



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

April 29, 2011

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 Unidentified Registered Entity (URE), with information and details regarding the nature and resolution of the violation¹ discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Document attached thereto, 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

This NOP is being filed with the Commission because Midwest Reliability Organization (MRO), NERC and URE have entered into a Settlement Agreement to resolve all outstanding issues arising from MRO's and NERC's determination and findings of the enforceable violation of CIP-007-1 Requirement (R) 1. According to the Settlement Agreement, URE admits to the violation, and has agreed to the assessed penalty of ten thousand dollars (\$10,000), in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance also described in the Settlement Agreement. Accordingly, the violation identified as NERC Violation Tracking Identification Number MRO200900136 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

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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Statement of Findings Underlying the Violation

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on April 27, 2011, by and between MRO, NERC and URE. The details of the findings and the basis for the penalty are set forth in the Disposition Document. This NOP filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
NOC-731	MRO200900136	CIP-007-1	1	Medium ³	6/16/09 – 6/16/09	10,000

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

CIP-007-1 R1 - OVERVIEW

URE submitted a Self-Report to MRO for a violation of CIP-007-1 R1. MRO and NERC determined that URE experienced a loss of its Energy Management System (EMS) for a 30-minute period due to the incorrect implementation of a device locking security tool on the in-service EMS.⁴ Specifically, MRO and NERC found that URE (1) did not implement cyber security test procedures in a manner that minimizes adverse effects on the production system or its operation as required by R1.1; (2) did not document that testing was performed in a manner that reflects the production environment as required by R1.2; and (3) did not document the test plan and results as required by R1.3, for its security tool implementation for the date of the event.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁵

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,⁶ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on March 11, 2011. The NERC BOTCC approved the Settlement Agreement, including MRO's

³ CIP-007-1 R1 and R1.1 each have a "Medium" Violation Risk Factor (VRF); R1.2 and R1.3 each have a "Lower" VRF.

⁴ NERC initiated a Compliance Violation Investigation (CVI) of the reported loss of URE's EMS. NERC and MRO agreed to jointly pursue compliance enforcement action as a result of NERC's CVI and both parties have entered into a Settlement Agreement with URE.

⁵ See 18 C.F.R. § 39.7(d)(4).

⁶ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

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and NERC's assessment of a ten thousand dollar (\$10,000) 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 violation at issue.

In reaching this determination, the NERC BOTCC considered the following factors:⁷

1. the violation constituted URE's first occurrence of violation of the subject NERC Reliability Standard;
2. URE self-reported the violation while a Compliance Violation Investigation (CVI) was in progress and, therefore, received partial mitigating credit;
3. MRO reported that URE was cooperative throughout the compliance enforcement process;
4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. MRO determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Document; and
6. MRO 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 approved the Settlement Agreement. The NERC BOTCC believes that the assessed penalty of ten thousand dollars (\$10,000) 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 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 NOP include 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 to the Rules of Procedure. This includes non-public information related to certain Reliability Standard violations, certain Regional Entity investigative files, Registered Entity sensitive business information and confidential information regarding critical energy infrastructure.

⁷ MRO did not consider URE's compliance program, in effect at the time of the violation, as a factor in determining the penalty, as discussed in the Disposition Document.

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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 NOP are the following documents:

- a) Settlement Agreement by and between MRO, NERC and URE executed April 27, 2011, included as Attachment a;
 - i. Disposition Document and Verification of Mitigation Plan Completion therein, included as an attachment to the Settlement Agreement.
 - i. URE's Self-Report, included as Exhibit a to the Disposition Document;⁸
 - ii. URE's Mitigation Plan, MIT-08-2813 submitted August 16, 2010, included as Exhibit b to the Disposition Document;⁹ and
 - iii. URE's Certification of Mitigation Plan Completion dated September 13, 2010, included as Exhibit c to the Disposition Document.

A Form of Notice Suitable for Publication¹⁰

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

⁸The header and footer in the Self-Report are dated January 18, 2011.

⁹The header and footer in the Mitigation Plan are dated January 18, 2011.

