



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

April 29, 2011

Ms. Kimberly D. 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 violations<sup>1</sup> discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Documents (Attachment b), in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).<sup>2</sup>

This NOP is being filed with the Commission because Western Electricity Coordinating Council (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-004-1 Requirements (R) 2 and R3; CIP-006-1 R1; TPL-003-0 R1 and R2; and VAR-STD-002b-1 WR1. According to the Settlement Agreement, URE stipulates to the facts of the violation and has agreed to the assessed penalty of thirty two thousand dollars (\$32,000), 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

<sup>1</sup> For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

<sup>2</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2011). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R. § 39.7(c)(2).

NERC Violation Tracking Identification Numbers WECC200901400, WECC200901401, WECC200901739, WECC200801265, WECC200801266 and WECC200901507 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 August 26, 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.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
NOC-679	WECC200901400	CIP-004-1	2	Medium <sup>3</sup>	7/1/08-4/10/09	32,000
	WECC200901401	CIP-004-1	3	Lower <sup>4</sup>	7/1/08-4/10/09	
	WECC200901739	CIP-006-1	1	Lower <sup>5</sup>	7/1/09-12/30/09 <sup>6</sup>	
	WECC200801265	TPL-003-0	1	High <sup>7</sup>	6/18/07-11/20/09	
	WECC200801266	TPL-003-0	2	Medium	6/18/07-11/20/09	

<sup>3</sup> CIP-004-1 R2, R2.2.1, R2.2.2, R2.2.3 and R2.3 each have a “Lower” Violation Risk Factor (VRF); R2.1, R2.2 and R2.2.4 each have a “Medium” VRF. When NERC filed VRFs it originally assigned CIP-004-1 R2.1 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 R2.1 was in effect from June 18, 2007 until January 27, 2009, when the “Medium” VRF became effective. In the context of this case, WECC determined that the violation related to R2.1 and R2.3 and determined the higher VRF of “Medium” is appropriate.

<sup>4</sup> CIP-004-1 R3 has a “Medium” VRF; R3.1, R3.2 and R3.3 each have a “Lower” VRF. 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. In the context of this case, WECC determined that the violation related to R3.1 and therefore a “Lower” VRF is appropriate.

<sup>5</sup> CIP-006-1 R1, R1.1, R1.2, R1.3, R1.4, R1.5 and R1.6 each have a “Medium” VRF; R1.7 and R1.8 each have a “Lower” VRF. In the context of this case, WECC determined that the violation related to R1.8 and therefore a “Lower” VRF is appropriate.

<sup>6</sup> The Settlement Agreement at page 6 states the violation started on July 1, 2008. According to NERC’s Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1, URE was required to be compliant with CIP-006-1 R1 on July 1, 2009.

<sup>7</sup> TPL-003-0 R1 has a “High” VRF and its sub-requirements each have a “Medium” VRF. The Settlement Agreement at page 12 states a “Lower” VRF which does not correspond to the Commission-approved VRF Matrix.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
	WECC200901507	VAR-STD-002b-1	WR1	N/A <sup>8</sup>	6/30/09-6/30/09	

The text of the Reliability Standards at issue and further information on the subject violations are set forth in the Disposition Documents.

CIP-004-1 R2 and R3 - OVERVIEW

On March 13, 2009, URE self-reported violations of CIP-004-1 R2 and R3 to WECC. WECC determined that URE did not have documentation that it trained all of its employees, contractors and service vendors within 90 days of their being given authorized access to Critical Cyber Assets, as required by R2.1; did not offer annual training as required by R2 and R2.3; and did not have a documented seven-year criminal background check for all of its employees, contractors and service vendors who have access to its control centers which contain Critical Cyber Assets, as required by R3.1. This documentation was missing for less than 5% of required personnel.

CIP-006-1 R1 – OVERVIEW

URE self-certified a violation of CIP-006-1 R1 to WECC. WECC determined that URE did not comply with R1.8, because URE’s badge management system for physical access control and monitoring associated with the Physical Security Perimeter failed to include all of the protective measures identified in CIP-007-1 R3, R4 and R6.

TPL-003-0 R1 and R2 - OVERVIEW

On December 24, 2008, URE self-reported violations of TPL-003-0 R1 and R2 to WECC.<sup>9</sup> WECC determined that URE did not address all required facilities below 200 kV in its assessment, as required by R1. Without a valid assessment, URE could not provide a written summary of its system performance plans, as required by R2.

VAR-STD-002b-1 WR1 - OVERVIEW

On July 6, 2009, URE self-reported a violation of VAR-STD-002b-1 WR1 to WECC.<sup>10</sup> WECC determined that URE did not keep its generator equipped with Power System Stabilizers (PSS) in service for 12 hours on June 30, 2009. WECC also determined that the permissible exemptions listed in Section C of the Regional Standard were not applicable.

<sup>8</sup> VAR-STD-002b-1 is a Regional Reliability Standard and does not have a VRF. According to the Sanction Table set forth in the Regional Standard, URE had 1 occurrence of this violation and warranted a Level 4 non-compliance because URE’s PSS was in service less than 92 percent (specifically, 86 percent) of all hours during which the synchronous generating unit was on line for the calendar quarter

<sup>9</sup> URE also self-reported a violation of TPL-003-0 R3 (WECC200801267) and included it in its Mitigation Plan and Certification of Completion documentation. On January 14, 2010, WECC dismissed the violation because URE did provide documented results of its reliability assessments, and therefore did not violate R3 of the Standard.

<sup>10</sup> The Settlement Agreement at page 10 states VAR-STD-002b-1 WR1 was self-reported to WECC on July 1, 2009.

**Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>11</sup>****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,<sup>12</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on March 11, 2011. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a thirty two thousand dollar (\$32,000) 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;
2. URE self-reported five of the violations;
3. WECC reported that URE was cooperative throughout the compliance enforcement process;
4. URE had a compliance program at the time of the violations which WECC considered a mitigating factor, 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 bulk power system (BPS), as discussed 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 approved the Settlement Agreement and believes that the assessed penalty of thirty two thousand dollars (\$32,000) 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.

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<sup>11</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>12</sup> *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

### **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.

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 WECC and URE executed August 26, 2010, included as Attachment a;
- b) Disposition Document for Common Information, included as Attachment b;
  - i. Disposition Document for CIP-004-1 R2 and R3, included as Attachment b-1;
  - ii. Disposition Document for CIP-006-1 R1, included as Attachment b-2;
  - iii. Disposition Document for TPL-003-0 R1 and R2, included as Attachment b-3; and
  - iv. Disposition Document for VAR-STD-002b-1 WR1, included as Attachment b-4.
- c) Record Documents for CIP-004-1 R2 and R3:
  - i. URE's Self-Report for CIP-004-1 R2 and R3 dated March 13, 2009, included as Attachment c-1;
  - ii. URE's Mitigation Plan MIT-09-1959 submitted March 25, 2009, included as Attachment c-2;
  - iii. URE's Certification of Mitigation Plan Completion dated April 10, 2009, included as Attachment c-3; and
  - iv. WECC's Verification of Mitigation Plan Completion dated November 6, 2009, included as Attachment c-4.
- d) Record Documents for CIP-006-1 R1:
  - i. URE's Self-Certification for CIP-006-1 R1, included as Attachment d-1;
  - ii. URE's revised Self-Report for CIP-006-1 R1, included as Attachment d-2;

- iii. URE's Mitigation Plan MIT-08-2158 dated June 29, 2009 and submitted September 1, 2009, included as Attachment d-3;
  - iv. URE's Certification of Mitigation Plan Completion dated December 30, 2009, included as Attachment d-4; and
  - v. WECC's Verification of Mitigation Plan Completion dated April 16, 2010, included as Attachment d-5.
- e) Record Documents for TPL-003-0 R1 and R2:
- i. URE's Self-Report for TPL-003-0 R1 and R2 dated December 24, 2008, included as Attachment e-1;
  - ii. URE's Mitigation Plan MIT-08-1335 submitted December 24, 2008, included as Attachment e-2;<sup>13</sup>
  - iii. URE's Certification of Mitigation Plan Completion dated November 25, 2009, included as Attachment e-3; and
  - iv. WECC's Verification of Mitigation Plan Completion dated July 9, 2010, included as Attachment e-4.
- f) Record Documents for VAR-STD-002b-1 WR1:
- i. URE's Self-Report for VAR-STD-002b-1 WR1 dated July 6, 2009, included as Attachment f-1;
  - ii. URE's Mitigation Plan MIT-09-1893 submitted July 7, 2009, included as Attachment f-2;
  - iii. URE's Certification of Mitigation Plan Completion dated July 9, 2009 and submitted July 10, 2009, included as Attachment f-3; and
  - iv. WECC's Verification of Mitigation Plan Completion dated August 28, 2009, included as Attachment f-4.

#### **A Form of Notice Suitable for Publication<sup>14</sup>**

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

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<sup>13</sup> The Settlement Agreement at page 9 states the Mitigation Plan for TPL-003-0 R1 and R2 was submitted to WECC on December 29, 2008.

<sup>14</sup> 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                  david.cook@nerc.net</p> <p>Mark Maher*                  Chief Executive Officer                  Western Electricity Coordinating Council                  155 North 400 West, Suite 200                  Salt Lake City, UT 84103                  (360) 713-9598                  (801) 582-3918 – facsimile                  Mark@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> <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>Rebecca J. Michael*                  Associate General Counsel for Corporate and                  Regulatory Matters                  Sonia C. Mendonça*                  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                  sonia.mendonca@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>
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Unidentified Registered Entity  
April 29, 2011  
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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  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
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(609) 452-9550 – facsimile  
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/s/ Rebecca J. Michael  
Rebecca J. Michael  
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cc: Unidentified Registered Entity  
Western Electricity Coordinating Council

Attachments



## **Attachment b**

# **Disposition Document for Common Information**

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**DISPOSITION OF VIOLATION<sup>1</sup>**  
**INFORMATION COMMON TO INSTANT VIOLATIONS**  
**Dated March 11, 2011**

REGISTERED ENTITY                      NERC REGISTRY ID                      NOC#  
**Unidentified Registered Entity**                      **NCRXXXXX**                      **NOC-679**  
**(URE)**  
REGIONAL ENTITY  
**Western Electricity Coordinating Council (WECC)**

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   
**Stipulates to the facts**  
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

**I.                      PENALTY INFORMATION**

TOTAL ASSESSED PENALTY OR SANCTION OF **\$32,000** FOR **6** VIOLATIONS OF RELIABILITY STANDARDS.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

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

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

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<sup>1</sup> 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.

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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

**URE had a compliance program at the time of the violations, which  
WECC considered a mitigating factor.**

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.

(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

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(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: **1/14/10** OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **2/15/10** 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

## **Disposition Document for CIP-004-1 R2 and R3**

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**DISPOSITION OF VIOLATION**

**Dated March 11, 2011**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
<b>WECC200901400</b>	<b>URE_WECC20091569</b>
<b>WECC200901401</b>	<b>URE_WECC20091570</b>

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S) <sup>1</sup>
<b>CIP-004-1</b>	<b>2</b>	<b>2.1,2.3</b>	<b>Medium<sup>2</sup></b>	<b>N/A</b>
<b>CIP-004-1</b>	<b>3</b>	<b>3.1</b>	<b>Lower<sup>3</sup></b>	<b>N/A</b>

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....”**

<sup>1</sup> At the time of the violation, no VSLs were in effect for CIP-004-1. 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.

<sup>2</sup> CIP-004-1 R2, R2.2.1, R2.2.2, R2.2.3 and R2.3 each have a “Lower” Violation Risk Factor (VRF); R2.1, R2.2 and R2.2.4 each have a “Medium” VRF. When NERC filed VRFs it originally assigned CIP-004-1 R2.1 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 R2.1 was in effect from June 18, 2007 until January 27, 2009, when the “Medium” VRF became effective. In the context of this case, WECC determined that the violation related to R2.1 and R2.3 and determined the higher VRF of “Medium” is appropriate.

<sup>3</sup> CIP-004-1 R3 has a “Medium” VRF; R3.1, R3.2 and R3.3 each have a “Lower” VRF. 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. In the context of this case, WECC determined that the violation related to R3.1 and therefore a “Lower” VRF is appropriate.

**CIP-004-1 R2 provides in pertinent part:**

**R2. Training — The Responsible Entity<sup>[4]</sup> shall establish, maintain, and document an annual cyber security training program for personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, and review the program annually and update as necessary. (Footnote added.)**

**R2.1. This program will ensure that all personnel having such access to Critical Cyber Assets, including contractors and service vendors, are trained within ninety calendar days of such authorization.**

...

**R2.3. The Responsible Entity shall maintain documentation that training is conducted at least annually, including the date the training was completed and attendance records.**

**CIP-004-1 R3 provides in pertinent part:**

**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.**

#### VIOLATION DESCRIPTION

**URE discovered CIP-004-1 R2 and R3 violations on March 12, 2009 and self-reported them to WECC on March 13, 2009. URE stated that in the process of comparing the logical and physical access lists of the eight facilities that comprise**

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<sup>4</sup> Within the text of Standard CIP-004, “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.

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HAS BEEN REMOVED FROM THIS PUBLIC VERSION

the URE control centers to the corporate human resources database, it was discovered that a number of existing employees, contractors or service vendors that have access to the control centers did not have documentation of their current seven-year criminal background check and/or evidence of completion of their annual security training recorded.

On April 20, 2009, WECC subject matter experts (SMEs) reviewed URE's Self-Report and contacted URE personnel. WECC SMEs determined that URE's control centers contain Critical Cyber Assets (CCAs). Thus, WECC SMEs determined that (1) URE violated R2 based on URE's failure to have training records of security training for all employees, contractors, and service vendors with access to URE's control centers; and (2) URE violated R3 based on URE's failure to have documented seven-year criminal background checks for all employees, contractors or service vendors with access to URE's control centers. WECC SMEs forwarded their findings to the WECC Enforcement Department (Enforcement) for its review and consideration.

Enforcement reviewed URE's Self-Report, the findings of the WECC SMEs and contacted URE personnel. Enforcement determined that URE failed to perform the initial 90-day training required by R2.1 and the annual training required by R2 and R2.3 for less than 5 percent of its employees, contractors or service vendors. In addition, URE failed to have an adequate personnel risk assessment for a number of employees, contractors or service vendors as required by R3. Specifically, for less than 5 percent of employees, contractors or service vendors, URE did not have documentation of seven-year criminal background checks as required by R3.1.

#### RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) but did pose a moderate risk. URE provided documentation demonstrating that it trained and conducted background checks for more than 95% of its personnel. URE had a cyber security training program in place prior to the Standard's mandatory enforcement date; had a personnel risk assessment program in place since at least 2006; and had completed initial personnel risk assessments on its new personnel. Nonetheless, untrained personnel can pose a risk to an entity's CCAs through intentional misuse or accident and failure to have current background checks can reduce an entity's ability to protect against individuals with malicious intent. Due to URE's size and the role it plays in the BPS, untrained personnel and individuals without current background checks who had access to URE's control centers posed a moderate risk to the reliability of the BPS.



PRIVILEGED AND CONFIDENTIAL INFORMATION HAS BEEN REMOVED FROM THIS PUBLIC VERSION

**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 URE) through 4/10/09 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **3/13/09**

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-09-1959**  
 DATE SUBMITTED TO REGIONAL ENTITY **3/25/09**  
 DATE ACCEPTED BY REGIONAL ENTITY **9/2/09**  
 DATE APPROVED BY NERC **9/11/09**  
 DATE PROVIDED TO FERC **9/11/09**

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

MITIGATION PLAN COMPLETED YES  NO

EXPECTED COMPLETION DATE **4/10/09**  
EXTENSIONS GRANTED  
ACTUAL COMPLETION DATE **4/10/09**

DATE OF CERTIFICATION LETTER **4/10/09**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **4/10/09**

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

DATE OF VERIFICATION LETTER **11/6/09**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **4/10/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**To mitigate CIP-004-1 R2, URE stated that (1) unescorted authorized access for employees, contractors and service vendors that had not completed annual training requirements had been revoked; (2) tracking to ensure that all required employees, contractors and service vendors complete the annual training was completed; (3) unescorted access to control centers and CCAs was only reissued once completed training was confirmed; and (4) a modified company-wide access policy was adopted and implemented to require annual security training completion prior to physical and/or logical access being granted by the access steward/approving manager(s).**

**To mitigate CIP-004-1 R3, URE stated that (1) unescorted physical and logical access to the eight facilities that comprise UREs control centers for all employees, contractors and service vendors without current background checks had been removed; (2) all contractors and service vendors with unescorted access to control centers were added to the corporate human resources database for future tracking; (3) updated background checks for those employees, contractors and service vendors identified in the review of the access controls was completed; (4) unescorted access to control centers and CCAs was reissued only once their background checks were completed; and (5) a modified company-wide access policy was adopted and implemented to require annual security training completion prior to physical and/or logical access being granted by the access steward/approving manager(s).**

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)

**To demonstrate completion of the Mitigation Plan, URE provided WECC with copies of its (1) policy document, (2) list of personnel with access to the System Control Center, (3) training records showing all employees with authorized access to CCAs and the date they completed training; (4) System Control Center list describing all control center personnel with authorized access to CCAs and showing proof of completed background checks and identity verifications; and (5) System Control Center list which describes all control center personnel with logical access to CCA applications and showing proof of completed background checks and identity verifications.**

EXHIBITS:

SOURCE DOCUMENT

**URE's Self-Report for CIP-004-1 R2 and R3 dated March 13, 2009**

MITIGATION PLAN

**URE's Mitigation Plan MIT-09-1959 submitted March 25, 2009**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Mitigation Plan Completion dated April 10, 2009**

VERIFICATION BY REGIONAL ENTITY

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

## **Disposition Document for CIP-006-1 R1**

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

**DISPOSITION OF VIOLATION**

**Dated March 11, 2011**

NERC TRACKING NO. **WECC200901739** REGIONAL ENTITY TRACKING NO. **URE\_WECC20091918**

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>CIP-006-1</b>	<b>1</b>	<b>1.8</b>	<b>Lower<sup>1</sup></b>	<b>N/A<sup>2</sup></b>

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

**The purpose statement of CIP-006-1 provides in pertinent part: “Standard CIP-006 is intended to ensure the implementation of a physical security program for the protection of Critical Cyber Assets. Standard CIP-006 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009....”**

**CIP-006-1 R1 provides in pertinent part:**

**R1. Physical Security Plan — The Responsible Entity<sup>[3]</sup> shall create and maintain a physical security plan, approved by a senior manager or delegate(s) that shall address, at a minimum, the following: (Footnote added.)**

...

**R1.8. Cyber Assets used in the access control and monitoring of the Physical Security Perimeter(s) shall be afforded the protective measures specified in Standard CIP-003, Standard CIP-004 Requirement R3, Standard CIP-005 Requirements R2 and R3, Standard CIP-006 Requirement R2 and R3, Standard CIP-007, Standard CIP-008 and Standard CIP-009.**

<sup>1</sup> CIP-006-1 R1, R1.1, R1.2, R1.3, R1.4, R1.5 and R1.6 each have a “Medium” VRF; R1.7 and R1.8 each have a “Lower” VRF. In the context of this case, WECC determined that the violation related to R1.8 and therefore a “Lower” VRF is appropriate.

<sup>2</sup> At the time of the violation, no VSLs were in effect for CIP-006-1. 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.

<sup>3</sup> Within the text of Standard CIP-006, “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.

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

## VIOLATION DESCRIPTION

**URE self-certified a CIP-006-1 R1 violation to WECC. URE stated that its critical control centers and critical transmission substations utilize several badging systems to provide physical access control. These systems had not been supported with anti-virus software and malware prevention tools, nor had they been subject to patch management and system upgrades as specified in CIP-007-1 R3, R4 and R6.**

**On October 29, 2009, WECC subject matter experts (SMEs) reviewed URE's Self-Certification and contacted URE personnel. WECC SMEs determined that URE had not applied the required preventative controls to its badge management system. URE's badge management systems had not been: (1) supported with anti-virus software and malware prevention tools; (2) subject to patch management and system upgrades; nor (3) logging security events, as defined in CIP-007-1 R3, R4 and R6, respectively. WECC SMEs forwarded their findings to the WECC Enforcement Department (Enforcement) for its review and consideration.**

**Enforcement reviewed URE's Self-Certification and the findings of the WECC SMEs. Enforcement determined that URE did not afford the Cyber Assets used in the access control and monitoring of the Physical Security Perimeter(s) the protective measures specified in CIP-007-1. Specifically, these Cyber Assets had not been supported with security patch management as required by R3, malicious software prevention as required by R4 or security status monitoring as required by R6.**

## RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**WECC determined that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) but did pose a moderate risk. URE control centers are staffed 24 hours a day, making it more difficult to gain unauthorized physical access even if the badge management system were compromised. The violation was related to not affording the noted anti-virus protection to the badge readers and WECC determined there was no problem with the functionality of the badge readers themselves. Further, URE does have in-house security personnel and other physical security controls independent of the badge access. Even so, many transmission substations are unstaffed and access could be gained to one of these facilities by an attacker, which could result in direct physical damage to the substation. URE's absence of malware prevention, patch management and log monitoring preventative controls could have allowed for a cyber or physical security event to take place under the right circumstances and with the right motive, and thus posed a moderate risk to the reliability of the BPS.**

PRIVILEGED AND CONFIDENTIAL INFORMATION HAS BEEN REMOVED FROM THIS PUBLIC VERSION

**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) **7/1/09 (when the Standard became mandatory and enforceable for URE) through 12/30/09 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **7/31/09**

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-08-2158**  
 DATE SUBMITTED TO REGIONAL ENTITY **9/1/09 (dated 6/29/09)**  
 DATE ACCEPTED BY REGIONAL ENTITY **11/11/09**  
 DATE APPROVED BY NERC **12/2/09**  
 DATE PROVIDED TO FERC **12/2/09**

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

MITIGATION PLAN COMPLETED YES  NO

EXPECTED COMPLETION DATE **12/31/09**  
EXTENSIONS GRANTED  
ACTUAL COMPLETION DATE **12/30/09**

DATE OF CERTIFICATION LETTER **12/30/09**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **12/30/09**

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

DATE OF VERIFICATION LETTER **4/16/10**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **12/30/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**To mitigate CIP-006-1 R1, URE stated that it: (1) standardized control center and substation badging system application servers and operating systems to a common platform; (2) brought all badging applications to the current release of the software; (3) provided corporate network connectivity to these servers to support log monitoring; (4) applied anti-virus and malware protection software to all badging servers; and (5) placed these systems under the support and maintenance of URE's information technology components in order to ensure that these Cyber Assets are afforded the protective measures specified in CIP-007-1.**

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)

