998</td>
<td><a href="mailto:rebecca.michael@nerc.net">rebecca.michael@nerc.net</a></td>
</tr>
<tr>
<td>Louise McCarren*</td>
<td>Chief Executive Officer</td>
<td>Western Electricity Coordinating Council</td>
<td>(801) 582-3918 – facsimile</td>
<td><a href="mailto:Louise@wecc.biz">Louise@wecc.biz</a></td>
</tr>
<tr>
<td>Constance White*</td>
<td>Vice President of Compliance</td>
<td>Western Electricity Coordinating Council</td>
<td>(801) 883-6894 – facsimile</td>
<td><a href="mailto:CWhite@wecc.biz">CWhite@wecc.biz</a></td>
</tr>
<tr>
<td>Sandy Mooy*</td>
<td>Senior Legal Counsel</td>
<td>Western Electricity Coordinating Council</td>
<td>(801) 883-6894 – facsimile</td>
<td><a href="mailto:SMooy@wecc.biz">SMooy@wecc.biz</a></td>
</tr>
</tbody>
</table>

*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.
Conclusion

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

Respectfully submitted,

/s/ Rebecca J. Michael

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Sr. Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, NJ 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
david.cook@nerc.net

Rebecca J. Michael
Assistant General Counsel
North American Electric Reliability Corporation
1120 G Street, N.W.
Suite 990
Washington, DC 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net

cc: Rosebud Operating Services, Inc.
Western Electricity Coordinating Council

Attachments
Attachment a

Disposition of Violation
DISPOSITION OF VIOLATION

Dated October 12, 2010

NERC TRACKING NO. REGIONAL ENTITY TRACKING NO. NOC#
WECC201001839 ROSI_WECC20102080 NOC-542

REGISTERED ENTITY
Rosebud Operating Services, Inc. (ROSI)

REGIONAL ENTITY
Western Electricity Coordinating Council (WECC)

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

<table>
<thead>
<tr>
<th>BA</th>
<th>DP</th>
<th>GO</th>
<th>GOP</th>
<th>IA</th>
<th>LSE</th>
<th>PA</th>
<th>PSE</th>
<th>RC</th>
<th>RP</th>
<th>RSG</th>
<th>TO</th>
<th>TOP</th>
<th>TP</th>
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</tbody>
</table>

6/17/07

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

ROSI operates two power plants but only a single generator rated 35 MW is subject to compliance with Reliability Standards. The Colstrip generating facility for which ROSI is the Generator Operator is located 6 miles north of the town of Colstrip, Montana.

II. VIOLATION INFORMATION

<table>
<thead>
<tr>
<th>RELIABILITY STANDARD</th>
<th>REQUIREMENT(S)</th>
<th>SUB-REQUIREMENT(S)</th>
<th>VRF(S)</th>
<th>VSL(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIP-001-1</td>
<td>2</td>
<td></td>
<td>Medium</td>
<td>Severe</td>
</tr>
</tbody>
</table>

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

1 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.
The purpose statement of CIP-001-1 provides: “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 R2 provides: “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.”

VIOLATION DESCRIPTION

To prepare for its upcoming WECC off-site Compliance Audit, ROSI hired an external compliance auditor, who on February 17, 2010, discovered that ROSI did not have procedures for its employees to communicate information concerning sabotage events to appropriate parties in the Interconnection, specifically its Reliability Coordinator (RC), Balancing Authority (BA), Transmission Operator (TOP) and Load Serving Entity (LSE) through the Systems Operations Control Center (SOCC) of the NorthWestern Energy Company, for the period from June 18, 2007 to November 20, 2007. On February 19, 2010, ROSI filed a Self-Report and completed Mitigation Plan for its violation of CIP-001-1 R2 to WECC.

ROSI’s communication procedures were designed for general interruptions in power generation, but did not address specific procedures for reporting generation interruptions due to sabotage events, as required by the Standard. In a letter dated October 16, 2007, ROSI received written instructions from its BA for communicating sabotage events to the RC, BA, TOP and LSE; and in a memo dated November 20, 2007, ROSI communicated those instructions to its personnel.

