

July 31, 2013

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

**Re: NERC Spreadsheet Notice of Penalty  
FERC Docket No. NP13-\_\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides the attached Spreadsheet Notice of Penalty<sup>1</sup> (Spreadsheet NOP) in Attachment A regarding 18 Registered Entities<sup>2</sup> listed therein,<sup>3</sup> 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>4</sup>

The Spreadsheet NOP resolves 46 violations<sup>5</sup> of 11 Reliability Standards. In order to be a candidate for inclusion in the Spreadsheet NOP, the violations are those that had a minimal or moderate impact on the reliability of the bulk power system (BPS). In all cases, the NOP sets forth whether the violations have been mitigated, certified by the respective Registered Entities as mitigated, and verified by the Regional Entity as having been mitigated.

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<sup>1</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 (2011). *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). See also *Notice of No Further Review and Guidance Order*, 132 FERC ¶ 61,182 (2010).

<sup>2</sup> Corresponding NERC Registry ID Numbers for each Registered Entity are identified in Attachment A.

<sup>3</sup> Attachment A is an excel spreadsheet.

<sup>4</sup> See 18 C.F.R § 39.7(c)(2).

<sup>5</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.

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The violations at issue in the Spreadsheet NOP are being filed with the Commission because the Regional Entities have respectively entered into settlement agreements with, or have issued Notices of Confirmed Violations (NOCVs) to, the Registered Entities identified in Attachment A and have resolved all outstanding issues arising from preliminary and non-public assessments resulting in the Regional Entities' determination and findings of the enforceable violation of the Reliability Standards identified in Attachment A. As designated in the attached spreadsheet, some of the Registered Entities have admitted to the violations, while the others have indicated that they neither admit nor deny the violations and have agreed to the proposed penalty as stated in Attachment A or did not dispute the violations and proposed penalty amount stated in Attachment A, in addition to other remedies and mitigation actions to mitigate the instant violations and ensure future compliance with the Reliability Standards. Accordingly, all of the violations, identified as NERC Violation Tracking Identification Numbers in Attachment A, are being filed in accordance with the NERC Rules of Procedure and the CMEP.

As discussed below, this Spreadsheet NOP resolves 46 violations. NERC respectfully requests that the Commission accept this Spreadsheet NOP.

### **Statement of Findings Underlying the Alleged Violations**

The descriptions of the violations and related risk assessments are set forth in Attachment A.

This filing contains the basis for approval in accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2013). Each Reliability Standard at issue in this Notice of Penalty is set forth in Attachment A.

Text of the Reliability Standards at issue in the Spreadsheet NOP may be found on NERC's web site at <http://www.nerc.com/page.php?cid=2|20>. For each respective violation, the Reliability Standard Requirement at issue and the applicable Violation Risk Factor are set forth in Attachment A.

Unless otherwise detailed within the Spreadsheet NOP, the Registered Entities were cooperative throughout the compliance enforcement process; there was no evidence of any attempt to conceal a violation or evidence of intent to do so. In accordance with the Guidance Order issued by FERC concerning treatment of repeat violations and violations of corporate affiliates, the violation history for the Registered Entities and affiliated entities who share a common corporate compliance program is detailed in Attachment A when that history includes violations of the same or similar Standard. Additional mitigating, aggravating, or extenuating circumstances beyond those listed above are detailed in Attachment A.

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### **Status of Mitigation<sup>6</sup>**

The mitigation activities are described in Attachment A for each respective violation. Information also is provided regarding the dates of Registered Entity certification and the Regional Entity verification of such completion where applicable.

### **Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed<sup>7</sup>**

#### **Basis for Determination**

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order, the October 26, 2009 Guidance Order, the August 27, 2010 Guidance Order and the March 15, 2012 Compliance Enforcement Initiative Order,<sup>8</sup> the violations in the Spreadsheet were approved by NERC Enforcement staff under delegated authority from the NERC Board of Trustees Compliance Committee. Such considerations include the Regional Entities' imposition of financial penalties as reflected in Attachment A, based upon its findings and determinations, the NERC Enforcement staff's review of the applicable requirements of the Commission-approved Reliability Standards, and the underlying facts and circumstances of the violations at issue.

Pursuant to Order No. 693, the penalties 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 any specific penalty, upon final determination by FERC.

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<sup>6</sup> See 18 C.F.R § 39.7(d)(7).

<sup>7</sup> See 18 C.F.R § 39.7(d)(4).

<sup>8</sup> *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, 132 FERC ¶ 61,182 (2010); *North American Electric Reliability Corporation*, "Order Accepting with Conditions the Electric Reliability Organization's Petition Requesting Approval of New Enforcement Mechanisms and Requiring Compliance Filing," 138 FERC ¶ 61,193 (2012).

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**Attachments to be included as Part of this Spreadsheet Notice of Penalty**

The attachments to be included as part of this Spreadsheet Notice of Penalty are the following documents and material:

- a) Spreadsheet Notice of Penalty, included as Attachment A; and
- b) Additions to the service list, included as Attachment B.

**A Form of Notice Suitable for Publication<sup>9</sup>**

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

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<sup>9</sup> See 18 C.F.R § 39.7(d)(6).

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**Notices and Communications**

Notices and communications with respect to this filing may be addressed to the following as well as to the entities included in Attachment B to this Spreadsheet NOP:

<p>Gerald W. Cauley                  President and Chief Executive Officer                  North American Electric Reliability Corporation                  3353 Peachtree Road NE                  Suite 600, North Tower                  Atlanta, GA 30326</p>	<p>Sonia C. Mendonça*                  Assistant General Counsel and Director of Enforcement                  North American Electric Reliability Corporation                  1325 G Street N.W.                  Suite 600                  Washington, DC 20005                  (202) 400-3000                  (202) 644-8099 – facsimile                  sonia.mendonca@nerc.net</p>
<p>Charles A. Berardesco*                  Senior Vice President and General Counsel                  North American Electric Reliability Corporation                  1325 G Street N.W., Suite 600                  Washington, DC 20005                  (202) 400-3000                  (202) 644-8099 – facsimile                  charles.berardesco@nerc.net</p>	<p>Edwin G. Kichline*                  Senior Counsel and Associate Director of Enforcement                  North American Electric Reliability Corporation                  1325 G Street N.W.                  Suite 600                  Washington, DC 20005                  (202) 400-3000                  (202) 644-8099 – facsimile                  edwin.kichline@nerc.net</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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**Conclusion**

Accordingly, NERC respectfully requests that the Commission accept this Spreadsheet Notice of Penalty as compliant with its rules, regulations and orders.

Respectfully submitted,

/s/ Sonia C. Mendonça

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cc: Entities listed in Attachment B

## **Attachment a**

**Spreadsheet Notice of Penalty  
(Included in a Separate Document)**

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## **Attachment b**

### **Additions to the service list**



**ATTACHMENT B**

**REGIONAL ENTITY AND REGISTERED ENTITY SERVICE LIST FOR JULY 2013  
SPREADSHEET NOP INFORMATIONAL FILING**

**FOR MRO:**

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**Attachment c**  
**Notice of Filing**

## ATTACHMENT C

### UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

North American Electric Reliability Corporation

Docket No. NP13-\_\_\_\_-000

#### NOTICE OF FILING July 31, 2013

Take notice that on July 31, 2013, the North American Electric Reliability Corporation (NERC) filed a Spreadsheet Notice of Penalty regarding eighteen (18) Registered Entities in five (5) Regional Entity footprints.

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.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

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](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary