



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

October 7, 2010

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

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

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding an Unidentified Registered Entity (URE),¹ with information and details regarding the nature and resolution of the violation² discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Documents (Attachment g), 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)).³

On June 16, 2008, URE self-reported a violation of CIP-009-1 Requirement (R) 1⁴ to Western Electricity Coordinating Council (WECC) because URE's recovery plan did not include one of its Critical Cyber Assets.

¹ The Settlement Agreement incorrectly states that URE was included on the NERC Compliance Registry on April 10, 2007, instead of June 17, 2007.

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.

³ *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).

⁴ URE also self-reported a violation of CIP-009-1 R2 but it was dismissed by WECC on July 30, 2009 because URE provided evidence that it was compliant.

During an on-site Compliance Audit conducted (Audit), WECC identified a violation of COM-001-1 R3 for URE’s failure to provide evidence of procedures for resolving telecommunications problems with other entities.

On May 8, 2007, URE self-reported a violation of FAC-001-0 R2 for its failure to have written procedures for contacting adjacent systems affected by interconnections in its facility connection requirements as required by the Standard.⁵

On December 19, 2007, records provided by WECC's webSAS application showed that URE failed to provide transmission loading relief for a WECC Path on that day for the hours ending 2000 and 2100 in violation of WECC Standard IRO-STD-006-0 WR1.

On May 8, 2007, URE self-reported a violation of MOD-018-0 R1 because it could not provide documentation regarding the Peak Demand and Energy Load Growth Rates documentation for URE East as required by the Standard.⁶

This NOP is being filed with the Commission because WECC and URE have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC’s determination and findings of the enforceable violations of CIP-009-1 R1, COM-001-1 R3, FAC-001-0 R2, IRO-STD-006-0 WR1 and MOD-018-0 R1. According to the Settlement Agreement, URE neither admits nor denies the violation, but has agreed to the assessed penalty of nine thousand dollars (\$9,000), 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 WECC200800920, WECC200700484, WECC200710003, WECC200700530 and WECC200700486 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on February 12, 2010, by and between WECC and URE. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. 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 resolved by the Settlement Agreement, as discussed in greater detail below.

Region	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	WECC200800920	CIP-009-1	1	Medium	9,000

⁵ This violation became a post-June 18, 2007 violation when WECC rejected the mitigation plan submitted by URE on October 1, 2007.

⁶ This violation became a post-June 18, 2007 violation WECC later found at the Audit that because it could not produce peak demand and energy load growth rates documentation, for a portion of URE’s system.

	WECC200700484	COM-001-1	3	Lower	
	WECC200710003	FAC-001-0	2/ 2.1.2	Medium	
	WECC200700530	IRO-STD- 006-0	WR1	N/A	
	WECC200700486	MOD-018-0	1/ 1.2	Medium ⁷	

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

CIP-009-1 R1 - OVERVIEW⁸

WECC determined that URE, as a Balancing Authority and Transmission Operator, did not create an adequate recovery plan for its application that provides scheduling data to the URE Energy Management System (EMS), a Critical Cyber Asset. The recovery plan was insufficient for three reasons. First, URE’s Electric Industry Data Exchange (EIDE) did not have an alternate Oracle database that was compatible with the application; second, URE’s application did not have point-to-point data exchanges with other entities; and third, it did not include a process to back up URE’s data telemetry capabilities.

The duration of the CIP-009-1 R1 violation was from July 1, 2008, the date the Standard became mandatory and enforceable for Table 1⁹ entities with Critical Cyber Assets in its System Control Center, through June 26, 2009, the date URE completed its Mitigation Plan.

WECC determined that this violation posed a moderate risk to the reliability of the bulk power system (BPS), but did not pose a serious or substantial risk. Although, URE had a disaster recovery plan for its application and could recover the asset; the components of the plan did not provide for an automated exchange of data. Failure to have adequate recovery plans in place could lead to inadequate or untimely recovery, which could exacerbate underlying causal events and the risk to the BPS.

COM-001-1 R3 - OVERVIEW¹⁰

WECC determined that URE, as a Balancing Authority and Transmission Operator, did not present sufficient evidence that it had the ability to solve external telecommunication failures. WECC found that a questionnaire presented by URE as evidence of its compliance only dealt with communications coordination between operating personnel and did not constitute coordination with URE’s neighboring entities.

⁷ When NERC filed VRFs it originally assigned MOD-018-0 R1 and its sub-requirement R1.1 “Lower” VRFs. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified “Medium” VRFs and on August 6, 2007, the Commission approved the modified “Medium” VRFs. Therefore, the “Lower” VRFs for MOD-018-0 R1 and its sub-requirement R1.1 were in effect from June 18, 2007 until August 6, 2007 when the “Medium” VRFs became effective. Sub-requirements R1.2 and 1.3 have “Lower” VRFs.

⁸ Further information on this violation is contained in the Disposition Document included as Attachment g-1.

⁹ See *Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1*.

¹⁰ Further information on this violation is contained in the Disposition Document included as Attachment g-2.

The duration of the COM-001-1 R3 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through March 31, 2008, the date URE completed its Mitigation Plan.

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because although URE did not have the required documentation, URE had the infrastructure and capability to investigate and recommend solutions to telecommunications problems with neighboring entities.

FAC-001-0 R2 - OVERVIEW¹¹

WECC determined that URE, as a Transmission Owner, did not adequately cover all sub-requirements found in the Standard for its facility connection requirements, such as procedures for notification of new or modified facilities to others (those responsible for the reliability of the interconnected transmission systems) as soon as feasible.

The duration of the FAC-001-0 R2 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through December 14, 2007, the date URE completed its Mitigation Plan.

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because URE was making the appropriate notifications once changes to its system began. URE's violation stemmed from the fact that it needed to include the notification requirements directly in its documentation.

IRO-STD-006-0 WR1 - OVERVIEW¹²

WECC determined that URE, as a Load Serving Entity, did not properly respond to an Unscheduled Flow Procedure Step 7 request issued by the WECC Path Operator that required URE to provide 8.1 MW of flow relief on a Qualified Path for hour ending 2000. URE implemented several transactions prior to the effective hour ending time, but only provided 6.9 MW of relief. In addition, URE did not properly respond to an Unscheduled Flow Procedure Step 5 request issued by the WECC Path Operator that required URE to reduce flow by 29.8 MW for hour ending 2100. URE implemented several transactions prior to the effective hour ending time that resulted in an unacceptable increase in flow of 15.2 MW.

The duration of the IRO-STD-006-0 WR1 violation was from October 2, 2007, when unscheduled flow on the Qualified Path occurred, through October 2, 2007, when the transmission system overloads, due to unscheduled line flow, was mitigated.

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the BPS because this event represented an isolated case of failing to identify individual transactions. Although widespread failure to comply with this Standard could pose a high risk to the reliability of the BPS, the actual risk depends upon how much an entity actually contributes to flow on the potentially overloaded path and what other resources the path operator has

¹¹ Further information on this violation is contained in the Disposition Document included as Attachment g-3.

¹² Further information on this violation is contained in the Disposition Document included as Attachment g-4.

available to mitigate potential overloads of the transmission system. This violation did not result in an overload of the transmission system. The Transmission Operator continued to have the option of curtailing transactions that were directly scheduled on the Qualified Path to reduce loading in the event of an overload.

MOD-018-0 R1 - OVERVIEW¹³

WECC determined that URE, as a Load Serving Entity, Planning Authority, Resource Planner and Transmission Planner, did not provide documentation on its demand data as required by the Standard because it could not produce peak demand and energy load growth rates documentation for its URE East area.

The duration of the MOD-018-0 R1 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through December 24, 2007, the date URE completed its Mitigation Plan.

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because URE's report of actual and forecast demand data did address assumptions, methods, and the manner in which uncertainties are treated in the forecasts of aggregated peak demands and Net Energy for Load as required by R1.2 for the URE East area, even though URE did not have documentation.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed¹⁴

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,¹⁵ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on August 3, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a nine thousand dollar (\$9,000) financial penalty against URE 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's first occurrence of violation of the subject NERC Reliability Standards;

¹³ Further information on this violation is contained in the Disposition Document included as Attachment g-5.

¹⁴ See 18 C.F.R. § 39.7(d)(4).

¹⁵ *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). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

2. URE self-reported the violations of CIP-009-1 R1, FAC-001-0 R2 and MOD-018-0 R1;¹⁶
3. WECC reported that URE was cooperative throughout the compliance enforcement process;
4. URE has a compliance program,¹⁷ as discussed in the Disposition Documents;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above and in the Disposition Documents; and
7. 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 Settlement Agreement and believes that the assessed penalty of nine thousand dollars (\$9,000) is appropriate for the violations 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 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 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.

¹⁶ The pre-June 18, 2007 self-reported violations of FAC-001-0 R2 and MOD-018-0 R1 became sanctionable when they were not mitigated by their approved completion dates.

¹⁷ WECC considered the internal compliance program to be a mitigating factor in the penalty determination.

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) Settlement Agreement by and between WECC and URE executed February 12, 2010, included as Attachment a;
- b) Record documents for the violation of CIP-009-1 R1, included as Attachment b:
 - i. URE's Self Report dated June 16, 2008;
 - ii. URE's Mitigation Plan MIT-08-0901 submitted June 20, 2008;¹⁸
 - iii. URE's Certification of Mitigation Plan Completion dated June 29, 2008;
 - iv. WECC's Verification of Mitigation Plan Completion dated November 6, 2009;
- c) Record documents for the violation of COM-001-1 R3, included as Attachment c:
 - i. WECC's Determination of Alleged Violation Summary deemed October 19, 2007;
 - ii. URE's Mitigation Plan submitted December 27, 2007 and Revised Mitigation Plan MIT-07-0762 submitted February 29, 2008;
 - iii. URE's Certification of Mitigation Plan Completion dated March 31, 2008;
 - iv. WECC's Verification of Mitigation Plan Completion dated January 23, 2009;
- d) Record documents for the violation of FAC-001-0 R2, included as Attachment d:
 - i. URE's Self Report dated May 8, 2007;
 - ii. URE's Mitigation Plan MIT-07-1589 submitted December 14, 2007;¹⁹
 - iii. URE's Certification of Mitigation Plan Completion dated December 14, 2007;
 - iv. WECC's Verification of Mitigation Plan Completion dated January 23, 2009;
- e) Record documents for the violation of IRO-STD-006-0 WR1, included as Attachment e:
 - i. WECC's Determination of Alleged Violation Summary deemed October 2, 2007;
 - ii. URE's Mitigation Plan MIT-07-2190 submitted July 31, 2009;
 - iii. URE's Certification of Mitigation Plan Completion dated July 31, 2009;
 - iv. WECC's Verification of Mitigation Plan Completion dated December 31, 2009;
- f) Record documents for the violation of MOD-018-0 R1, included as Attachment f:
 - i. WECC's Determination of Alleged Violation Summary deemed October 19, 2007;
 - ii. URE's Mitigation Plan MIT-07-1692 submitted December 28, 2007;²⁰

¹⁸ The Settlement Agreement incorrectly states that URE's Mitigation Plan was submitted June 16, 2008 and accepted by WECC on July 25, 2008.

¹⁹ The Settlement Agreement states that URE's Mitigation Plan was submitted to WECC on December 14, 2007, but the document only shows the original submittal date of May 22, 2007.

²⁰ The Settlement Agreement states that URE's Mitigation Plan was submitted to WECC on December 28, 2007, but the document only shows the original submittal date of May 31, 2007.

- iii. URE's Certification of Mitigation Plan Completion dated December 28, 2007;
- iv. WECC's Verification of Mitigation Plan Completion dated June 2, 2009;
- g) Disposition Documents included as the following Attachments:
 - i. Information common to the violations, included as Attachment g;
 - ii. Information regarding the violation of CIP-009-1 R1, included as Attachment g-1;
 - iii. Information regarding the violation of COM-001-1 R3, included as Attachment g-2;
 - iv. Information regarding the violation of FAC-001-0 R2, included as Attachment g-3;
 - v. Information regarding the violation of IRO-STD-006-0 WR1, included as Attachment g-4;
 - vi. Information regarding the violation of MOD-018-0 R1, included as Attachment g-5;

A Form of Notice Suitable for Publication²¹

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

²¹ 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:

<p>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 gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</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, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net davis.smith@nerc.net</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Sandy Mooy* Senior Legal Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 819-7658 (801) 883-6894 – facsimile SMooy@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p>
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Unidentified Registered Entity
October 7, 2010
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PRIVILEGED AND CONFIDENTIAL
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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,

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cc: Unidentified Registered Entity
Western Electricity Coordinating Council

Attachments

Attachment g

Disposition Document Containing Common Information

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 PROGRAM²
YES NO
EXPLAIN

WECC found that: (1) URE's Internal Compliance Program (ICP) was well documented; (2) URE 's ICP was widely disseminated throughout its operations; (3) URE has named and staffed an ICP oversight position; (4) the ICP oversight position is supervised at a high level in the company; (5) the ICP oversight position has independent access to the CEO and/or board of directors; (6) the ICP is operated and managed so as to be independent of those responsible for compliance with the Reliability Standards; (7) URE has allocated sufficient resources to its ICP; (8) the ICP has the support and participation of senior management; (9) URE regularly reviews and modifies its ICP; and (10) URE 's ICP includes disciplinary action for employees involved in violation of the Reliability Standards when appropriate. Based on these findings, WECC concluded that URE has an effective compliance culture.