**To demonstrate completion of the Mitigation Plan, URE provided WECC with (1) a series of screenshots showing the current network configuration and the inclusion of the relevant badging system Cyber Assets; (2) documentation describing URE's procedures for ensuring that the system infrastructure are patched and managed in accordance with CIP-007-1 R3 and that appropriate anti-virus and malware software is installed in accordance with CIP-007-1 R4; (3) an e-mail indicating completion and verification notice of Microsoft OS patching against the hardware and database servers; (4) screenshots demonstrating the installation of current anti-virus software on badging systems; and (5) examples of URE's logs of system events in accordance with CIP-007-1 R6.**

EXHIBITS:

SOURCE DOCUMENT  
**URE's Self-Certification for CIP-006-1 R1**  
**URE's Self-Report for CIP-006-1 R2**

MITIGATION PLAN  
**URE's Mitigation Plan MIT-08-2158 dated June 29, 2009 and submitted September 1, 2009**

CERTIFICATION BY REGISTERED ENTITY  
**URE's Certification of Mitigation Plan Completion dated December 30, 2009**

VERIFICATION BY REGIONAL ENTITY  
**WECC's Verification of Mitigation Plan Completion dated April 16, 2010**



## **Disposition Document for TPL-003-0 R1 and R2**

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

## DISPOSITION OF VIOLATION

**Dated March 11, 2011**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
WECC200801265	URE_WECC20081402
WECC200801266	URE_WECC20081403

### I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
TPL-003-0	1	1.3.1, 1.5	High <sup>1</sup>	Lower <sup>2</sup>
TPL-003-0	2	2.1	Medium	Lower

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

**The purpose statement of TPL-003-0 provides: “System simulations and associated assessments are needed periodically to ensure that reliable systems are developed that meet specified performance requirements, with sufficient lead time and continue to be modified or upgraded as necessary to meet present and future System needs.”**

**TPL-003-0 R1 provides in pertinent part:**

- R1. The Planning Authority and Transmission Planner shall each demonstrate through a valid assessment that its portion of the interconnected transmission systems is planned such that the network can be operated to supply projected customer demands and projected Firm (non-recallable reserved) Transmission Services, at all demand Levels over the range of forecast system demands, under the contingency conditions as defined in Category C of Table I (attached). The controlled interruption of customer Demand, the planned removal of generators, or the Curtailment of firm (non-recallable reserved) power transfers may be necessary to meet this standard. To**

<sup>1</sup> TPL-003-0 R1 has a “High” VRF and its sub-requirements each have a “Medium” VRF. The Settlement Agreement at page 12 states a “Lower” VRF which does not correspond to the Commission-approved VRF Matrix.

<sup>2</sup> WECC assessed a “Lower” VSL based on R1 because URE was non-compliant with “25 percent or less of the sub-components” not included in the planning studies. If the VSL was based on R1.3.1, it would have been “Severe” because URE did not provide “evidence through current or past studies to indicate that any NERC Category C contingencies were evaluated.” If the VSL was based on R1.5, it would have been “Lower” because URE did not consider any contingencies on its 115 kV system which represents 25% or less of all applicable contingencies.

be valid, the Planning Authority and Transmission Planner assessments shall:

...

**R1.3. Be supported by a current or past study and/or system simulation testing that addresses each of the following categories, showing system performance following Category C of Table 1 (multiple contingencies). The specific elements selected (from each of the following categories) for inclusion in these studies and simulations shall be acceptable to the associated Regional Reliability Organization(s).<sup>[3]</sup>**

**R1.3.1. Be performed and evaluated only for those Category C contingencies that would produce the more severe system results or impacts. The rationale for the contingencies selected for evaluation shall be available as supporting information. An explanation of why the remaining simulations would produce less severe system results shall be available as supporting information.**

...

**R1.5. Consider all contingencies applicable to Category C.**

**(Footnote added)**

**TPL-003-0 R2 provides in pertinent part:**

**R2. When system simulations indicate an inability of the systems to respond as prescribed in Reliability Standard TPL-003-0\_R1, the Planning Authority and Transmission Planner shall each:**

**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. Including a schedule for implementation.**

**R2.1.2. Including a discussion of expected required in-service dates of facilities.**

**R2.1.3. Consider lead times necessary to implement plans.**

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<sup>3</sup> Consistent with applicable FERC precedent, the term “Regional Reliability Organization” in this context refers to WECC.

