

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

December 22, 2010

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

Re: NERC Abbreviated Notice of Penalty regarding Unidentified Registered Entity 1 and Unidentified Registered Entity 2, FERC Docket No. NP11-__-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Unidentified Registered Entity 1 (URE-1) and Unidentified Registered Entity 2 (URE-2), both of which are wholly owned subsidiaries of the Parent Company of URE-1 and URE-2 with information and details regarding the nature and resolution of the violations¹ discussed in detail in the attached Settlement Agreement (Attachment f) and the Disposition Document (Attachment e), 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)).²

On April 15, 2008, URE-2 self-reported its non-compliance with PRC-005-1 R2 to the Southwest Power Pool, RE (SPP RE). On April 18, 2008, URE-1 self-reported its non-compliance with PRC-005-1 R2 to the Midwest Reliability Organization (MRO). On September 22, 2008, URE-1 self-reported its non-compliance with CIP-004-1 R3 and R4 to MRO. On September 23, 2008, URE-2 self-reported its noncompliance with CIP-004-1 R4 to SPP RE.

This Notice of Penalty is being filed with the Commission because MRO, SPP RE and the Parent Company of URE-1 and URE-2 have entered into a Settlement Agreement to resolve all

¹ 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.

² *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 (2010). *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).

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outstanding issues arising from MRO and SPP RE’s determination and findings of the enforceable violations of CIP-004-1 R3 and R4, and PRC-005-1 R2. According to the Settlement Agreement, the Parent Company of URE-1 and URE-2 does not contest the violation, but has agreed to the assessed penalty of fifty thousand dollars (\$50,000)³ in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers MRO200800070, MRO200800071, SPP200800058, MRO200800050 and SPP200800051 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on April 30, 2010, by and between MRO and SPP RE and the Parent Company of URE-1 and URE-2. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. This Notice of Penalty 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 resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
MRO	Unidentified Registered Entity 1	NOC-173	MRO200800050	PRC-005-1	2/2.1	High ⁴	25,000
			MRO200800070	CIP-004-1	3	Lower ⁵	
			MRO200800071	CIP-004-1	4	Lower ⁶	

³ This will be paid in increments of \$25,000 to the MRO Region and \$25,000 to the SPP RE Region.

⁴ PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 each have a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007.

⁵ When NERC filed VRFs it originally assigned CIP-004-1 R3 a Lower VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified Medium VRF and on January 27, 2009, the Commission approved the modified Medium VRF. Therefore, the Lower VRF for CIP-004-1 R3 was in effect from June 18, 2007 until January 27, 2009 when the Medium VRF became effective.

⁶ When NERC filed VRFs it originally assigned CIP-004-1 R4.2 a Lower VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified Medium VRF and on January 27, 2009, the Commission approved the modified Medium VRF. Therefore, the Lower VRF for CIP-004-1 R4.2 was in effect from June 18, 2007 until January 27, 2009 when the Medium VRF became effective. CIP-004-1 R4 and R4.1 have Lower VRFs.

SPP RE	Unidentified Registered Entity 2		SPP200800051	PRC-005-1	2/2.1	High ⁷	25,000
			SPP200800058	CIP-004-1	R4	Lower ⁸	

The text of the Reliability Standards at issue is set forth in the Disposition Documents.

PRC-005-1 R2 - OVERVIEW⁹

MRO determined that URE-1, as a Generator Owner, did not document or perform 64 of 318 (20%) of its required monthly battery inspections from June 2007 through March 2008 and did not document or perform 19 of 66 (29%) of its required quarterly battery inspections from June 2007 through December 2007.

SPP RE determined that URE-2, as a Generator Owner, did not document or perform 34 of 117 (29%) of its required monthly battery inspections and 6 of 35 (17%) of its required quarterly battery inspections from June 2007 through December 2007. Additionally, documentation regarding six (6) battery discharge tests conducted prior to the mandatory effective date of the standard could not be found.

The duration of the PRC-005-1 R2 violation for URE-1 was from June 18, 2007, the mandatory and effective date of the NERC Reliability Standard, through March 31, 2008,¹⁰ when all battery testing was completed according to the Parent Company of URE-1 and URE-2’s Protection System Maintenance and Testing Program¹¹ defined intervals.

The duration of the PRC-005-1 R2 violation for URE-2 was from June 18, 2007, the mandatory and effective date of the NERC Reliability Standard through January 31, 2008, when all battery testing was completed according to the Parent Company of URE-1 and URE-2’s Protection System Maintenance and Testing Program defined intervals.

MRO and SPP RE concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because URE-1 and URE-2’s Protection System Maintenance and Testing program contained monthly testing intervals for protection system batteries which exceeded the recommended quarterly test frequency in the NERC Technical Reference Guide for Protection System Maintenance and Testing. Additionally, URE-1 and URE-2 conduct discharge tests. Where a discharge test identifies unacceptable battery performance according to industry standards, those batteries are replaced.

⁷ See n.4 *supra*.

⁸ See n.6 *supra*.