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,

² WECC considered the internal compliance program to be a mitigating factor in the penalty determination.

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

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED

DATE: **5/29/2009** OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **2/19/2010** OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS PENALTY BOTH NO CONTEST

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

Disposition Document regarding the violation of CIP-009-1 R1

DISPOSITION OF VIOLATION
Dated August 3, 2010

NERC TRACKING NO. **WECC200800920** REGIONAL ENTITY TRACKING NO. **WECC2008974**

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-009-1	1		Medium	N/A

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-009-1 provides, in pertinent part: “Standard CIP-009 ensures that recovery plan(s) are put in place for Critical Cyber Assets and that these plans follow established business continuity and disaster recovery techniques and practices....”

CIP-009-1 R1 provides:

- R1. Recovery Plans — The Responsible Entity^[1] shall create and annually review recovery plan(s) for Critical Cyber Assets. The recovery plan(s) shall address at a minimum the following:**
 - R1.1. Specify the required actions in response to events or conditions of varying duration and severity that would activate the recovery plan(s).**
 - R1.2. Define the roles and responsibilities of responders.**

VIOLATION DESCRIPTION

On June 16, 2008, Unidentified Registered Entity (URE) self-reported a violation of CIP-009-1 R1.² In its Self Report, URE stated that it uses a application, a Critical

¹ Within the text of Standard CIP-009, “Responsible Entity” shall mean Reliability Coordinator, Balancing Authority, Interchange Authority, Transmission Service Provider, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, Load Serving Entity, NERC and Regional Reliability Organizations.

Cyber Asset, to provide scheduling data to the URE Energy Management System (EMS). URE stated that it did have a recovery plan for this application as required by the Standard; however, the recovery plan was insufficient for three reasons. First, URE’s Electric Industry Data Exchange (EIDE) did not have an alternate Oracle database that was compatible with the application; second, URE’s application did not have point-to-point data exchanges with other entities; and third, URE’s data telemetry capabilities were not backed-up. Thus, although URE had a recovery plan for its Critical Cyber Asset, this recovery plan was deficient.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that this violation posed a moderate risk to the reliability of the bulk power system (BPS), but did not pose a serious or substantial risk. Although, URE had a disaster recovery plan for its application and could recover the asset; the components of the plan did not provide for an automated exchange of data. Failure to have adequate recovery plans in place could lead to inadequate or untimely recovery, which could exacerbate underlying causal events and the risk to the BPS.

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) **7/1/08 (when the Standard became mandatory and enforceable for Table 1³ entities with Critical Cyber Assets in its System Control Center) through 6/26/09 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **6/16/08**

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

² URE also self-reported a violation of CIP-009-1 R2 but it was dismissed by WECC on July 30, 2009 because URE provided evidence that it was compliant.

³ See *Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1*.

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-08-0901**
 DATE SUBMITTED TO REGIONAL ENTITY **6/20/08⁴**
 DATE ACCEPTED BY REGIONAL ENTITY **7/30/08⁵**
 DATE APPROVED BY NERC **9/17/08**
 DATE PROVIDED TO FERC **9/17/08**

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

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **6/30/09**
 EXTENSIONS GRANTED **N/A**
 ACTUAL COMPLETION DATE **6/26/09**

DATE OF CERTIFICATION LETTER **6/29/09**
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **6/26/09**

DATE OF VERIFICATION LETTER **11/6/09**
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **6/26/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The Mitigation Plan stated that URE would replace the application with two new and independent applications. One application would be an energy trading system and the other would be an operation transmission scheduling (OTS). The OTS application would replace the current data feeds to URE Energy Management System and have full disaster recovery capabilities, including EIDE functionality.

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)

URE provided WECC with copies of its control area scheduling plan, exercise report and post exercise review.

⁴ The Settlement Agreement incorrectly states that URE’s Mitigation Plan was submitted to WECC on June 16, 2008.

⁵ The Settlement Agreement incorrectly states that URE’s Mitigation Plan was accepted by WECC on July 25, 2008.