¹⁰ 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* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>Daniel P. Skaar* President Midwest Reliability Organization 2774 Cleveland Avenue North Roseville, MN 55113 (651) 855-1731 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 (651) 855-1708 se.patrick@midwestreliability.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* Associate General Counsel for Corporate and Regulatory Matters 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</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
President and Chief Executive Officer
David N. Cook
Sr. Vice President and General Counsel
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/s/ Rebecca J. Michael
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cc: Unidentified Registered Entity
Midwest Reliability Organization

Attachments



DISPOSITION OF VIOLATION¹
Dated April 27, 2011

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
MRO200900136	MRO200912042009_URE_CIP-007-1_R1	NOC-658

REGISTERED ENTITY Unidentified Registered Entity (URE)	NERC REGISTRY ID. NCRXXXXX
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REGIONAL ENTITY
Midwest Reliability Organization (MRO)

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-007-1	R1	R1.1, R1.2, R1.3	Medium²	N/A³

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

The purpose statement of CIP-007-1 provides in pertinent part: “Standard CIP-007 requires Responsible Entities^[4] to define methods, processes, and procedures for securing those systems determined to be Critical Cyber Assets, as well as the non-critical Cyber Assets within the Electronic Security Perimeter(s).”
 (Footnote added.)

CIP-007-1 R1 provides:

- R1. Test Procedures -- The Responsible Entity shall ensure that new Cyber Assets and significant changes to existing Cyber Assets within the Electronic Security Perimeter do not adversely affect existing cyber security controls. For purposes of Standard CIP-**

¹ For purposes of this document and attachments hereto, each violation at issue is described as a “violation,” regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

² CIP-007-1 R1 and R1.1 each have a “Medium” VRF; R1.2 and R1.3 each have a “Lower” VRF.

³ At the time of the violation, no VSL was in effect for CIP-007-1 R1. On June 30, 2009, NERC submitted VSLs for the CIP-002-1 through CIP-009-1 Reliability Standards. On March 18, 2010, the Commission approved the VSLs as filed, but directed NERC to submit modifications.

⁴ Within the text of Standard CIP-007, “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.



007, a significant change shall, at a minimum, include implementation of security patches, cumulative service packs, vendor releases, and version upgrades of operating systems, applications, database platforms, or other third-party software or firmware.

R1.1. The Responsible Entity shall create, implement, and maintain cyber security test procedures in a manner that minimizes adverse effects on the production system or its operation.

R1.2. The Responsible Entity shall document that testing is performed in a manner that reflects the production environment.

R1.3. The Responsible Entity shall document test results.

VIOLATION DESCRIPTION

URE experienced a loss of its Energy Management System (EMS) for a 30-minute period due to the implementation of a “device locking security tool” software application on the in-service EMS. While the loss of the URE EMS function eliminated the URE System Operators’ visibility of their immediate system for a 30-minute period, URE was capable of manually controlling and responding to system conditions.

Moreover, due to the integrated nature of the URE transmission system and connections with its neighbors and its Reliability Coordinator, system monitoring was maintained. The URE Power System Operator notified neighboring transmission entities and its Reliability Coordinator of the loss of the EMS functionality and requested assistance in monitoring and reporting area transmission activity. URE was operating within its Standard Operating Limits (SOLs) prior to the EMS incident and was not notified of any abnormalities by its Reliability Coordinator or neighboring transmission entities during the incident.

URE reported the loss of EMS incident to MRO, NERC, and its Reliability Coordinator in a NERC Operating Security Limit and Preliminary Disturbance Report. NERC initiated, with formal written notification to URE and the Federal Energy Regulatory Commission (FERC or Commission), a Compliance Violation Investigation (CVI) of the incident. While the CVI was in progress, URE submitted a Self-Report of non-compliance with Reliability Standard CIP-007-1 R1 to MRO related to the loss of EMS functionality. NERC issued a Notice of Preliminary Findings and Analysis (NPFA) to URE regarding its findings from the CVI. In the notice NERC outlined its findings of fact and potential Reliability Standards violations by URE, acknowledged URE’s Self-Report of violation of Reliability Standard CIP-007-1 to MRO, and indicated



that NERC and MRO would be jointly coordinating any enforcement action. The NPFA also solicited comments or further information from URE to which URE timely responded.

URE's and the CVI team's reviews traced the technical cause of the EMS problem back to a single configuration parameter that was incorrectly set during implementation of the device locking tool on the in-service EMS. The CVI team and URE also identified the following deficiencies in URE's overall implementation project of the device locking tool application:

1. Prior to installing and implementing ("porting") the device locking tool application onto the in-service EMS, URE tested it in an off-line test system environment. URE procedure calls for such testing to be completed in an environment that reflects the production EMS environment.
2. URE's test procedures require use of the same configuration methods for testing and porting applications onto the in-service EMS. Input of required configuration settings to the device locking tool application can be accomplished via either the application itself reading a user-prepared configuration settings file from electronic computer media, or manually, by personnel doing the porting. The latter manual input method was used in the off-line test system environment, but when the application was ported onto the in-service EMS the electronic file read method was used. The configuration settings in the electronic file differed from those entered manually in the value of one setting, and the value in the file was incorrect. If URE had been consistent and used the file method in the testing environment, the error may have been caught during testing. Conversely, use of the manual input method may have resulted in an error-free port of the application onto the in-service EMS. Either scenario may have prevented the loss-of-EMS incident.
3. URE's installation of the device locking tool application bypassed precautionary steps provided in URE's porting procedure. URE's porting procedures to the in-service production EMS environment require that the application be ported onto the EMS's standby⁵ servers first, where it can be observed and verified, or corrected if necessary. The procedures then provide that, after operation of the application has been verified on the standby servers, the implementation can be completed by also porting the application onto the EMS's active servers.

⁵ "Standby" EMS servers are those which are operating as part of the in-service EMS system but which are not being actively used by the EMS to perform EMS functions. In the event that an "active" EMS server, which is being used for EMS functions, encounters problems and fails it will discontinue active operation and use of a standby server will be initiated to perform the EMS functions that the failed server was previously performing. This action of discontinuing use of a failed server and initiating use on another is commonly known as a "failover." Failovers are commonly a function that can be automatically performed by the EMS's self-diagnostic and monitoring systems.



URE did not follow these steps to implement the security tool on the day of the event. The device locking tool application was ported onto the production and standby servers simultaneously. If the procedure had been followed, the misbehavior and effects of the locking tool application as configured may have been noted and corrected before the application was ported to the in-service EMS servers and the subject loss-of-EMS incident may have been prevented.

4. URE did not document its test plan or the results of its testing of the security tool.

Based on these findings, MRO and NERC determined that URE violated Reliability Standard CIP-007-1 R1, specifically R1.1, R1.2 and R1.3.

MRO and NERC also noted that while URE's failure to follow its documented procedures in implementation of the device locking tool was relatively minor, URE's actions nonetheless produced additional preventable burden on other bulk power system (BPS) entities:

- To the extent of their visibility of URE's system, the Reliability Coordinator (RC) and neighboring Transmission Operators (TOPs) became the primary monitor of URE's portion of the BPS to URE.
- The RC was required to analyze whether change was required to the status of the coordination area system.
- Assistance provided to URE by its neighboring TOPs and the RC was unplanned workload in addition to the demands of their own systems and regular responsibilities.

If an incident had occurred on URE's system during the EMS loss of functionality, URE may not have been able to respond normally or within normal timeframes leading to heightened risk that an event in URE could expand beyond URE's system.

NERC and MRO also noted that loss of EMS functionality was a significant element of the Northeast Blackout incident of August 2003.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO and NERC determined that URE's loss-of-EMS incident and resulting violation of CIP-007-1 R1 did not pose a serious or substantial risk to reliability of the bulk power system (BPS), for the following reasons:

1. The loss of EMS function was attributable to the failure to follow documented procedures established to ensure that new Cyber Assets and significant changes to existing Cyber Assets within the Electronic Security Perimeter do not adversely affect existing cyber security controls. URE personnel were trained and aware of the procedures. The failure to follow these procedures in this instance appears to have



been a one-time lapse by individual URE staff and the first-level cause of the loss was a quickly detected and fixable problem.

2. When the outage occurred, URE immediately notified its Reliability Coordinator. The Reliability Coordinator had a procedure that its entities had to follow in the event of loss to its control center. This procedure requires the Reliability Coordinator to declare system status levels, which indicate conditions related to infrastructure failures, required communication and preparedness. According to Reliability Coordinator's procedure, if the URE EMS outage had caused a minor impact on the Reliability Coordinator reliability footprint, an elevation of the system status level would have been warranted. The Reliability Coordinator did not elevate system status during the incident.
3. The URE power System Operator contacted neighboring entities and informed them of the loss of EMS functionality and requested assistance in monitoring and reporting area transmission system activity.
4. During the incident, the URE power System Operators remained able to communicate directives to field personnel and other control centers via telephone.

IS THERE A SETTLEMENT AGREEMENT YES NO

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

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

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES

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)

The loss of EMS incident associated with the violation occurred over a 30-minute period on the day of the event.

As noted above, URE did not keep records of its testing of the subject application. The duration of this aspect of the violation is uncertain beyond the fact that URE did not follow its procedures to do the port of the subject application onto the in-service EMS on the day of the event.