⁹ Further information on this violation is contained in the Disposition Document included as Attachment B to the Settlement Agreement.

¹⁰ The Settlement Agreement incorrectly states that the battery testing was completed on February 28, 2008.

¹¹ *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.”

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CIP-004-1 R3 and R4 - OVERVIEW¹²

MRO and SPP RE determined URE-1 and URE-2, as a Balancing Authority and Transmission Operator, had not completed the required risk assessments for certain personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets as required by CIP-004-1 R3 and had not maintained a complete and accurate list of personnel with authorized cyber or authorized unescorted physical access to Critical Cyber Assets as required by CIP-004-1 R4.

The duration of the CIP-004-1 R3 and R4 violations for URE-1 was from July 1, 2008, the date the Reliability Standard became mandatory for Table 1 entities, through September 22, 2008, when URE-1 completed its Mitigation Plans.

MRO determined that the violations of CIP-004 R3 did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because the (12) identified individuals that were missing personnel risk assessments represent less than 1% of the individuals with authorized access to Critical Cyber Assets, access was immediately suspended for these individuals upon identification of the noncompliance and the PRAs were completed within (6) weeks of identification of noncompliance. Additionally, these individuals were long term employees in good standing.

MRO and SPP RE determined that the violation of CIP-004 R4 did not pose a serious or substantial risk to the reliability of the BPS because all of the employees (6) that were omitted from the URE-2 access list had received cyber security training and background checks. All of the employees omitted from URE-1's access list had received cyber security training and most of the employees (22 of 33) omitted from URE-1's access list had received background checks to ensure that they would not improperly use or abuse their access to the Critical Cyber Assets.

There were 208 employees of URE-1 and 58 employees of URE-2 whose access rights were not properly designated on the access list as pertaining to either electronic or physical access rights. However, these employees had been cleared for access by having a personnel risk assessment and cyber security training, so the incorrect designation did not create a serious or substantial risk to the reliability of the BPS. Further, the four (4) employees that should have been removed from the access list due to job transfers had background checks completed while they had access, continued to be employed by URE-1, and had not accessed the Critical Cyber Assets after the time they should have been removed from the access list.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed¹³

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,¹⁴ the NERC

¹² Further information on this violation is contained in the Disposition Document included as Attachment B to the Settlement Agreement.

¹³ See 18 C.F.R § 39.7(d)(4).

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BOTCC reviewed the Settlement Agreement and supporting documentation on June 10, 2010. The NERC BOTCC approved the Settlement Agreement, including MRO and SPP RE's assessment of a fifty thousand dollar (\$50,000) combined financial penalty against URE-1 and URE-2 and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

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

1. the violations constituted URE-1's and URE-2's first occurrence of violations of the subject NERC Reliability Standards;
2. URE-1 and URE-2 self-reported the violations;
3. MRO and SPP RE reported that URE-1 and URE-2 were cooperative throughout the compliance enforcement process;
4. URE-1 and URE-2 have a compliance program, which MRO and SPP RE considered to be a neutral factor in the penalty determination;
5. There was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. the violations did not pose a serious or substantial risk to the BPS, as discussed in the Notice of Penalty; and
7. MRO and SPP RE 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 Settlement Agreement and believes that the assessed penalty of fifty thousand dollars (\$50,000) is 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 Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Request for Confidential Treatment

Information in and certain attachments to the instant Notice of Penalty include privileged and confidential information as defined by the Commission's regulations at 18 C.F.R. Part 388 and orders, as well as NERC Rules of Procedure including the NERC CMEP Appendix 4C. Specifically, this includes non-public information related to certain Reliability Standard violations, certain Regional Entity investigative files, Registered Entity sensitive business and

¹⁴ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

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confidential information exempt from the mandatory public disclosure requirements of the Freedom of Information Act, 5 U.S.C. 552, and should be withheld from public disclosure.

In accordance with the Commission's Rules of Practice and Procedure, 18 C.F.R. § 388.112, a non-public version of the information redacted from the public filing is being provided under separate cover.

Because certain of the attached documents are deemed "confidential" by NERC, Registered Entities and Regional Entities, NERC requests that the confidential, non-public information be provided special treatment in accordance with the above regulation.

Attachments to be included as Part of this Notice of Penalty

The attachments to be included as part of this Notice of Penalty is the following documents:

- a) URE-2's Self-Report for its PRC-005-1 R2 violation dated April 15, 2008, included as Attachment a;
- b) URE-1's Self-Report for its PRC-005-1 R2 violation dated April 18, 2008, included as Attachment b;
- c) URE-1's Self-Report for its CIP-004-1 R3 and R4 violations dated September 22, 2008, included as Attachment c;
- d) URE-2's Self-Report for its CIP-004-1 R4 violation dated September 23, 2008, included as Attachment d;
- e) Disposition Document for Common Information dated June 10, 2010, included as Attachment e;
 - i. Disposition Document for CIP-004-1 R3 and R4, included as Attachment e-1;
 - ii. Disposition Document for PRC-005-1 R2, included as Attachment e-2;
- f) Settlement Agreement between MRO, SPP RE and the Parent Company of URE-1 and URE-2, executed April 30, 2010, included as Attachment f;
 - i. URE-2's Mitigation Plan for its PRC-005-1 R2 violations, and Certification of Completion contained therein, dated November 5, 2008, included as Attachment 1 to the Settlement Agreement;
 - ii. URE-2's Certification of Completion for its PRC-005-1 R2 violation dated November 5, 2008, included as Attachment 2 of the Settlement Agreement;
 - iii. SPP RE's Verification of Completion for URE-2's PRC-005-1 R2 violations dated May 20, 2009, included as Attachment 3 to the Settlement Agreement;
 - iv. URE-2's Mitigation Plan for its CIP-004-1 R4 violation dated October 23, 2008, included as Attachment 4 to the Settlement Agreement;

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- v. URE-2's Certification of Completion for its CIP-004-1 R3 and R4 violations dated January 9, 2009, included as Attachment 5 to the Settlement Agreement;
 - vi. SPP RE's Verification of Completion for URE-2's CIP-004-1 R4 violations dated January 21, 2009, included as Attachment 6 to the Settlement Agreement;
- g) Record documents for URE-1's violations of PRC-005-1 R2, included as Attachment g:
- i. URE-1's Mitigation Plan for its PRC-005-1 R2 violation dated May 4, 2008;
 - ii. URE-1's Certification of Completion for its PRC-005-1 R2 violation dated May 21, 2008;
 - iii. MRO's Verification of Completion for URE-1's PRC-005-1 R2 violations dated May 29, 2008;
- h) Record documents for the violations of CIP-001-1 R3 and R4, included as Attachment h:
- i. URE-1's Mitigation Plan for its CIP-004-1 R3 violation dated October 23, 2008;
 - ii. URE-1's Mitigation Plan for its CIP-004-1 R4 violation dated October 23, 2008;
 - iii. URE-1's Certification of Completion for its CIP-004-1 R3 and R4 violations dated January 29, 2009; and
 - iv. MRO's Verification of Completion for URE-1's CIP-004-1 R3 and R4 violations dated February 18, 2009.

A Form of Notice Suitable for Publication¹⁵

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

¹⁵ 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:

<p>Gerald W. Cauley President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, New Jersey 08540-5721 (609)452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>For SPP RE:</p> <p>Stacy Dochoda* Southwest Power Pool Regional Entity General Manager 16101 La Grande, Ste 103 Little Rock, AR 72223 (501) 688-1730 (501) 821-8726 - facsimile sdochoda@spp.org</p> <p>Joe Gertsch* Manager of Enforcement Southwest Power Pool Regional Entity 16101 La Grande, Ste 103 Little Rock, AR 72223 (501) 688-1672 (501) 821-8726 - facsimile jgertsch@spp.org</p> <p>SPP RE File Clerk* spprefileclerk@spp.org</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>	<p>Rebecca J. Michael* Assistant General Counsel Davis Smith* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net davis.smith@nerc.net</p> <p>For MRO:</p> <p>Daniel P. Skaar* President Midwest Reliability Organization 2774 Cleveland Avenue North Roseville, MN 55113 Phone: 651-855-1731 Email: dp.skaar@midwestreliability.org</p> <p>Sara E. Patrick* Director of Regulatory Affairs and Enforcement Midwest Reliability Organization 2774 Cleveland Avenue North Roseville, MN 55113 Phone: 651-855-1708 Email: se.patrick@midwestreliability.org</p>
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Conclusion

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

Respectfully submitted,

Gerald W. Cauley
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David N. Cook
Senior Vice President and General Counsel
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/s/ Rebecca J. Michael
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cc: Unidentified Registered Entity 1
Unidentified Registered Entity 2
Southwestern Public Service Company
Midwest Reliability Organization
Southwest Power Pool, Inc.

Attachments

Attachment e

Disposition Document for Common Information dated June 10, 2010

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR
REQUIREMENTS THEREUNDER

YES NO

LIST ANY PRIOR CONFIRMED OR SETTLED 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

EXPLAIN

**The Parent Company of URE-1 and URE-2 has a formal Compliance
Program which MRO and SPP RE considered to be a neutral factor
in the penalty determination.**

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.