EXHIBITS:

SOURCE DOCUMENT

URE's Self Report dated June 16, 2008

MITIGATION PLAN

URE's Mitigation Plan MIT-08-0901 submitted June 20, 2008

CERTIFICATION BY REGISTERED ENTITY

URE's Certification of Mitigation Plan Completion dated June 29, 2009

VERIFICATION BY REGISTERED ENTITY

WECC's Verification of Mitigation Plan Completion dated November 6, 2009

Disposition Document regarding the violation of COM-001-1 R3

DISPOSITION OF VIOLATION
Dated August 3, 2010

NERC TRACKING NO. WECC200700484 REGIONAL ENTITY TRACKING NO. WECC2007494

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
COM-001-1	3		Lower	Severe

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 COM-001-1 provides: “Each Reliability Coordinator, Transmission Operator and Balancing Authority needs adequate and reliable telecommunications facilities internally and with others for the exchange of Interconnection and operating information necessary to maintain reliability.”

COM-001-1 R3 provides: “Each Reliability Coordinator, Transmission Operator and Balancing Authority shall provide a means to coordinate telecommunications among their respective areas. This coordination shall include the ability to investigate and recommend solutions to telecommunications problems within the area and with other areas.”

VIOLATION DESCRIPTION

The WECC Audit Team determined that Unidentified Registered Entity (URE) had a potential violation of this Standard at an on-site Compliance Audit. The Audit Team found that URE produced sufficient evidence that it had the ability to solve telecommunication failures internally, but that a questionnaire presented by URE as evidence of its external communications dealt mostly with communications coordination between operating personnel and did not constitute telecommunications coordination with URE's neighboring entities. Thus, URE did not have procedures for resolving telecommunications problems with other entities in violation of COM-001-1 R3.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because although URE did not have the required documentation, URE had the infrastructure and capability to investigate and recommend solutions to telecommunications problems with neighboring entities.

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) **6/18/07 (when the Standard became mandatory and enforceable) through 3/31/08 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **10/19/07**

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:

MITIGATION PLAN NO. **MIT-07-0762**
 DATE SUBMITTED TO REGIONAL ENTITY **2/29/08 (Revised)**
 DATE ACCEPTED BY REGIONAL ENTITY **3/5/08**
 DATE APPROVED BY NERC **5/15/09**
 DATE PROVIDED TO FERC **5/15/09**

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

The original Mitigation Plan was submitted December 27, 2007¹ with a completion date of February 29, 2008; the revised Mitigation Plan was an extension request. WECC accepted the Mitigation Plan on January 30, 2008.

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **2/29/08**
EXTENSIONS GRANTED **Yes, to 3/31/08**
ACTUAL COMPLETION DATE **3/31/08**

DATE OF CERTIFICATION LETTER **3/31/08**
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **3/31/08**

DATE OF VERIFICATION LETTER **1/23/09**
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **3/31/08**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The Mitigation Plan stated that URE would confirm its current process of coordinating telecommunications with other entities and enhance its documentation to comply with the Standard.

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)
URE provided WECC with its Telecommunications Plan.

EXHIBITS:

SOURCE DOCUMENT
WECC's Determination of Alleged Violation Summary deemed October 19, 2007

MITIGATION PLAN
URE's Mitigation Plan MIT-07-0762 submitted December 27, 2007
URE's Revised Mitigation Plan MIT-07-0762 submitted February 29, 2008

CERTIFICATION BY REGISTERED ENTITY
URE's Certification of Mitigation Plan Completion dated March 31, 2008

VERIFICATION BY REGISTERED ENTITY
WECC's Verification of Mitigation Plan Completion dated January 23, 2009

¹ The Settlement Agreement incorrectly states that the Mitigation Plan was submitted on December 28, 2007.

**Disposition Document regarding the violation of
FAC-001-0 R2**

DISPOSITION OF VIOLATION

Dated August 3, 2010

NERC TRACKING NO. **WECC200710003** REGIONAL ENTITY TRACKING NO.

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
FAC-001-0	2	2.1.2	Medium	Lower

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 FAC-001-0 provides: “To avoid adverse impacts on reliability, Transmission Owners must establish facility connection and performance requirements.”