NERC's CVI concluded that the incident was the result of a one-time lapse by URE of its EMS maintenance and support procedures and not indicative of sustained or pervasive lack of adequate process, procedure or practice by URE over a significant period of time preceding or after the violation.

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

URE reported the, loss of EMS functionality incident to MRO, NERC, and its Reliability Coordinator a day after the event. NERC initiated and communicated initiation of its CVI to URE and FERC. A Self-Report of the subject violation was submitted by URE to MRO, while the NERC CVI was in progress.

IS THE VIOLATION STILL OCCURRING

YES NO

IF YES, EXPLAIN

The cause and the incident related to the violation have been addressed as discussed above.

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	MIT-08-2813
DATE SUBMITTED TO REGIONAL ENTITY	August 16, 2010
DATE ACCEPTED BY REGIONAL ENTITY	September 3, 2010
DATE APPROVED BY NERC	September 30, 2010
DATE PROVIDED TO FERC	October 4, 2010

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE **N/A**

MITIGATION PLAN COMPLETED	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
EXPECTED COMPLETION DATE	December 31, 2009	
EXTENSIONS GRANTED	N/A	
ACTUAL COMPLETION DATE	December 16, 2009	



DATE OF CERTIFICATION LETTER **September 13, 2010**
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **December 16, 2009**

DATE OF VERIFICATION LETTER **October 20, 2010⁶**
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **December 16, 2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

As part of the Mitigation Plan for the CIP-007-1 R1 violation, URE performed the following actions:

- 1. Provided updates to subject matter experts (SMEs) covering CIP policy and procedure requirements, applicability and access.**
- 2. Increased management emphasis and communications to SMEs clarifying the requirement of strict adherence to CIP policies and procedures.**
- 3. Provided training webinars to SMEs covering pertinent CIP topics.**

In addition, URE will utilize a contractor to assist in the Virtual Local Area Network (VLAN) additions for 18 CIP servers and 19 workstations, within sixty days of approval of the Settlement Agreement by FERC. These VLANs are being added to facilitate logical port management for each Critical Cyber Asset within the Electronic Security Perimeter. The cost of this project is estimated to be \$20,000.

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)

- 1. Procedure for change management**
- 2. Policy for Cyber Asset test procedures**
- 3. URE's response to MRO Questions**

IV. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF \$10,000 FOR ONE (1) VIOLATION OF RELIABILITY STANDARDS.

Pursuant to the Commission's regulations and orders, NERC Rules of Procedure and the NERC Sanction Guidelines, MRO and NERC propose to assess a penalty for the violation of Reliability Standard CIP-007-1 R1 in the amount of \$10,000.

⁶ This Disposition Document serves as MRO's Verification of Mitigation Plan Completion.



URE shall pay a monetary penalty of \$10,000 to MRO, via wire transfer to an MRO account that will be outlined in an invoice sent to URE within twenty days after the violation is confirmed and is either approved by the Commission or is rendered effective by operation of law. Payment of this invoice shall be made within twenty days after the receipt of the invoice, and MRO shall notify NERC if the payment is not received.

(1) REGISTERED ENTITY’S COMPLIANCE HISTORY

PREVIOUSLY FILED VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER

YES NO

LIST VIOLATIONS AND STATUS

N/A

ADDITIONAL COMMENTS

N/A

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES NO

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

(2) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS “NO,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES NO

IF NO, EXPLAIN

(3) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY’S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES NO UNDETERMINED

EXPLAIN

MRO did not consider URE’s compliance program, in effect at the time of the violation, as an aggravating or mitigating factor in determining the penalty.

DOES SENIOR MANAGEMENT TAKE ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE

YES NO



EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(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

There was no attempt by URE to conceal the violation. The incident which triggered the violation was promptly reported and, URE self-reported noncompliance with CIP-007-1 R1 when it determined it had violated this Reliability Standard.

(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

No evidence was present to suggest this violation was intentional.

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES NO

IF YES, EXPLAIN

As part of the Settlement Agreement, URE hired an employee that specializes in Compliance to improve URE's compliance activities by having an additional resource dedicated to compliance activities. MRO considered this an above and beyond measure deserving of mitigating credit.

(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 : OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **August 23, 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 DID NOT CONTEST

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

EXHIBITS:

SOURCE DOCUMENT

a. URE's Self-Report

MITIGATION PLAN

b. URE's Mitigation Plan MIT-08-2813 submitted August 16, 2010

CERTIFICATION BY REGISTERED ENTITY

c. URE's Certification of Mitigation Plan Completion dated September 13, 2010