EXPLAIN

(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

(9) ADDITIONAL SUPPORT FOR ASSESSED PENALTY OR SANCTION

In addition to the agreed upon \$25,000 financial penalty for each system, URE-1 and URE-2 agreed to take or have taken the following steps to improve BPS reliability:

- 1. Develop a poster-style user guide that explains how to conduct a brief visual inspection of batteries to provide an early warning of potential battery maintenance or performance issues.**
- 2. Distribute and prominently display the poster-style user guide in each of the URE-1 and URE-2 battery rooms not later than 120 days after approval of this Agreement by FERC. The cost of creating the poster-style user guide is estimated at \$3,500. Through the prominent display of the information, the importance of battery maintenance should be elevated within each facility. The goal of this increased surveillance and guidance regarding specifics to report on the station battery sets is to emphasize the importance of station batteries for generation plan personnel, above the routine monthly, quarterly, annual and capacity preventative maintenance.**

- 3. In conjunction with the development of the user guide, prepare a video training for URE-1 and URE-2 generation plant staff regarding battery maintenance. The training video will focus on utilization of the poster-style user guide. The video will be developed and distributed with the poster-style training guide within 120 days of the approval of this Agreement by FERC. The cost of creating the video training is estimated at \$10,000.**

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR
SANCTION ISSUED

DATE: **2/10/2009** OR N/A

The NAVAPS was issued by MRO to URE-1 for the CIP-004-1 R3 and R4 violations.

SETTLEMENT DISCUSSIONS COMMENCED

DATE: OR N/A

**URE-1 requested settlement discussions in April and June 2008.
URE-2 requested settlement discussions in March 2009.**

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

MRO issued a NOCV on April 17, 2009, for URE-1 CIP-004-1 R3 and R4 violations.

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A

MRO issued a SRI April 30, 2010, for URE-1 PRC-005-1 R2 and CIP-004-1 R3 and R4 violations.

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS PENALTY BOTH NOT CONTESTED

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

Disposition Document for CIP-004-1 R3 and R4

DISPOSITION OF VIOLATION

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
MRO200800070	MRO090108_URE-1_CIP-004-1_R3
MRO200800071	MRO090108_URE-1_CIP-004-1_R4
SPP200800058	2008-008 URE-2 CIP-004-1 R4

I. VIOLATION INFORMATION

Violation ID#	RELIABILITY STANDARD	REQ (S)	REGISTERED ENTITY	SUB-REQ (S)	VRF(S)	VSL(S)
MRO200800070	CIP-004-1	R3	URE-1		Lower¹	Lower
MRO200800071	CIP-004-1	R4	URE-1		Lower²	Lower
SPP200800058	CIP-004-1	R4	URE-2		Lower³	Lower

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

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

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

The purpose statement of CIP-004-1 provides, in pertinent part: “Standard CIP-004 requires that personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, including contractors and service vendors, have an appropriate level of personnel risk assessment, training, and security awareness. Standard CIP-004 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009....”

¹ When NERC filed VRFs it originally assigned CIP-004-1 R3 a Lower VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified Medium VRF and on January 27, 2009, the Commission approved the modified Medium VRF. Therefore, the Lower VRF for CIP-004-1 R3 was in effect from June 18, 2007 until January 27, 2009 when the Medium VRF became effective.

² When NERC filed VRFs it originally assigned CIP-004-1 R4.2 a Lower VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified Medium VRF and on January 27, 2009, the Commission approved the modified Medium VRF. Therefore, the Lower VRF for CIP-004-1 R4.2 was in effect from June 18, 2007 until January 27, 2009 when the Medium VRF became effective. CIP-004-1 R4 and R4.1 have Lower VRFs.

³ *Id.*

CIP-004-1 R3 and R4 provide:

R3. Personnel Risk Assessment – The Responsible Entity shall have a documented personnel risk assessment program, in accordance with federal, state, provincial, and local laws, and subject to existing collective bargaining unit agreements, for personnel having authorized cyber or authorized unescorted physical access. A personnel risk assessment shall be conducted pursuant to that program within thirty days of such personnel being granted such access. Such program shall at a minimum include:

- R3.1. The Responsible Entity shall ensure that each assessment conducted include, at least, identity verification (e.g., Social Security Number verification in the U.S.) and seven-year criminal check. The Responsible Entity may conduct more detailed reviews, as permitted by law and subject to existing collective bargaining unit agreements, depending upon the criticality of the position.**
- R3.2. The Responsible Entity shall update each personnel risk assessment at least every seven years after the initial personnel risk assessment or for cause.**
- R3.3. The Responsible Entity shall document the results of personnel risk assessments of its personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, and that personnel risk assessments of contractor and service vendor personnel with such access are conducted pursuant to Standard CIP-004.**

R4. Access – The Responsible Entity shall maintain list(s) of personnel with authorized cyber or authorized unescorted physical access to Critical Cyber Assets, including their specific electronic and physical access rights to Critical Cyber Assets.

- R4.1. The Responsible Entity shall review the list(s) of its personnel who have such access to Critical Cyber Assets quarterly, and update the list(s) within seven calendar days of any change of personnel with such access to Critical Cyber Assets, or any change in the access rights of such personnel. The Responsible Entity shall ensure access list(s) for contractors and service vendors are properly maintained.**
- R4.2. The Responsible Entity shall revoke such access to Critical Cyber Assets within 24 hours for personnel terminated for cause and within seven calendar days for personnel who no longer require such access to Critical Cyber Assets.**

VIOLATION DESCRIPTION

On September 22, 2008, URE-1 self reported non-compliance with Reliability Standard CIP-004-1 Requirements (R) 3 and R4 to MRO. On September 23, 2008, URE-2 self reported non-compliance with Reliability Standard CIP-004-1 R4 to SPP RE.