On March 2, 2010, a WECC subject matter expert (SME) reviewed ROSI’s Self-Report and completed Mitigation Plan and determined that for the period from June 18, 2007 to November 20, 2007, ROSI did not have procedures in place to communicate information concerning sabotage events to the appropriate parties in the Interconnection, resulting in a possible violation of CIP-001-1 R2. The SME forwarded its findings to the WECC Enforcement Department (WECC Enforcement).

WECC Enforcement reviewed the previous findings and determined that ROSI did have a violation of CIP-001-1 R2 for its failure to have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection for the period from June 18, 2007 to November 20, 2007.

RELIABILITY IMPACT STATEMENT - POTENTIAL AND ACTUAL

WECC determined the violation of CIP-001-1 R2 did not pose a serious or substantial risk to the bulk power system (BPS) because ROSI has always had procedures to communicate to the SOCC any event (sabotage or non-sabotage)
which would cause a facility to separate and/or reconnect back to the BPS. However, ROSI’s procedures did not have instructions specifically for the communication of a sabotage event until November 20, 2007.

IS THERE A SETTLEMENT AGREEMENT

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

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

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT □

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

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

DURATION DATE(S) 6/18/07 (when the Standard became mandatory and enforceable) through 11/20/07 (the date of ROSI’s sabotage reporting procedure)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 2/17/10

IS THE VIOLATION STILL OCCURRING

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED □
PRE TO POST JUNE 18, 2007 VIOLATION □
IV. **MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

<table>
<thead>
<tr>
<th>MITIGATION PLAN NO.</th>
<th>MIT-07-2380</th>
</tr>
</thead>
<tbody>
<tr>
<td>DATE SUBMITTED TO REGIONAL ENTITY</td>
<td>2/19/10</td>
</tr>
<tr>
<td>DATE ACCEPTED BY REGIONAL ENTITY</td>
<td>3/2/10</td>
</tr>
<tr>
<td>DATE APPROVED BY NERC</td>
<td>3/12/10</td>
</tr>
<tr>
<td>DATE PROVIDED TO FERC</td>
<td>3/12/10</td>
</tr>
</tbody>
</table>

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

N/A

MITIGATION PLAN COMPLETED

<table>
<thead>
<tr>
<th></th>
<th>YES □</th>
<th>NO □</th>
</tr>
</thead>
</table>

EXPECTED COMPLETION DATE

EXTENSIONS GRANTED

N/A

ACTUAL COMPLETION DATE

11/20/07

DATE OF CERTIFICATION LETTER

2/19/10

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF

11/20/07

DATE OF VERIFICATION LETTER

3/8/10

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF

11/20/07

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

Written instructions regarding the communication of sabotage events to the RC, BA, TOP and the LSE were received from NorthWestern Energy Company on October 16, 2007. Therefore, this violation was mitigated on November 20, 2007, when the instructions were communicated to ROSI personnel. Furthermore, ROSI developed its own sabotage communication procedures in May 2008. To further prevent recurrence, periodic training and annual review of the procedures will take place.

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

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF $2,000 FOR 1 VIOLATION OF RELIABILITY STANDARDS.

(1) REGISTERED ENTITY’S COMPLIANCE HISTORY

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

LIST VIOLATIONS AND STATUS
On October 14, 2009, NERC submitted an Omnibus filing under NP10-2-000 which addressed violations for certain registered entities including 2 violations for ROSI of CIP-001-1 R1 and R3. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

ADDITIONAL COMMENTS
Due to the timing of the violations of CIP-001-1 R1 and R3 in relation to the instant violation of R2, WECC did not consider the violations of R1 and R3 as previous violations for the purpose of aggravating the penalty. CIP-001-1 R1 and R3 were discovered through the self-certification process on July 9, 2008 and had been mitigated on June 9, 2008 whereas the instant violation of R2 was discovered on February 17, 2010 as a gap in compliance from June 18, 2007 through November 20, 2007.