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

#### VIOLATION DESCRIPTION

**URE discovered TPL-003-0 R1 and R2 violations on December 19, 2008 and self-reported them to WECC on December 24, 2008.<sup>4</sup> In the process of conducting its 2008 annual reliability assessment as required by WECC, URE reviewed existing studies supporting the reliability assessment. This review revealed a number of cases where study documentation was not complete or as uniform as URE now interprets the Standard to require. URE stated that it previously focused its studies on facilities 200 kV and above. Thus, URE stated that some studies related to facilities below 200 kV lacked sufficient detail and documentation.**

**On January 13, 2009, WECC subject matter experts (SMEs) reviewed URE's Self-Report and determined that URE did not include electric system elements below 200 kV in its assessment, in violation of R1 and R2. WECC SMEs forwarded their findings to the WECC Enforcement Department (Enforcement) for its review and consideration.**

**Enforcement reviewed URE's Self-Report and the findings of the WECC SMEs and determined that URE failed to address all required facilities below 200 kV in its assessment, as required by R1. URE failed to provide an explanation of why the remaining simulations would produce less severe system results, as required by R1.3.1, and failed to consider all contingencies on its 115 kV system applicable to Category C, as required by R1.5. Without a valid assessment, URE could not provide a written summary of its system performance plans, as required by R2. Specifically, URE failed to provide documented evidence of corrective action plans in order to satisfy Category C planning requirement, as required by R2.1.**

#### RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**WECC determined that the violations posed a minimal risk and did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because URE had run studies on its facilities rated above 200 kV and had developed and documented an assessment and corrective action plans for these facilities. In addition, URE's real-time, next-day and weekly studies did not show instability in URE's system.**

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<sup>4</sup> URE also self-reported a violation of TPL-003-0 R3 (WECC200801267) and included it in its Mitigation Plan and Certification of Completion documentation. On January 14, 2010, WECC dismissed the violation because URE did provide documented results of its reliability assessments, and therefore did not violate R3 of the Standard.

PRIVILEGED AND CONFIDENTIAL INFORMATION HAS BEEN REMOVED FROM THIS PUBLIC VERSION

**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 Standards became mandatory and enforceable) through 11/20/09 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **12/24/08**

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

**III. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	<b>MIT-08-1335</b>
DATE SUBMITTED TO REGIONAL ENTITY	<b>12/24/08<sup>5</sup></b>
DATE ACCEPTED BY REGIONAL ENTITY	<b>1/14/09</b>
DATE APPROVED BY NERC	<b>2/20/09</b>
DATE PROVIDED TO FERC	<b>2/25/09</b>

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

MITIGATION PLAN COMPLETED      YES       NO

EXPECTED COMPLETION DATE **11/28/09**  
EXTENSIONS GRANTED  
ACTUAL COMPLETION DATE **11/20/09**

<sup>5</sup> The Settlement Agreement at page 9 states the Mitigation Plan for TPL-003-0 R1 and R2 was submitted to WECC on December 29, 2008.

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

DATE OF CERTIFICATION LETTER **11/25/09**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **11/20/09**

DATE OF VERIFICATION LETTER **7/9/10**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **11/20/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**To mitigate TPL-003-0 R1 and R2, URE stated that it developed criteria to formalize its study methodology to provide improved and consistent study documentation for all voltage levels. This methodology further incorporated existing and planned protection schemes.<sup>6</sup> In addition, all existing studies were evaluated using the criteria to identify elements included from current studies and provided a guide to complete required additional studies. To complete its 2009 annual reliability assessment, URE reviewed all of its 100 kV and above transmission facilities and performed detailed contingency analysis and system simulations as defined in Category C of Table 1 of 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)

**To demonstrate completion of the Mitigation Plan, URE provided WECC with copies of its (1) TPL procedure; (2) System Assessment; and (3) system assessment reports.**

EXHIBITS:

SOURCE DOCUMENT

**URE's Self-Report for TPL-003-0 R1 and R2 dated December 24, 2008**

MITIGATION PLAN

**URE's Mitigation Plan MIT-08-1335 submitted December 24, 2008**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Mitigation Plan Completion dated November 25, 2009**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Mitigation Plan Completion dated July 9, 2010**

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<sup>6</sup> WECC reviewed URE's compliance for PRC-001-1 and determined URE did not fail to understand limitations nor fail to coordinate protection system changes among appropriate entities. URE appropriately developed a methodology to incorporate such coordination and the effects thereof into its transmission studies.

## **Disposition Document for VAR-STD-002b-1 WR1**

## DISPOSITION OF VIOLATION

**Dated March 11, 2011**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
WECC200901507	URE_WECC20091679

### I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>VAR-STD-002b-1</b>	<b>WR1</b>		N/A <sup>1</sup>	N/A

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

**The purpose statement of VAR-STD-002b-1 provides: “Regional Reliability Standard to ensure that Power System Stabilizers on generators shall be kept in service at all times, unless one of the exemptions listed in Section C (Measures) applies, and shall be properly tuned in accordance with WECC requirements.”**

**VAR-STD-002b-1 WR1 provides: “Power System Stabilizers on generators shall be kept in service at all times, unless one of the exemptions listed in Section C (Measures) applies, and shall be properly tuned in accordance with WECC requirements.”**