CIP-004-1 R3 – URE-1

URE-1 reported to MRO that they had not completed the required risk assessments for certain personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets as required by Reliability Standard CIP-004-1 R3. While conducting an internal review of URE-1 and URE-2, the Parent Company of URE-1 and URE-2 discovered that the process to identify individuals with electronic access to Critical Cyber Assets relied on summary level data rather than a review of computer logins and access card readers to verify that all those individuals with authorized access to cyber or authorized unescorted physical access had undergone the required personnel risk assessment. The Parent Company of URE-1 and URE-2 identified twelve (12) employees of URE-1 that had unescorted, physical or logical access to its System Control Center's Critical Cyber Assets who had not had the required personnel risk assessment completed by July 1, 2008, the effective date for mandatory compliance with the CIP-004-1 Reliability Standard for Table 1 entities with respect to their System Control Center assets.⁴ These individuals were long term employees who had not received a personnel risk assessment in the previous seven (7) years. Upon identifying the concern, URE-1 immediately suspended access for the (12) individuals on September 3, 2008. URE-1 then conducted personnel risk assessments for and identified no concerns with the backgrounds of those individuals. All of the required personnel risk assessments were completed by September 22, 2008.

CIP-004-1 R4 -- URE-1 and URE-2

Also as a result of the internal review of URE-1 and URE-2, it was discovered that the companies had not maintained a complete and accurate list of personnel with authorized cyber or authorized unescorted physical access to Critical Cyber Assets as required by Reliability Standard CIP-004-1 R4.

URE-1 and URE-2 had a process in place to identify individuals with authorized cyber or authorized unescorted physical access to Critical Cyber Assets, but the Parent Company of URE-1 and URE-2 found that the procedures to maintain the accuracy of the list had not been properly communicated to all necessary internal departments. In the course of its internal review, the Parent Company of URE-1 and URE-2 discovered that the development of Master Lists for individuals with authorized cyber or authorized unescorted physical access to Critical Cyber Assets did not use the definitive source data (computer logins and access card readers), but relied on past lists that were not completely accurate, as discussed below.

⁴ See *Guidance for Enforcement of CIP Standards*:
http://www.nerc.com/files/Guidance_on_CIP_Standards.pdf.

URE-1

MRO contacted URE-1 on February 11, 2010, to determine the number of individuals with physical and/or electronic access to Critical Cyber Assets specific to URE-1. On February 17, 2010, URE-1 reported that, at the time of the self-report in September 2008, the Master List contained approximately 1,300 individuals across the Parent Company of URE-1 and URE-2. The 1,300 number was an estimate, as the Master List consisted of separate line entries for each access to each facility/asset. Based on their access entries, some individuals may have been listed once, whereas others are listed multiple times. Because of its corporate structure, many employees of the Parent Company of URE-1 and URE-2 have physical and/or electronic access to multiple control centers.

Through an internal review, the Parent Company of URE-1 and URE-2 discovered that 33 individuals with physical and/or electronic access to Critical Cyber Assets were omitted from URE-1's original Master List of personnel with access to Critical Cyber Assets.⁵ Specifically, the individuals omitted from the original Master List had access to URE-1's control center.

The Parent Company of URE-1 and URE-2's internal review also revealed that the Master List for URE-1 included 208 individuals for which the specific access rights (electronic and/or physical) to Critical Cyber Assets were either incomplete or inaccurate for each individual.⁶

In addition, four (4) individuals that no longer required physical and/or electronic access to Critical Cyber Assets due to job transfers had not had their access revoked and their names removed from the list within the required seven (7) day period. The four (4) identified individuals were found to be on the list for periods ranging from 20-40 days after the job transfers, before they were removed from the list.

At the time of the self report, the list had been updated and a complete and accurate list was being maintained with regard to URE-1.

URE-2

In its review of the URE-2 self report, SPP RE determined that six (6) URE-2 personnel with authorized cyber and/or unescorted physical access to Critical Cyber Assets were omitted from the URE-2 Master List of personnel with access to Critical Cyber Assets. Additionally, 58 personnel on the URE-2 Master List of personnel with access to Critical Cyber Assets were identified with specific electronic and/or physical access rights to Critical Cyber Assets, which were described either incompletely or inaccurately.

⁵ URE-1's self report indicated that 35 individuals were not included in the Master List. Upon further review with MRO, it was determined that 33 individuals were not included in the Master List.

⁶ The Mitigation Plan misstates that the Master List included two hundred three (203) employees with electronic access and seven (7) employees with physical access for a total of 210 employees. There were two (2) employees that were included on the list twice, so two hundred eight (208) is the correct number of employees on the Master List with specific access rights (electronic and/or physical) to Critical Cyber Assets.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that the violations of CIP-004-1 R3 did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because, the 12 identified individuals that were missing personnel risk assessments represent less than 1% of the individuals with authorized access to Critical Cyber Assets, access was immediately suspended for these individuals upon identification of the noncompliance, and the personnel risk assessments were completed within 6 weeks of identification of noncompliance. Additionally, these individuals were long term employees.