WECC considered that the instant violation occurred concurrently with the CIP-001-1 R1 and R3 violations, and that ROSI mitigated the instant violation prior to reporting the R1 and R3 violations. There is nothing in the record to indicate ROSI attempted to conceal its violation of R2, but rather, ROSI had been using its BA and TOP’s written instructions for the communication of sabotage events starting November 20, 2007. When ROSI conducted an internal investigation in preparation for an upcoming audit, a consultant discovered this gap in compliance and voluntarily disclosed such to WECC.

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER
YES ☐ NO ☒

LIST 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 ☐ UNDETERMINED ☒
EXPLAIN
WECC did not review ROSI’s internal compliance program and did not consider it when determining the penalty

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.
See above.

(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

YES ☐ NO ☑
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☑
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT
ROSI’s Self-Report for CIP-001-1 R2 dated February 19, 2010

MITIGATION PLAN
ROSI’s Mitigation Plan MIT-07-2380 for CIP-001-1 R2 submitted February 19, 2010

CERTIFICATION BY REGISTERED ENTITY
ROSI’s Certification of Completion of the Mitigation Plan for CIP-001-1 R2 dated February 19, 2010

VERIFICATION BY REGIONAL ENTITY
WECC’s Verification of Completion of the Mitigation Plan for CIP-001-1 R2 dated March 8, 2010

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED
DATE: 3/11/10 OR N/A ☐

SETTLEMENT DISCUSSIONS COMMENCED
DATE: ☑ OR N/A ☐

NOTICE OF CONFIRMED VIOLATION ISSUED
DATE: 4/14/10 OR N/A ☐
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<th>SUPPLEMENTAL RECORD INFORMATION</th>
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<table>
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<th>APPEAL REQUESTED</th>
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</table>

Attachment b

ROSI’s Self-Report for CIP-001-1 R2 dated February 19, 2010
Self-Reporting Form

Date Submitted by Registered Entity:  February 19, 2010

NERC Registry ID:  NCR05367

Joint Registration Organization (JRO) ID:

Registered Entity:  Rosebud Operating Services, Inc.

Registered Entity Contact:  Shannon Morgan

Function(s) Applicable to Self-Report:

☐ BA  ☐ TOP  ☐ TO  ☐ GO  ☒ GOP  ☐ LSE
☐ DP  ☐ PSE  ☐ TSP  ☐ PA  ☐ RP  ☐ TP
☐ RSG  ☐ RC  ☐ IA

Standard:  CIP-001-1

Requirement:  R2

Has this violation previously been reported or discovered:  ☐ Yes  ☒ No

If Yes selected: Provide NERC Violation ID (if known):

Date violation occurred:  June 18, 2007

Date violation discovered:  February 17, 2010

Is the violation still occurring?  ☐ Yes  ☒ No

Detailed explanation and cause of violation:

CIP-001-1, R.2 requires procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection. Although Rosebud Operating Services, Inc. had procedures for its employees to contact the Reliability Coordinator (RO), the Balancing Authority (BA), Transmission Operator (TOP), and the Load Serving Entity (LSE), through the Systems Operations Control Center (SOCC) of the NorthWestern Energy Co. prior to June 18, 2007, those procedures were geared toward any interruption in power generation, and were not specific to reporting generation interruptions due to sabotage or suspected sabotage events.

Rosebud Operating Services received written instructions for communicating sabotage events from the RC, BA, TOP, and LSE (Northwestern Energy Co.) in a letter dated October 16, 2007 and distributed those procedures to its generating facilities shortly thereafter.
Therefore from the time period of June 2007 to October 2007, there was a four month gap in the required time period to have sabotage communication procedures in place. Rosebud Operating Services, Inc. subsequently developed and distributed it’s own procedures to its employees for this requirement in May 2008.

Potential Impact to the Bulk Power System (minimal, moderate, or severe): Minimal

Detailed explanation of Potential Impact:

Employees, as a matter of routine business have been in contact with the SOCC (the dispatching office) of NorthWestern Energy. Any events which cause the generating facility to separate from the Bulk Electric System (BES) are routinely communicated to the SOCC at NorthWestern Energy (the RC, BA, TOP and LSE).

Additional Comments:

This gap in time of having the specific sabotage communication procedure in place was mitigated in October 2007.