FAC-001-0 R2 provides, in pertinent part:

- R2. The Transmission Owner’s facility connection requirements shall address, but are not limited to, the following items:**
 - R2.1. Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon:**
 - R2.1.1. Procedures for coordinated joint studies of new facilities and their impacts on the interconnected transmission systems.**
 - R2.1.2. Procedures for notification of new or modified facilities to others (those responsible for the reliability of the interconnected transmission systems) as soon as feasible.**

VIOLATION DESCRIPTION

On May 8, 2007, Unidentified Registered Entity (URE) self-reported a violation of FAC-001-0 R2.¹ Although this violation was reported before June 18, 2007, this violation became sanctionable as a post-June 18, 2007 violation because, as discussed below, URE 's first completed Mitigation Plan did not demonstrate compliance. URE's self-report was based on the fact that it had not reviewed any of its interconnection requirements to ensure compliance with the specific terms of the Standard. URE stated that historically it would contact adjacent systems affected by interconnections on a case by case basis, but did not have formal procedures guiding that coordination.

URE certified completion of the Mitigation Plan on October 1, 2007 and to demonstrate compliance, URE attached a copy of its Facility Connection Requirements. WECC determined that URE had not addressed sub-requirement 2.1.2 adequately, thus, WECC rejected the completed Mitigation Plan filed by URE. On December 14, 2007, URE revised its facility connection requirements and re-certified completion of the Mitigation Plan.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because URE was making the appropriate notifications once changes to its system began. URE 's violation stemmed from the fact that it needed to include the notification requirements directly in its documentation.

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) **6/18/07 (when the Standard became mandatory and enforceable) through 12/14/07 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **5/8/07**

IS THE VIOLATION STILL OCCURRING
YES NO

¹ The self-report also referenced violations of FAC-001-0 R1 and R3, these violations were resolved as pre-June 18 violations.

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:

MITIGATION PLAN NO. **MIT-07-1589**
 DATE SUBMITTED TO REGIONAL ENTITY **12/14/07²**
 DATE ACCEPTED BY REGIONAL ENTITY **3/17/08**
 DATE APPROVED BY NERC **4/28/09**
 DATE PROVIDED TO FERC **4/29/09**

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

URE's original Mitigation Plan was submitted on May 22, 2007 and accepted by WECC on May 30, 2007.

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **submitted as complete**
 EXTENSIONS GRANTED
 ACTUAL COMPLETION DATE **12/14/07**

DATE OF CERTIFICATION LETTER **12/14/07**
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **12/14/07**

DATE OF VERIFICATION LETTER **1/23/09³**
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **12/14/07**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE
The Mitigation Plan stated that URE would develop and modify its facility connection requirements to address all of the requirements of FAC-001-0 R2.

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN

² On March 17, 2008, WECC reviewed the evidence submitted by URE using a Reliability Standard Audit Worksheet and found URE compliant. NERC approved the RSAW and submitted it to FERC in lieu of a revised Mitigation Plan.

³ The Verification letter incorrectly states that URE submitted its Certification of Completion on December 17, 2007.

WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE
REVIEWED FOR COMPLETED MILESTONES)
URE provided WECC with its Facility Connection Requirements

EXHIBITS:

SOURCE DOCUMENT
URE's Self Report dated May 8, 2007

MITIGATION PLAN
URE's Mitigation Plan MIT-07-1589 submitted May 22, 2007

CERTIFICATION BY REGISTERED ENTITY
URE's Certification of Mitigation Plan Completion dated December 14, 2007

VERIFICATION BY REGISTERED ENTITY
WECC's Verification of Mitigation Plan Completion dated January 23, 2009

Disposition Document regarding the violation of IRO-STD-006-0 WR1

DISPOSITION OF VIOLATION

Dated August 3, 2010

NERC TRACKING NO. WECC200700530 REGIONAL ENTITY TRACKING NO. WECC2007548

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
IRO-STD-006-0	WR1		N/A	LNC 4

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 IRO-STD-006-0 provides: “Mitigation of transmission overloads due to unscheduled line flow on Qualified Paths.”

IRO-STD-006-0 WR1 provides:

Curtailment of Contributing Schedules

WECC’s Unscheduled Flow Mitigation Plan (Plan), which is on file with FERC and has been accepted by FERC (most recently prior to the date hereof on November 20, 2001 in Docket No. ER01-3085-000), specifies that members shall comply with requests from (Qualified) Transfer Path Operators to take actions that will reduce unscheduled flow on the Qualified Path in accordance with the table titled “WECC Unscheduled Flow Procedure Summary of Curtailment Actions,” which is located in Attachment 1 of the Plan.

VIOLATION DESCRIPTION

A Path Unscheduled Flow (USF) Procedure Step 7 request was issued by the WECC Path Operator. This event required Unidentified Registered Entity (URE) to provide flow relief on the qualified path of 8.1 MW due to the impact on the Qualified Path of transaction. URE implemented several transaction changes prior to the effective time, but these transactions did not provide the 8.1 MW of relief as required. The net effect of the transaction changes was that the calculated flow increase on the Qualified Path for hour ending 2000 was 6.9 MW. URE failed to

provide sufficient relief in violation of IRO-STD-006-0 WR1 on October 2, 2007 by the specified time.

In addition, a Path USF Procedure Step 5 was issued by the WECC Path Operator on October 2, 2007 at 1922 PPT effective at 2000 PPT for hour ending 2100. During this hour, there was no initial obligation to provide relief to the Qualified Path because URE had already implemented transaction changes that reduced calculated flow on the path. The required relief was indicated as - 29.8 MW (the negative value of required relief indicated that URE was reducing flow on the Qualified Path in excess of what was required). However, after the USF Procedure was ordered, URE implemented several transaction changes prior to the effective time. These transactions resulted in an increase in flow on the Qualified Path. The net effect of the transaction changes was that the calculated flow increase on the Qualified Path for hour ending 2100 was 15.2 MW. URE had made changes to restricted transactions, which resulted in a calculated increased flow on Path 66 during implementation of an USF Procedure in violation of IRO-STD-006-0 WR1 on October 2, 2007.

Because the two above-described occurrences took place during the same "multi-hour" USF event, these two violations are considered a single violation of IRO-STD-006-0 WR1.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because this event represented an isolated case of failing to identify individual transactions. Although widespread failure to comply with this Standard could pose a high risk to the reliability of the BPS, the actual risk depends upon how much an entity actually contributes to flow on the potentially overloaded path and what other resources the path operator has available to mitigate potential overloads of the transmission system. This violation did not result in an overload of the transmission system. The Transmission Operator continued to have the option of curtailing transactions that were directly scheduled on the Qualified Path to reduce loading in the event of an overload.

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) **10/2/07 (when the USF on the Qualified Path occurred) through 10/2/07 (when the transmission overloads due to USF was mitigated)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **12/19/07**

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:

MITIGATION PLAN NO. **MIT-07-2190**
 DATE SUBMITTED TO REGIONAL ENTITY **7/31/09**
 DATE ACCEPTED BY REGIONAL ENTITY **12/16/09**
 DATE APPROVED BY NERC **12/28/09**
 DATE PROVIDED TO FERC **12/28/09**

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

N/A

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **Submitted as complete**
 EXTENSIONS GRANTED **N/A**
 ACTUAL COMPLETION DATE **7/31/09**

DATE OF CERTIFICATION LETTER **7/31/09**
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **7/31/09**

DATE OF VERIFICATION LETTER **12/31/09¹**
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **7/31/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The Mitigation Plan stated that URE held discussions with the individuals involved in this violation. The URE USF policy was reviewed with these

¹ The Verification letter incorrectly states that URE submitted its Certification of Completion on July 30, 2009.

individuals to help ensure future compliance. In addition, two changes were made to the URE webSAS tool that URE uses to ensure compliance: (1) pending tags are now shown in the USF report display which allows the user to know the impacts of pending tags so that if the pending tag negatively impacts compliance, the user will not have to wait for the tags to be implemented; and (2) the relief required and relief provided fields in the webSAS tool will be recalculated once per minute allowing the user to know sooner if they have met their compliance obligation and giving them time to take additional actions if necessary.

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)

URE provided WECC with screen shots of its webSAS tool and USF data including a spreadsheet of over 500 events since the violation date that were successfully managed due to its updates.

EXHIBITS:

SOURCE DOCUMENT

WECC's Determination of Alleged Violation Summary deemed October 2, 2007

MITIGATION PLAN

URE's Revised Mitigation Plan MIT-07-2190 submitted July 31, 2009

CERTIFICATION BY REGISTERED ENTITY

URE's Certification of Mitigation Plan Completion dated July 31, 2009

VERIFICATION BY REGISTERED ENTITY

WECC's Verification of Mitigation Plan Completion dated December 31, 2009

**Disposition Document regarding the violation of
MOD-018-0 R1**

DISPOSITION OF VIOLATION
Dated August 3, 2010

NERC TRACKING NO. **WECC200700486** REGIONAL ENTITY TRACKING NO. **WECC2007498**

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
MOD-018-0	1	1.2	Medium¹	Moderate

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

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

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

The purpose statement of MOD-018-0 provides:

To ensure that Assessments and validation of past events and databases can be performed, reporting of actual demand data is needed. Forecast demand data is needed to perform future system assessments to identify the need for system reinforcement for continued reliability. In addition, to assist in proper real-time operating, load information related to controllable Demand-Side Management programs is needed.

MOD-018-0 R1 provides, in pertinent part:

- R1. The Load-Serving Entity, Planning Authority, Transmission Planner and Resource Planner’s report of actual and forecast demand data (reported on either an aggregated or dispersed basis) shall:**
 - R1.1. Indicate whether the demand data of nonmember entities within an area or Regional [Entity] are included, and**
 - R1.2. Address assumptions, methods, and the manner in which uncertainties are treated in the forecasts of aggregated peak demands and Net Energy for Load.**

¹ When NERC filed VRFs it originally assigned MOD-018-0 R1 and its sub-requirement R1.1 “Lower” VRFs. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified “Medium” VRFs and on August 6, 2007, the Commission approved the modified “Medium” VRFs. Therefore, the “Lower” VRFs for MOD-018-0 R1 and its sub-requirement R1.1 were in effect from June 18, 2007 until August 6, 2007 when the “Medium” VRFs became effective. Sub-requirements R1.2 and 1.3 have “Lower” VRFs.

VIOLATION DESCRIPTION

On May 8, 2007, Unidentified Registered Entity (URE) self-reported a potential violation of MOD-018-0 R1. Although this violation was reported before June 18, 2007, this violation became sanctionable as a post-June 18, 2007 violation because, as discussed below, URE 's first completed Mitigation Plan did not demonstrate compliance. URE's self-report indicated that it did not have demand data documentation to ensure compliance with the specific terms of the Standard.

URE certified completion of the Mitigation Plan on August 31, 2007, and to demonstrate compliance, URE attached a copy of its reporting document describing URE 's reporting process to NERC, WECC and all other appropriate entities for reporting of actual and forecast demands, Net Energy for Load and direct control load management reporting. This document also described the process from data collection to final submission.

Nevertheless, WECC determined that URE still had not addressed sub-requirement 2.1.2 adequately because URE failed to include peak demand and energy load growth rates for the URE area. As a result, WECC rejected the completed Mitigation Plan filed by URE and the violation became a post-June 18th violation. On December 28, 2007, URE revised its procedure to meet the sub-requirement of the Standard and re-certified completion of the Mitigation Plan.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC concluded that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because URE's report of actual and forecast demand data did address assumptions, methods, and the manner in which uncertainties are treated in the forecasts of aggregated peak demands and Net Energy for Load as required by R1.2 for the URE area, even though URE did not have documentation.

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) 6/18/07 (when the Standard became mandatory and enforceable) through 12/24/07 (Mitigation Plan completion)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **5/8/07**

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:

MITIGATION PLAN NO. **MIT-07-1692**
 DATE SUBMITTED TO REGIONAL ENTITY **12/28/07²**
 DATE ACCEPTED BY REGIONAL ENTITY **3/31/09**
 DATE APPROVED BY NERC **11/19/09**
 DATE PROVIDED TO FERC **11/19/09**

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

URE's original Mitigation Plan was submitted on May 31, 2007 with an expected completion date of August 31, 2007.

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **Submitted as complete**
 EXTENSIONS GRANTED **N/A**
 ACTUAL COMPLETION DATE **12/24/07**

DATE OF CERTIFICATION LETTER **12/28/07**
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **12/24/07**

DATE OF VERIFICATION LETTER **6/2/09**
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **12/24/07**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The Mitigation Plan stated that URE would develop and modify its operating procedure to address all of the demand data requirements of MOD-018-0 R1, specifically R1.2, by addressing the assumptions, methods and the manner in

² On March 31, 2009, WECC reviewed the evidence submitted by URE using a Reliability Standard Audit Worksheet and found URE compliant. NERC approved the RSAW and submitted it to FERC in lieu of a revised Mitigation Plan.

which uncertainties are treated in the forecasts of aggregated peak demand and Net Energy for Load.

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)

URE provided WECC with its document, which addressed the assumptions, methods, and the manner in which uncertainties are treated in the forecasts of aggregated peak demands and Net Energy for Load for URE area.

EXHIBITS:

SOURCE DOCUMENT

WECC's Determination of Alleged Violation Summary deemed October 19, 2007

MITIGATION PLAN

URE's Mitigation Plan MIT-07-1692 submitted May 31, 2007

CERTIFICATION BY REGISTERED ENTITY

URE's Certification of Mitigation Plan Completion dated December 28, 2007

VERIFICATION BY REGISTERED ENTITY

WECC's Verification of Mitigation Plan Completion dated June 2, 2009