MRO and SPP RE determined that the violation of CIP-004-1 R4 did not pose a serious or substantial risk to the reliability of the BPS because all of the employees (6) that were omitted from the URE-2 access list and the URE-1 access list had received the training and most of the employees (22 of 33) omitted from URE-1's access list received background checks to assure that they would not improperly use or abuse their access to Critical Cyber Assets. Additionally, although there were 208 employees of URE-1 and 58 employees of URE-2 whose electronic or physical access was not specified completely or accurately, these employees had been cleared for access by having a personnel risk assessment and training, so the incorrect designation did not create any increased risk to the reliability of the BPS. Further, the four (4) employees that should have been removed from the access list due to job transfers had background checks completed while they had access, continued to be employed by URE-1, and had not accessed the Critical Cyber Assets after the time they should have been removed from the access list.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- | | |
|------------------------------------|-------------------------------------|
| SELF-REPORT | <input checked="" type="checkbox"/> |
| SELF-CERTIFICATION | <input type="checkbox"/> |
| COMPLIANCE AUDIT | <input type="checkbox"/> |
| COMPLIANCE VIOLATION INVESTIGATION | <input type="checkbox"/> |
| SPOT CHECK | <input type="checkbox"/> |
| COMPLAINT | <input type="checkbox"/> |
| PERIODIC DATA SUBMITTAL | <input type="checkbox"/> |
| EXCEPTION REPORTING | <input type="checkbox"/> |

DURATION DATE(S)

MRO CIP-004-1 R3 and R4: July 1, 2008 (the date the Reliability Standard became mandatory for Table 1 entities) through September 22, 2008 (Mitigation Plan completion)

SPP RE CIP-004-1 R4: July 1, 2008 (the date the Reliability Standard became mandatory for Table 1 entities) through September 22, 2008 (Mitigation Plan completion)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

In the MRO Region: 9/22/2008

In the SPP RE Region: 9/23/2008

IS THE VIOLATION STILL OCCURRING

YES NO

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES NO

PRE TO POST JUNE 18, 2007 VIOLATION YES NO

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MRO

MITIGATION PLAN NO. MIT-08-1027 (MRO200800070 CIP-004-1 R3)

MIT-08-1028 (MRO200800071 CIP-004-1 R4)

DATE SUBMITTED TO REGIONAL ENTITY 10/23/2008
(signed 10/22/2008)

DATE ACCEPTED BY REGIONAL ENTITY 11/21/2008

DATE APPROVED BY NERC 12/18/2008

DATE PROVIDED TO FERC 12/18/2008

SPP RE

MITIGATION PLAN NO. MIT-08-1119 (SPP200800058)

DATE SUBMITTED TO REGIONAL ENTITY 10/23/2008
(signed 10/22/2008)

DATE ACCEPTED BY REGIONAL ENTITY 11/7/2008

DATE APPROVED BY NERC 11/10/2008

DATE PROVIDED TO FERC 11/10/2008

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

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE 9/22/2008

EXTENSIONS GRANTED N/A

ACTUAL COMPLETION DATE 9/22/2008

background check. Where background checks had not been completed, access was removed pending completion.

4. The processes to ensure compliance with the requirements of CIP-004 relating to training, background checks, timely removal of access, and maintenance of the master access list have been strengthened to minimize the risk of reoccurrence. The strengthening of the processes included providing an improved understanding of the Reliability Standard requirements within internal departments. Additionally, internal training and improved communication reinforced the importance of compliance, thereby strengthening the process.

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

MRO CIP-004-1 R3:

1. A copy of URE-1 and URE-2's background screening program. The program indicates that background checks must be completed at least every seven years and for cause, as described therein.

MRO and SPP RE CIP-004-1 R4:

1. A copy of the procedures used to maintain URE-1's and URE-2's CIP access list. These procedures are maintained as part of a larger procedural document maintained and used by URE-1's and URE-2's security operations center. This document describes URE-1's and URE-2's quarterly list review process.
2. A memorandum documenting results of URE-1's and URE-2's Q3 2008 review. The master access list is maintained by the security operations center staff. The master list contains sensitive information (employee identification information and lists of Critical Cyber Assets and Critical Cyber Asset areas).