**NOTE:** While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)
Attachment c

ROSI’s Mitigation Plan MIT-07-2380 for CIP-001-1 R2 submitted February 19, 2010
Mitigation Plan Submittal Form

New ☑ or Revised ☐

Date this Mitigation Plan is being submitted: February 19, 2010

If this Mitigation Plan has already been completed:
- Check this box ☑ and
- Provide the Date of Completion of the Mitigation Plan: November 20, 2007
- Submit Certification of Mitigation Plan Completion Form
- Submit evidence supporting Mitigation Plan completion

Section A: Compliance Notices & Mitigation Plan Requirements

A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form. Review Attachment A and check this box ☑ to indicate that you have reviewed and understand the information provided therein. This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

B.1 Identify your organization:

Registered Entity Name: Rosebud Operating Services, Inc.
Registered Entity Address: 1087 W. River St., #200, Boise, ID 83702
NERC Compliance Registry ID: NCR05367

B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

Name: Scott Siddoway
Title: Project Engineer

¹A copy of the WECC CMEP is posted on WECC’s website at:
Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.
Section C: Identity of Alleged or Confirmed Reliability Standard Violations Associated with this Mitigation Plan

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: CIP-001-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

<table>
<thead>
<tr>
<th>NERC Violation ID # [if known]</th>
<th>WECC Violation ID # [if known]</th>
<th>Requirement Violated (e.g. R3)</th>
<th>Violation Risk Factor</th>
<th>Alleged or confirmed Violation Date* (MM/DD/YY)</th>
<th>Method of Detection (e.g. audit, self-report, investigation)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>R2</td>
<td>minimal</td>
<td>June 18, 2007</td>
<td>self-report</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use.

C.3 Identify the cause of the alleged or confirmed violation(s) identified above:

Written instructions specific to the communication of sabotage events to appropriate parties in the Interconnection were not in place until November 20, 2007.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

C.4 [Optional] Provide any relevant additional information regarding the alleged or confirmed violations associated with this Mitigation Plan:
Employees of Rosebud Operating Services were routinely in contact with the Systems Operation Control Center (the dispatching office) for NorthWestern Energy Co., which is the Reliability Coordinator (RC), Balancing Authority (BA), Transmission Operator (TOP), and Load Serving Entity (LSE) for the generation facility operated by Rosebud Operating Services, Inc., before and after June 18, 2007.

Any event (sabotage or non-sabotage) which causes the facility to separate and/or reconnect back to the Bulk Electrical System (BES) has always been communicated to the SOCC. However, there were not specific instructions regarding the communication of a sabotage event in place as of June 18, 2007.

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

Written instructions regarding the communication of sabotage events to the RC, BA, TOP and the LSE (NorthWestern Energy Co.) were received from NorthWestern Energy Co. on October 16, 2007. Therefore, this violation was mitigated on November 20, 2007. Furthermore, Rosebud Operating Services, Inc. developed its own sabotage communication procedures in May 2008.

Check this box ✅ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected:
D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

<table>
<thead>
<tr>
<th>Milestone Activity</th>
<th>Proposed Completion Date*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(milestones cannot be more than 3 months apart)</td>
</tr>
</tbody>
</table>

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]

**Additional Relevant Information (Optional)**

D.4 If you have any relevant additional information that you wish to include regarding the Mitigation Plan, milestones, milestones dates and completion date proposed above you may include it here:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]
Section E: Interim and Future Reliability Risk

Check this box ☑ and proceed and respond to Part E.2, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Prevention of Future BPS Reliability Risk

E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization will incur further violations of the same or similar reliability standards requirements in the future:

Written instructions for the communication of sabotage events were received from the RC, BA, TOP & LSE (NorthWestern Energy Co.) on October 16, 2007. Subsequently, Rosebud Operating Services developed its own reporting procedures in May 2008. Therefore, Rosebud Operating Services, Inc. was in compliance with this requirement on November 20, 2007, and there will be no further violations for this requirement.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability

Rev. 01/27/10, v6
standards. If so, identify and describe any such action, including milestones and completion dates:

Periodic training of the employees and annual reviews of the procedures to revise and update as necessary will be done.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]
Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and

b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and

c) Acknowledges:

1. I am Vice President of Rosebud Operating Services, Inc.

2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Rosebud Operating Services, Inc.