#### VIOLATION DESCRIPTION

**URE discovered the VAR-STD-002b-1 WR1 violation on June 30, 2009 and self-reported it to WECC on July 6, 2009.<sup>2</sup> URE stated that on June 30, 2009, its generator was operated for 12 hours without its Power System Stabilizer (PSS) in service. Pursuant to URE’s generator start-up procedures, the PSS was not enabled at start-up. As soon as it was discovered that the PSS had not been in service, URE returned it to service and notified appropriate entities.**

**On August 6, 2009, WECC subject matter experts (SMEs) reviewed URE's Self-Report and determined that none of the exemptions listed in Section C were applicable and that URE's failure to have its PSS in service for 12 hours resulted in**

<sup>1</sup> VAR-STD-002b-1 is a Regional Reliability Standard and does not have a VRF or VSL. The Sanction Table set forth in the Regional Standard uses three factors to determine the sanction or penalty: 1) the number of occurrences; 2) the level of non-compliance; and 3) the MW of Sanction Measure.

<sup>2</sup> The Settlement Agreement at page 10 states VAR-STD-002b-1 WR1 was self-reported to WECC on July 1, 2009.



PRIVILEGED AND CONFIDENTIAL INFORMATION HAS BEEN REMOVED FROM THIS PUBLIC VERSION

a violation of the Regional Standard. WECC SMEs forwarded their findings to the WECC Enforcement Department (Enforcement) for its review and consideration.

Enforcement reviewed URE's Self-Report and the findings of the WECC SMEs and determined that URE's PSS was not in service at all times as required by VAR-STD-002b-1 WR1. Specifically, URE's generator was not in service for 12 hours on June 30, 2009.

As determined by the Sanction Table set forth as part of the Regional Standard, WECC determined a Level 4 Non-Compliance for one occurrence because the PSS was in service less than 92 percent (specifically, 86 percent) of all hours during which the synchronous generating unit was on line for the calendar quarter. Accordingly, the sanction for a single occurrence of Level 4 is the "higher of \$2,000 or \$2 per MW of Sanction Measure." It was appropriate to use the higher penalty of two thousand dollars (\$2,000).

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because the PSS was out of service for only 12 hours. The generator was operated for 84 hours during the quarter, which is less than five percent of all hours in the calendar quarter. The PSS was in service 86% of all operating hours during the calendar quarter. Also, URE was following its voltage and reactive schedules even without the PSS and WECC found no evidence that the unit's resources, capacity, output, voltage stability or capability was affected. In addition, after the PSS was returned to service, URE notified the appropriate entities and took corrective actions.

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) 6/30/09 (when the PSS was out of service) through 6/30/09 (12 hours later when the PSS was returned to service)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 7/6/09

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

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.	<b>MIT-09-1893</b>
DATE SUBMITTED TO REGIONAL ENTITY	<b>7/7/09</b>
DATE ACCEPTED BY REGIONAL ENTITY	<b>8/6/09</b>
DATE APPROVED BY NERC	<b>8/19/09</b>
DATE PROVIDED TO FERC	<b>8/19/09</b>

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

MITIGATION PLAN COMPLETED      YES       NO

EXPECTED COMPLETION DATE **7/10/09**  
EXTENSIONS GRANTED  
ACTUAL COMPLETION DATE **7/8/09**

DATE OF CERTIFICATION LETTER **7/9/09<sup>3</sup>**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **7/8/09**

DATE OF VERIFICATION LETTER **8/28/09**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **7/8/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**To mitigate VAR-STD-002b-1 WR1, URE stated that it: (1) held a tailboard discussion during the operating personnel morning meeting to reinforce the importance of operating the unit with the PSS in service; (2) sent an e-mail to all operators with the results of the tailboard discussion; and (3) revised the plant operating procedures to add a procedural step to verify that the PSS is in service following synchronizing to the grid.**

<sup>3</sup> The Certification of Mitigation Plan Completion document for VAR-STD-002b-1 WR1 dated July 9, 2009 was submitted to WECC on July 10, 2009.

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION  
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)

**To demonstrate completion of the Mitigation Plan, URE provided WECC with copies of its revised relevant operating procedures and an e-mail sent to its operators summarizing the tailboard discussion.**

EXHIBITS:

SOURCE DOCUMENT

**URE's Self-Report for VAR-STD-002b-1 WR1 dated July 6, 2009**

MITIGATION PLAN

**URE's Mitigation Plan MIT-09-1893 submitted July 7, 2009**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Mitigation Plan Completion dated July 9, 2009 and submitted July 10, 2009**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Mitigation Plan Completion dated August 28, 2009**