EXHIBITS:

SOURCE DOCUMENT

- a) **URE-1's Self-Report for its CIP-004-1 R3 and R4 violations dated September 22, 2008**
- b) **URE-2's Self-Report for its CIP-004-1 R4 violation dated September 23, 2008**

MITIGATION PLAN

- a) **URE-2's Mitigation Plan for its CIP-004-1 R4 violation dated October 23, 2008**
- b) **URE-1's Mitigation Plan for its CIP-004-1 R3 violation dated October 23, 2008;**
- c) **URE-1's Mitigation Plan for its CIP-004-1 R4 violation dated October 23, 2008**

CERTIFICATION BY REGISTERED ENTITY

- a) **URE-2's Certification of Completion for its CIP-004-1 R4 violation January 9, 2009**
- b) **URE-1's Certification of Completion for its CIP-004-1 R3 and R4 violations January 29, 2009**

VERIFICATION BY REGIONAL ENTITY

- a) **SPP RE's Verification of Completion for the URE-2 CIP-004-1 R4 violations dated May 29, 2008**
- b) **MRO's Verification of Completion for the URE-1 CIP-004-1 R3 and R4 violations dated February 18, 2009**

Disposition Document for PRC-005-1 R2

DISPOSITION OF VIOLATION

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
MRO200800050	MRO041808_URE-1_PRC-005-1
SPP200800051	2008-001 URE-2 PRC-005-1

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	2		Lower¹	

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

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

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

The purpose statement of PRC-005-1 states: “To ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”

PRC-005-1 R2 provides:

R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.

R2.2. Date each Protection System device was last tested/maintained.

¹ PRC-005-1 R2 has a “Lower” Violation Risk Factor (VRF); R2.1 and R2.2 each have a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007.

VIOLATION DESCRIPTION

On April 15, 2008, URE-2 self-reported non-compliance to SPP RE with Reliability Standard PRC-005-1 R2. On April 18, 2008, URE-1 self reported non-compliance with Reliability Standard PRC-005-1 R2 to MRO. In the reports, URE-2 and URE-1 indicated that an internal assessment of station battery tests for all generation units owned by URE-1 and URE-2 was conducted in March 2008 and found that certain battery station maintenance and testing records were not available at each of the Parent Company of URE-1 and URE-2 operating companies. .

The Parent Company of URE-1 and URE-2 operating companies generation Protection System² Maintenance and Testing program used by URE-1 and URE-2 requires monthly, quarterly and annual testing of all generation station battery units. The Parent Company of URE-1 and URE-2 program also requires capacity testing of all generation station battery units on a four (4) to six (6) year cycle.³

Subsequent to submission of its Self-Reports, URE-1 and URE-2 provided MRO and SPP RE, respectively, with information indicating the evidence to substantiate that monthly and quarterly tests of some URE-1 and URE-2 generating station battery units were unavailable for the 3rd and 4th quarters of 2007.

URE-1

From the information supplied by URE-1, MRO determined that between June 2007 and March 2008, URE-1 failed to document or perform 64 of 318 required monthly battery inspections. MRO further determined that between June 2007 and December 2007, URE-1 failed to document or perform 19 of 66 required quarterly battery inspections at its generating stations. All annual battery inspections had been completed within the interval established by URE-1.

URE-2

On April 30, 2008 URE-2 provided SPP RE with a response to SPP RE's request for a copy of URE-2's generation battery maintenance program. In its response URE-2 provided SPP RE with its Protection System Maintenance and Testing Program, including an Excel spreadsheet listing all of the generating station battery

² *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

³ The URE-1 processes contemplate that generating station batteries, which supply power to plant equipment protection systems as well as generator protective relaying, will be subjected to four different types of tests. The tests are a monthly test to evaluate pilot cell condition; a quarterly test to check floating voltage of all batteries; an annual test of battery charger operation, floating voltages, specific gravity, electrolyte levels, and inter-cell connections; and a discharge test conducted once every four years. A discharge test is the test that is most determinative of expected battery performance. Where a discharge test identifies unacceptable battery performance according to industry standards, those batteries are replaced. (Since January 1, 2007, URE-1 has replaced two station battery sets.) In conjunction with each test, battery sets are also maintained through general cleanup activities.

preventive maintenance, inclusive of the interval of the maintenance and identifying the next preventative maintenance due date.

On May 28, 2009 SPP RE issued URE-2 a request for additional information on the battery testing and maintenance at the URE-2 generating facilities. Specifically, SPP RE requested: the monthly testing record per plant (tested date, not the details); the quarterly testing record per plant (tested date, not the details); the annual testing record per plant (tested date, not the details); the three (3) year capacity test or last time tested (if not tested, are the plant batteries scheduled for testing before May, 2009); the list of the plants that replaced their batteries in 2007; and the list of plants that were out of service for longer than a month and the dates they were out of service.

From the information supplied by URE-2, SPP RE determined that between June, 2007 and December, 2007 URE-2 failed to document or perform 34 of 117 required monthly battery inspections and 6 of 35 required quarterly battery inspections at eight (8) URE-2 owned generating stations. Annual battery inspections had been completed within the interval established by URE-2. URE-2 indicated the documentation for six (6) battery discharge tests completed prior to the mandatory effective date of the standard could not be found. Five (5) of the battery discharge tests were scheduled to be completed prior to March 16, 2009, and one (1) was scheduled upon completion of the 2008 summer run (approximately September, 2008).

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO and SPP RE determined that the URE-1 and URE-2 violations did not create a serious or substantial risk to the reliability of the bulk power system (BPS) because the URE-1 and URE-2's Protection System Maintenance and Testing program contained monthly testing intervals for protection system batteries which exceeded the recommended quarterly test frequency in the NERC Technical Reference Guide for Protection System Maintenance and Testing. Additionally, URE-1 and URE-2 conducts discharge tests. Where a discharge test identifies unacceptable battery performance according to industry standards, those batteries are replaced.⁴ Additionally, the URE-1 batteries are located at generating plants rather than substations. Each generating plant is equipped with annunciator panels.

⁴ Since January 1, 2007, the URE-1 has replaced two station battery sets.

II. 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)

URE-1: June 18, 2007, the mandatory and effective date of the NERC Reliability Standard through March 31, 2008,⁵ when all battery testing was completed according to the URE-1's defined intervals.

URE-2: June 18, 2007, the mandatory and effective date of the NERC Reliability Standard through January 31, 2008, when all battery testing was completed according to URE-2's defined intervals.

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

URE-1: 4/18/2008

URE-2: 4/15/2008

IS THE VIOLATION STILL OCCURRING

YES NO

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES NO
PRE TO POST JUNE 18, 2007 VIOLATION YES NO

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

URE-1:

MITIGATION PLAN NO. **MIT-08-0557**

DATE SUBMITTED TO REGIONAL ENTITY **5/4/2008 (signed on 5/3/2008)**

DATE ACCEPTED BY REGIONAL ENTITY **5/13/2008**

DATE APPROVED BY NERC **5/22/2008**

DATE PROVIDED TO FERC **5/22/2008**

⁵ The Settlement Agreement incorrectly states that the battery testing was completed on February 28, 2008.

URE-2:

MITIGATION PLAN NO. **MIT-08-1117**
DATE SUBMITTED TO REGIONAL ENTITY **11/5/08**
DATE ACCEPTED BY REGIONAL ENTITY **11/7/08**
DATE APPROVED BY NERC **11/10/08**
DATE PROVIDED TO FERC **11/10/08**

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

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **URE-1: 4/15/2008**
URE-2: 4/15/2008
EXTENSIONS GRANTED **N/A**
ACTUAL COMPLETION DATE **URE-1: 4/15/2008**
URE-2: 4/15/2008

DATE OF CERTIFICATION LETTER
URE-1: 5/21/08
URE-2: 11/5/2008⁶

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF
URE-1: 4/15//2008
URE-2: 4/15/2008

DATE OF VERIFICATION LETTER **URE-1: 5/29/2008**
URE-2: 5/20/2009

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF
URE-1: 4/15/2008
URE-2: 4/15/2008

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

URE-1's Mitigation Plan required it to:

- a. Ensure battery tests are up to date by March 31, 2008;**
- b. Institute a new procedure to monitor and track all required station battery testing on a monthly basis for generation stations owned by the URE-1 and subject to PRC-005 by April 15, 2008; and**

⁶ The Certification of Completion is contained within the Mitigation Plan.

- c. **Revise the procedures for station battery tests to clarify the relationship between monthly, quarterly and annual tests.**

URE-2's Mitigation Plan required it to:

- a. **Ensure battery tests are up to date by March 31, 2008;**
- b. **Institute a new procedure to monitor and track all required station battery testing on a monthly basis for generation stations owned by URE-2 and subject to PRC-005 by April 15, 2008; and**
- c. **Revise the procedures for station battery tests to clarify the relationship between monthly, quarterly and annual tests.**

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

MRO reviewed the following to verify the URE-1's completion:

- **a spreadsheet indicating the most recent date for monthly, annual, and discharge generation station battery tests; and**
- **the tests date for the quarterly battery station tests conducted in the second quarter of 2008.**

SPP RE reviewed the following to verify the URE-2's completion:

1. **URE-2 Battery Preventative Maintenance Schedule**
2. **Monthly, quarterly and annual testing records**
3. **Three year capacity testing records**
4. **Mitigation Plan**
5. **Combined summary of the URE-2 battery test schedule**

EXHIBITS:

SOURCE DOCUMENT

URE-2's Self-Report for its PRC-005-1 R2 violation dated April 15, 2008

URE-1's Self-Report for its PRC-005-1 R2 violation dated April 18, 2008

MITIGATION PLAN

URE-2's Mitigation Plan for its PRC-005-1 R2 violations, and Certification of Completion contained therein, dated November 5, 2008

URE-1's Mitigation Plan for its PRC-005-1 R2 violations and Certification of Completion contained therein, dated May 4, 2008;

CERTIFICATION BY REGISTERED ENTITY

**URE-2's Certification of Completion for its PRC-005-1 R2 violation
(contained in the Mitigation Plan) dated November 5, 2008**

**URE-1's Certification of Completion for its PRC-005-1 R2 violation dated
May 21, 2008**

VERIFICATION BY REGIONAL ENTITY

**SPP's Verification of Completion for the PRC-005-1 R2 violation dated May
20, 2009**

**MRO's Verification of Completion for the URE-1's PRC-005-1 R2 violations
dated May 29, 2008**