3. I understand Rosebud Operating Services, Inc.'s obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.

4. I have read and am familiar with the contents of the foregoing Mitigation Plan.

5. Rosebud Operating Services, Inc. agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: 

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): R. Lee Roberts
Title: Vice President
Date: February 19, 2010
Section G: Comments and Additional Information
You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section H: WECC Contact and Instructions for Submission
Please direct any questions regarding completion of this form to:
Mike Wells, Sr. Compliance Engineer
Email: mike@wecc.biz
Phone: (801) 883-6884

For guidance on submitting this form, please refer to the “WECC Compliance Data Submittal Policy”. This policy can be found on the WECC Compliance Website at:

Attachment A – Compliance Notices & Mitigation Plan Requirements

I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

(1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.

(2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.

(3) The cause of the Alleged or Confirmed Violation(s).

(4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).

(5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).

(6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.

(7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.

(8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.

(9) Any other information deemed necessary or appropriate.

(10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.

II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.
III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.

IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.

V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.

VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.

VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
Attachment d

ROSI’s Certification of Completion of the Mitigation Plan for CIP-001-1 R2 dated February 19, 2010
Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity: Rosebud Operating Services, Inc.

NERC Registry ID: NCR05367

Date of Submittal of Certification: February 19, 2010

NERC Violation ID No(s) (if known):

Standard: CIP-001-1

Requirement(s): R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: November 20, 2007

Date Mitigation Plan was actually completed: November 20, 2007

Additional Comments (or List of Documents Attached): Letter from the RC, BA, TOP & LSE (NorthWestern Energy Co.) dated October 16, 2007 which details the written instructions for communicating sabotage events. Also, Rosebud Operating Services, Inc.'s internal procedure for communicating sabotage events (RNERC-03), which was developed in May 2008.

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: R. Lee Roberts

Title: Vice President

Email: viellevigne@aol.com

Phone: (208) 344-3570

Authorized Signature: ___________________________ Date: 2-19-2010

WECC CMEP – Certification of Mitigation Plan Completion Form
Dated: May 20, 2009, Version 1
Attachment e

WECC’s Verification of Completion of the Mitigation Plan for CIP-001-1 R2 dated March 8, 2010
VIA COMPLIANCE WEB PORTAL

March 8, 2010

Shannon Morgan
Administrative Assistant
Rosebud Operating Services, Inc.
1087 W. River St., Suite 200
Boise, Idaho 83702

NERC Registration ID: NCR05367
NERC Violation ID: WECC201001839

Subject: Notice of Mitigation Plan and Completed Mitigation Plan Acceptance
Reliability Standard CIP-001-1 Requirement 2

Dear Shannon,

The Western Electricity Coordinating Council (WECC) has received the Mitigation Plan and the Certification of Completion and supporting evidence submitted by Rosebud Operating Services, Inc. (ROSI) on 2/19/2010 for the alleged violation of Reliability Standard CIP-001-1 Requirement 2.

WECC has accepted the Mitigation Plan and the Certification of Completion for Requirement 2 of the Reliability Standard CIP-001-1 and has found this requirement to be fully mitigated. No further mitigation of this requirement will be required at this time.

If you have any questions or concerns, please contact Josh Axelrod at jaxelrod@wecc.biz. Thank you for your assistance in this effort.

Sincerely,

Laura Scholl
Managing Director of Compliance

LS:rh
cc: Scott Siddoway, ROSI Project Engineer
    John McGhee, WECC Director of Audits and Investigations
    Lisa Milanes, WECC Manager of Compliance Program Administration
    Josh Axelrod, WECC Compliance Engineer
Attachment f

Notice of Filing
Take notice that on November 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Rosebud Operating Services, Inc. in the Western Electricity Coordinating Council region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission’s Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.


This filing is accessible on-line at http://www.ferc.gov, using the “eLibrary” link and is available for review in the Commission’s Public Reference Room in Washington, D.C. There is an “eSubscription” link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary