



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

May 26, 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-003-1 Requirement (R) 1, CIP-004-1 R3, CIP-007-1 R1, COM-002-2 R2 and PRC-005-1 R2. According to the Settlement Agreement, URE admits the stipulated violation facts and has agreed to the assessed penalty of sixty thousand dollars (\$60,000), 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 WECC201002010, WECC201001948,

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<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).

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WECC201001968, WECC201001974 and WECC201002049 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 November 29, 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 (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-736	WECC201002010	CIP-003-1	1	Lower <sup>3</sup>	7/1/08-12/18/09	60,000
	WECC201001948	CIP-004-1 <sup>4</sup>	3	Medium <sup>5</sup>	7/1/08-4/29/10	
	WECC201001968	CIP-007-1	1	Medium <sup>6</sup>	7/1/08-6/30/10	
	WECC201001974	COM-002-2	2	Medium	6/18/07-10/29/10	

<sup>3</sup> CIP-003-1 R1 has a “Medium” Violation Risk Factor (VRF); R1.1, R1.2 and R1.3 each have a “Lower” VRF. When NERC filed VRFs it originally assigned CIP-003-1 R1 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-003-1 R1 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 the violation related to R1.1, and therefore a “Lower” VRF is appropriate.

<sup>4</sup> CIP-004-1 was enforceable from July 1, 2008 (for certain Responsible Entities) through March 31, 2010; version CIP-004-2 of the Standard was in effect from April 1, 2010 through September 30, 2010; and the current version of the Standard, CIP-004-3, became effective on October 1, 2010. For consistency in this filing, the version applicable when the violation was discovered, CIP-004-1, is used throughout.

<sup>5</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.

<sup>6</sup> When NERC filed VRFs it originally assigned CIP-007-1 R1.1 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-007-1 R1.1 was in effect from June 18, 2007 until January 27, 2009 when the “Medium” VRF became effective. CIP-007-1 R1 has a “Medium” VRF and CIP-007-1 R1.2 and R1.3 each have a “Lower” VRF. In the context of this case, WECC determined the violation related to R1.1 and R1.3, and therefore a “Medium” VRF is appropriate.

	WECC201002049	PRC-005-1	2	High <sup>7</sup>	6/18/07-9/16/10	
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The text of the Reliability Standards at issue and further information on the subject violations are set forth in the Disposition Documents.

#### CIP-003-1 R1 - OVERVIEW

During a CIP spot check at URE (Spot Check), WECC discovered a violation of CIP-003-1 R1. WECC determined that URE did not document and implement a cyber security policy that addressed all the requirements in Standards CIP-002 through CIP-009 by the required July 1, 2008 compliance date. Specifically, URE's early versions of its cyber security policy in effect through December 18, 2009 failed to address all of the requirements in Standards CIP-002 through CIP-009 as required by R1.1.

#### CIP-004-1 R3 - OVERVIEW

URE self-reported a violation of CIP-004-1 R3 to WECC one week before the scheduled Spot Check. WECC determined that URE did not conduct personnel risk assessments for 2 of its employees who had authorized cyber or authorized unescorted physical access to Critical Cyber Assets. This documentation was missing for less than 2% of required personnel.

#### CIP-007-1 R1 – OVERVIEW

URE submitted a Self-Report addressing CIP-007-1 R1 and then submitted its Self-Certification to WECC.<sup>8</sup> WECC determined that URE did not perform system tests to ensure that significant changes to existing Cyber Assets within the Electronic Security Perimeter did not adversely affect existing cyber security controls. Specifically, URE did not include security control tests in its cyber security test procedures as required by R1.1; and did not document test results as required by R1.3.

#### COM-002-2 R2 - OVERVIEW

URE self-reported a violation of COM-002-2 R2 to WECC. WECC determined that URE did not use three-part communications for “system normal” communications pertaining to generation. Specifically, URE's system operators failed to ensure the recipients of directives repeated the information back correctly to the URE system operators, and failed to acknowledge the response as correct or repeat the original statement to resolve any misunderstandings.

#### PRC-005-1 R2 - OVERVIEW

URE self-reported a violation of PRC-005-1 R2 to WECC. WECC determined that URE did not include 2 substations with 9 radial Protection Systems in its maintenance and testing program,

<sup>7</sup> PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 each have a “High” VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a “High” VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007. In the context of this case, WECC determined that the violation related to R2.1, and therefore a “High” VRF is appropriate.

<sup>8</sup> Although URE self-reported the CIP-007-1 R1 violation, because URE self-reported during the Self-Certification submission period, the discovery method for this violation is classified as Self-Certification.

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and thus could not provide evidence that 73 protection devices were tested within defined intervals. This represented less than one percent of URE's total Protection System devices.

### **Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>9</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>10</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on April 11, 2011. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a sixty thousand dollar (\$60,000) 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 violation of the CIP-003-1, CIP-004-1, CIP-007-1 and COM-002-2 NERC Reliability Standards;
2. PRC-005-1 R2 was considered a repeat violation;
3. URE self-reported three violations (CIP-004-1 R3,<sup>11</sup> COM-002-1 R2 and PRC-005-1 R2);
4. WECC reported that URE was cooperative throughout the compliance enforcement process;
5. URE had a compliance program at the time of the violations which WECC considered a mitigating factor, as discussed in the Disposition Documents;
6. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
7. WECC determined that the violations posed a minimal risk, except for the CIP-007 violation which posed a moderate risk, and did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Documents; and
8. WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

<sup>9</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>10</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).

<sup>11</sup> URE self-reported CIP-004-1 R3 after being notified of the Spot Check and thus only received partial mitigating credit.

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For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of sixty thousand dollars (\$60,000) 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 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 November 29, 2010, included as Attachment a;
- b) Disposition Document for Common Information, included as Attachment b;
  - i. Disposition Document for CIP-003-1 R1, included as Attachment b-1;
  - ii. Disposition Document for CIP-004-1 R3, included as Attachment b-2;
  - iii. Disposition Document for CIP-007-1 R1, included as Attachment b-3;
  - iv. Disposition Document for COM-002-2 R2, included as Attachment b-4; and
  - v. Disposition Document for PRC-005-1 R2, included as Attachment b-5.
- c) Record Documents for CIP-003-1 R1:
  - i. WECC's Determination of Alleged Violation Summary for CIP-003-1 R1, included as Attachment c-1;
  - ii. URE's Mitigation Plan MIT-08-2879, included as Attachment c-2;

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- iii. URE's Certification of Mitigation Plan Completion, included as Attachment c-3;  
and
  - iv. WECC's Verification of Mitigation Plan Completion, included as Attachment c-4.
- d) Record Documents for CIP-004-1 R3:
- i. URE's Self-Report for CIP-004-1 R3, included as Attachment d-1;
  - ii. URE's Mitigation Plan MIT-08-2571, included as Attachment d-2;
  - iii. URE's Certification of Mitigation Plan Completion, included as Attachment d-3;  
and
  - iv. WECC's Verification of Mitigation Plan Completion, included as Attachment d-4.
- e) Record Documents for CIP-007-1 R1:
- i. URE's Self-Certification for CIP-007-1 R1, included as Attachment e-1;
  - ii. URE's Mitigation Plan MIT-08-2731, included as Attachment e-2;
  - iii. URE's Certification of Mitigation Plan Completion, included as Attachment e-3;  
and
  - iv. WECC's Verification of Mitigation Plan Completion, included as Attachment e-4.
- f) Record Documents for COM-002-2 R2:
- i. URE's Self-Report for COM-002-2 R2, included as Attachment f-1;
  - ii. URE's Mitigation Plan MIT-07-2614, included as Attachment f-2;
  - iii. URE's Certification of Mitigation Plan Completion, included as Attachment f-3;  
and
  - iv. WECC's Verification of Mitigation Plan Completion, included as Attachment f-4.
- g) Record Documents for PRC-005-1 R2:
- i. URE's Self-Report for PRC-005-1 R2, included as Attachment g-1;
  - ii. URE's Mitigation Plan MIT-10-2727, included as Attachment g-2;
  - iii. URE's Certification of Mitigation Plan Completion, included as Attachment g-3;  
and
  - iv. WECC's Verification of Mitigation Plan Completion, included as Attachment g-4.

### **A Form of Notice Suitable for Publication<sup>12</sup>**

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

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<sup>12</sup> See 18 C.F.R. § 39.7(d)(6).

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**Notices and Communications**

Notices and communications with respect to this filing may be addressed to the following:

<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) 883-6855                  (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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## 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  
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/s/ Rebecca J. Michael  
Rebecca J. Michael  
Associate General Counsel for Corporate  
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sonia.mendonca@nerc.net

cc: Unidentified Registered Entity  
Western Electricity Coordinating Council

Attachments



## **Attachment b**

# **Disposition Document for Common Information**



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Attachment b

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

**WECC evaluated URE's internal compliance program (ICP), in effect  
at the time of the violations, which WECC considered a mitigating  
factor in determining the penalty.**

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

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Attachment b

(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: **8/23/10** OR N/A

SETTLEMENT REQUEST DATE

DATE: **8/27/10** 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

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Attachment b

HEARING REQUESTED

YES  NO

DATE

OUTCOME

APPEAL REQUESTED

## **Disposition Document for CIP-003-1 R1**

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Attachment b-1

**DISPOSITION OF VIOLATION**  
**Dated April 11, 2011**

NERC TRACKING NO. **WECC201002010** REGIONAL ENTITY TRACKING NO. **WECC2010-610377**

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>CIP-003-1</b>	<b>1</b>	<b>1.1</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-003-1 provides in pertinent part: “Standard CIP-003 requires that Responsible Entities<sup>[3]</sup> have minimum security management controls in place to protect Critical Cyber Assets. Standard CIP-003 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009....”**

**CIP-003-1 R1 provides, in pertinent part:**

**R1. Cyber Security Policy — The Responsible Entity shall document and implement a cyber security policy that represents management’s commitment and ability to secure its Critical Cyber Assets. The Responsible Entity shall, at minimum, ensure the following:**

**R1.1. The cyber security policy addresses the requirements in Standards CIP-002 through CIP-009, including provision for emergency situations.**

**(Footnote added.)**

<sup>1</sup> CIP-003-1 R1 has a “Medium” Violation Risk Factor (VRF); R1.1, R1.2 and R1.3 each have a “Lower” VRF. When NERC filed VRFs it originally assigned CIP-003-1 R1 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-003-1 R1 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 the violation related to R1.1, and therefore a “Lower” VRF is appropriate.

<sup>2</sup> At the time of the violation, no VSLs were in effect for CIP-003-1. 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-003, “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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Attachment b-1

**VIOLATION DESCRIPTION**

**WECC notified URE that it would be conducting a CIP spot check at URE's office (Spot Check). During the Spot Check, WECC discovered that from July 1, 2008 through December 18, 2009, URE failed to document and implement a cyber security policy that addressed the requirements in Standards CIP-002 through CIP-009 in violation of CIP-003-1 R1.**

**As part of the Spot Check, WECC reviewed URE's Cyber Security policy for management control (Version 0), and Versions 1 through 4 of its Cyber Security policy for CIP. WECC discovered that Cyber Security policy for management control and Versions 1 and 2 of URE's Cyber Security policy for CIP addressed the original thirteen CIP requirements, but did not specifically address the remainder of Standards CIP-002 through CIP-009. Specifically, Versions 0 and Version 1 documents failed to address the following Standards: CIP-002 R4; CIP-003 R4 through R6; CIP-004 R1; CIP-005 R1 through R5; CIP-006 R1 through R6; CIP-007 R2 through R9; CIP-008 R2; and CIP-009 R3 through R5.**

**WECC also found that the Version 2 document was revised to be a high-level document, with the exception of senior manager appointment as required in CIP-003-1 R2 and emergency provisions as required in CIP-003-1 R1.1. Therefore, Version 2 failed to address the following Standards: CIP-002 R1 through R4; CIP-003 R3 through R6; CIP-004 R1 through R4; CIP-005 R1 through R5; CIP-006 R1 through R6; CIP-007 R1 through R9; CIP-008 R1, R2; and CIP-009 R1 through R5.**

**WECC determined the Version 3 and Version 4 documents were compliant with CIP-003-1 R1.**

**Based on the evidence provided, WECC determined that URE's failure to ensure that its cyber security policy addressed all of the requirements in Standards CIP-002 through CIP-009 was a violation of CIP-003-1 R1. WECC Enforcement reviewed the Spot Check findings and determined that URE's early versions of its cyber security policy in effect through December 18, 2009 failed to address all of the requirements in Standards CIP-002 through CIP-009 as required by R1.1.**

**RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL**

**WECC determined that the CIP-003-1 R1 violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the bulk power system because although early versions of URE's cyber security policy failed to address all of the requirements in Standards CIP-002 through CIP-009, URE's policy was written to support all requirements and to ensure that entities have minimum security management controls in place to protect Critical Cyber Assets. Despite the absence of language supporting individual requirements, URE did have procedural documentation and training processes to support CIP requirements.**



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

Attachment b-1

**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  
12/18/09 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **Spot Check**

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-08-2879**  
 DATE SUBMITTED TO REGIONAL ENTITY **8/30/10<sup>4</sup>**  
 DATE ACCEPTED BY REGIONAL ENTITY **9/17/10**  
 DATE APPROVED BY NERC **10/8/10**  
 DATE PROVIDED TO FERC **10/8/10**

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

MITIGATION PLAN COMPLETED YES  NO

EXPECTED COMPLETION DATE **Submitted as complete**  
 EXTENSIONS GRANTED  
 ACTUAL COMPLETION DATE **12/18/09**

<sup>4</sup> The document footer is dated September 11, 2010. The Settlement Agreement incorrectly states that the Mitigation Plan was submitted on August 20, 2010.

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INFORMATION HAS BEEN REMOVED FROM THIS PUBLIC VERSION**

Attachment b-1

DATE OF CERTIFICATION LETTER **8/30/10<sup>5</sup>**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **12/18/09**

DATE OF VERIFICATION LETTER **9/24/10**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **12/18/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**To mitigate CIP-003-1 R1, URE stated that the Version 3 document brought URE into compliance, as supported by WECC's Spot Check findings.**

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 for CIP-003-1 R1, WECC reviewed the Version 3 document and all other versions of URE's cyber security policy during the Spot Check.**

EXHIBITS:

SOURCE DOCUMENT  
**WECC's Determination of Alleged Violation Summary for CIP-003-1 R1**

MITIGATION PLAN  
**URE's Mitigation Plan MIT-08-2879 for CIP-003-1 R1**

CERTIFICATION BY REGISTERED ENTITY  
**URE's Certification of Mitigation Plan Completion for CIP-003-1 R1**

VERIFICATION BY REGIONAL ENTITY  
**WECC's Verification of Mitigation Plan Completion for CIP-003-1 R1**

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<sup>5</sup> The document footer is dated September 21, 2010. The Settlement Agreement incorrectly states that the Mitigation Plan was submitted on August 20, 2010.

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

**PRIVILEGED AND CONFIDENTIAL  
INFORMATION HAS BEEN REMOVED FROM THIS PUBLIC VERSION**  
Attachment b-2

**DISPOSITION OF VIOLATION**  
**Dated April 11, 2011**

NERC TRACKING NO. **WECC201001948** REGIONAL ENTITY TRACKING NO. **URE\_WECC20102273**

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>CIP-004-1<sup>1</sup></b>	<b>3</b>	<b>3.3</b>	<b>Medium<sup>2</sup></b>	<b>Lower<sup>3</sup></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....”**

**CIP-004-1 R3 provides:**

**R3. Personnel Risk Assessment — The Responsible Entity<sup>[4]</sup> 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**

<sup>1</sup> CIP-004-1 was enforceable from July 1, 2008 (for certain Responsible Entities) through March 31, 2010; version CIP-004-2 of the Standard was in effect from April 1, 2010 through September 30, 2010; and the current version of the Standard, CIP-004-3, became effective on October 1, 2010. For consistency in this filing, the version applicable when the violation was discovered, CIP-004-1, is used throughout.

<sup>2</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.

<sup>3</sup> WECC assessed the VSL based on sub-requirement R3.3.

<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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Attachment b-2

program within thirty days of such personnel being granted such access. Such program shall at a minimum include:

**R3.1. The Responsible Entity shall ensure that each assessment conducted include, at least, identity verification (e.g., Social Security Number verification in the U.S.) and seven-year criminal check. The Responsible Entity may conduct more detailed reviews, as permitted by law and subject to existing collective bargaining unit agreements, depending upon the criticality of the position.**

**R3.2. The Responsible Entity shall update each personnel risk assessment at least every seven years after the initial personnel risk assessment or for cause.**

**R3.3. The Responsible Entity shall document the results of personnel risk assessments of its personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets, and that personnel risk assessments of contractor and service vendor personnel with such access are conducted pursuant to Standard CIP-004.**

(Footnote added.)

#### VIOLATION DESCRIPTION

**WECC notified URE that it would be conducting a CIP Spot Check at URE's office (Spot Check). One week prior to WECC's arrival for the Spot Check, URE submitted a Self-Report for CIP-004-1 R3. URE self-reported that it had discovered two instances where personnel risk assessments (PRAs) were not performed as required, relating to access at its System Operations Control Center (SOCC). URE discovered that when it originally performed PRAs for personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets (CCAs), there were two individuals that did not receive a PRA as required. URE determined that one employee without a PRA had physical access to CCAs and the other employee without a PRA had electronic access to CCAs. URE revoked their access on the day of discovery.**

**WECC reviewed URE's Self-Report and Mitigation Plan, during the Spot Check. URE provided evidence to WECC showing that access to CCAs had been revoked within 24 hours of discovering the two employees without a PRA. URE also provided a copy of its background check policy, personnel risk assessment process, list of PRAs from human resources and the list of PRAs from non-URE personnel. Based on the evidence provided, WECC subject matter experts confirmed that URE's failure to perform a PRA for the two identified employees with access to CCAs was a violation of CIP-004-1 R3.**

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INFORMATION HAS BEEN REMOVED FROM THIS PUBLIC VERSION**

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**WECC Enforcement reviewed the Spot Check findings and determined that URE's failure to conduct a PRA for each employee with access to CCAs was a violation of CIP-004-1 R3. In this case, URE failed to perform a PRA on 2 with either physical or electronic access to URE's CCAs.**

**RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL**

**WECC determined that the CIP-004-1 R3 violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the bulk power system because in this instance, URE's violation was limited to two employees with physical access to CCAs, or less than 2% of the total personnel with access to CCAs. One employee was a company vice president with physical access to the SOCC facility several hundred miles from the individual's work location. Further, this individual's type of access would not have allowed access to URE's control room or computer center where the CCAs are located. The other employee had read-only electronic access to CCAs greatly limiting any potential impact during the period when no PRA was performed.**

**II. DISCOVERY INFORMATION**

**METHOD OF DISCOVERY**

- SELF-REPORT <sup>5</sup>
- 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 4/29/10 (Mitigation Plan completion)**

**DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY    Self-Report**

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

<sup>5</sup> URE self-reported CIP-004-1 R3 one week before a scheduled spot check and thus only received partial mitigating credit.

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

Attachment b-2

**III. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	<b>MIT-08-2571</b>
DATE SUBMITTED TO REGIONAL ENTITY	<b>5/3/10</b>
DATE ACCEPTED BY REGIONAL ENTITY	<b>6/8/10</b>
DATE APPROVED BY NERC	<b>6/29/10</b>
DATE PROVIDED TO FERC	<b>6/29/10</b>

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

MITIGATION PLAN COMPLETED      YES       NO

EXPECTED COMPLETION DATE	<b>Submitted as complete</b>
EXTENSIONS GRANTED	
ACTUAL COMPLETION DATE	<b>4/29/10</b>

DATE OF CERTIFICATION LETTER	<b>5/3/10</b>
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	<b>4/29/10</b>

DATE OF VERIFICATION LETTER	<b>6/8/10</b>
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	<b>4/29/10</b>

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**To mitigate CIP-004-1 R3, URE stated that it revoked CCA access rights to the two identified employees without a PRA, as supported by WECC's Spot Check findings. URE also stated the unauthorized access was granted prior to the Standard going into effect and its current processes will not allow physical or electronic access to CCAs without a documented PRA.**

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 for CIP-004-1 R3, WECC reviewed the following documents during the Spot Check: URE's background check policy, personnel risk assessment process, list of PRAs from human resources and the list of PRAs from non-URE personnel and evidence showing that CCA access rights were revoked for the two identified employees.**

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

Attachment b-2

EXHIBITS:

SOURCE DOCUMENT

**URE's Self-Report for CIP-004-1 R3**

MITIGATION PLAN

**URE's Mitigation Plan MIT-08-2571 for CIP-004-1 R3**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Mitigation Plan Completion for CIP-004-1 R3**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Mitigation Plan Completion for CIP-004-1 R3**



## **Disposition Document for CIP-007-1 R1**

**PRIVILEGED AND CONFIDENTIAL  
INFORMATION HAS BEEN REMOVED FROM THIS PUBLIC VERSION**  
Attachment b-3

**DISPOSITION OF VIOLATION**  
**Dated April 11, 2011**

NERC TRACKING NO. WECC201001968	REGIONAL ENTITY TRACKING NO. WECC2010-610356
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**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>CIP-007-1</b>	<b>1</b>	<b>1.1, 1.3</b>	<b>Medium<sup>1</sup></b>	<b>High</b>

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<sup>[2]</sup> 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)....”**

**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-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**

<sup>1</sup> When NERC filed VRFs it originally assigned CIP-007-1 R1.1 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-007-1 R1.1 was in effect from June 18, 2007 until January 27, 2009 when the “Medium” VRF became effective. CIP-007-1 R1 has a “Medium” VRF and CIP-007-1 R1.2 and R1.3 each have a “Lower” VRF. In the context of this case, WECC determined the violation related to R1.1 and R1.3, and therefore a “Medium” VRF is appropriate.

<sup>2</sup> 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.

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**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.**

**(Footnote added.)**

**VIOLATION DESCRIPTION**

**WECC notified URE that WECC was initiating the semi-annual CIP Self-Certification process. URE submitted a Self-Report for a violation of CIP-007-1 R1 relating to its control centers. A couple weeks later URE submitted a Self-Certification indicating it was only “Substantially Compliant” at the conclusion of the Self-Certification submission period. Although URE first self-reported this violation, because it was during the Self-Certification submission period, the discovery method for this violation is classified as Self-Certification.**

**URE stated in the Self-Report that the testing program it had been following since July 1, 2008 was focused on testing the functionality of the system rather than existing cyber security controls. The original program was designed to ensure that new Cyber Assets would not adversely impact operations or cause degradation in system reliability. URE states that during an internal compliance review, it determined test procedures were required to evaluate the impact of new Cyber Assets on existing cyber security controls.**

**WECC reviewed URE’s Self-Report, Self-Certification, and Mitigation Plan during the Spot Check. URE provided the original Control Center test plan procedure document, the revised procedure document, and the System Operations Control Center test plan for the energy management system (EMS) and the test plan for Windows patches as evidence related to the CIP-007-1 R1 violation. Based on the evidence provided, WECC determined that the first version of URE’s test procedure did not include security control tests. This was confirmed to have been corrected in the revised version of the test procedures. WECC also discovered that URE did not document test results as required by R1.3. URE’s change management records indicated that functional testing of individual components was performed, but URE did not perform system tests to ensure that significant changes to existing Cyber Assets within the Electronic Security Perimeter did not adversely affect existing cyber security controls. URE also did not record the individual test results. Based on the evidence provided, WECC confirmed that URE had a violation of CIP-007-1 R1 because it failed to include security control tests in its test procedures as required by R1.1, and failed to document test results as required by R1.3. WECC Enforcement confirmed these findings.**

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

Attachment b-3

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**WECC determined that the CIP-007-1 R1 violation posed a moderate risk and did not pose a serious or substantial risk to the bulk power system (BPS) because during the course of the Spot Check, WECC determined that URE’s test procedures did not include tests to ensure that significant changes to existing Cyber Assets within the Electronic Security Perimeter did not adversely affect existing cyber security controls. In this case, the risks of noncompliance were diminished in that URE’s testing program did assess individual components and changes thereto prior to implementation within the production environment. WECC determined the risk posed by URE’s violation was moderate due to the significant span of time that no testing was performed.**

**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 6/30/10 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **Self-Certification**

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

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

Attachment b-3

**III. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	<b>MIT-08-2731</b>
DATE SUBMITTED TO REGIONAL ENTITY	<b>5/21/10</b>
DATE ACCEPTED BY REGIONAL ENTITY	<b>8/2/10</b>
DATE APPROVED BY NERC	<b>8/26/10</b>
DATE PROVIDED TO FERC	<b>8/26/10</b>

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

**URE submitted a Mitigation Plan and Certification of Mitigation Plan Completion. During the Spot Check, WECC expanded the scope of the violation to include R1.3 for URE's failure to document test results. URE submitted the updated Mitigation Plan on May 21, 2010. On June 30, 2010, URE submitted a new Certification of Mitigation Plan Completion.**

MITIGATION PLAN COMPLETED      YES       NO

EXPECTED COMPLETION DATE	<b>6/30/10</b>
EXTENSIONS GRANTED	
ACTUAL COMPLETION DATE	<b>6/30/10</b>
DATE OF CERTIFICATION LETTER	<b>6/30/10</b>
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	<b>6/30/10</b>
DATE OF VERIFICATION LETTER	<b>8/4/10</b>
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	<b>6/30/10</b>

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**To mitigate CIP-007-1 R1, URE stated that it added testing processes to the cyber security test procedures program to evaluate the impact on existing cyber security controls. URE performed a manual comparison of test versus production environments and documented the results as "completed." In order to document test results, URE included a statement in its test plan procedure that specifically discusses the comparison of the pre-change to the post-change tests, such as vulnerability scans.**

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

Attachment b-3

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 evaluate completion of the Mitigation Plan for CIP-007-1 R1, WECC reviewed the URE's revised test procedure and the revised System Operations Control Center test plan for the EMS.**

EXHIBITS:

SOURCE DOCUMENT

**URE's Self-Certification for CIP-007-1 R1**

MITIGATION PLAN

**URE's Mitigation Plan MIT-08-2731 for CIP-007-1 R1**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Mitigation Plan Completion for CIP-007-1 R1**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Mitigation Plan Completion for CIP-007-1 R1**

## **Disposition Document for COM-002-2 R2**

PRIVILEGED AND CONFIDENTIAL  
 INFORMATION HAS BEEN REMOVED FROM THIS PUBLIC VERSION

Attachment b-4

**DISPOSITION OF VIOLATION**

**Dated April 11, 2011**

NERC TRACKING NO. WECC201001974 REGIONAL ENTITY TRACKING NO. WECC2010-610371

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
COM-002-2	2		Medium	High

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

The purpose statement of COM-002-2 provides: “To ensure Balancing Authorities, Transmission Operators, and Generator Operators have adequate communications and that these communications capabilities are staffed and available for addressing a real-time emergency condition. To ensure communications by operating personnel are effective.”

COM-002-2 R2 provides: “Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall issue directives in a clear, concise, and definitive manner; shall ensure the recipient of the directive repeats the information back correctly; and shall acknowledge the response as correct or repeat the original statement to resolve any misunderstandings.”

VIOLATION DESCRIPTION

URE submitted a Self-Report for a violation of COM-002-2 R2. URE discovered that its system operators had not used three-part communications for "system normal" communications. According to URE’s operating procedures, three-part communication had been used only for "emergency" communications and “system normal” conditions while performing switching. URE did not consider "system normal" communications relating primarily to generator movements to be directives, and thus did not require three-part communications for these actions. URE stated that during the February 2010 WECC Compliance User Group Meetings (CUG), it learned that three-part communications must be used for both “emergency” and “system normal” communications. Following up on the presentation made at the CUG, URE participated in meetings with NERC and WECC to better understand the expectation that all communications regarding bulk power system (BPS) components must be done as directives by means of three-part communication. Based on these discussions, URE self-reported a violation of COM-002-2 R2 to WECC.



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

Attachment b-4

A WECC subject matter expert (SME) reviewed the URE Self-Report. The SME requested voice recordings from URE to verify that it had not used three-part communications. URE provided recordings from URE operations. The SME confirmed that URE system operators did not use three-part communication for “system normal” communications when requesting generation actions. Based on the Self-Report and voice recordings, the WECC SME confirmed a violation of COM-002-2 R2 because URE system operators failed to require the recipients of directives to repeat the information back correctly, and failed to acknowledge the response as correct or repeat the original statement to resolve any misunderstandings. WECC Enforcement confirmed these findings.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the COM-002-2 R2 violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because URE system operators did use three-part communication when conducting “emergency” communications and when communicating switching orders.

**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 10/29/10 (Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **Self-Report**

- 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

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

Attachment b-4

**III. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	<b>MIT-07-2614</b>
DATE SUBMITTED TO REGIONAL ENTITY	<b>6/10/10</b>
DATE ACCEPTED BY REGIONAL ENTITY	<b>6/18/10</b>
DATE APPROVED BY NERC	<b>7/6/10</b>
DATE PROVIDED TO FERC	<b>7/6/10</b>

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

MITIGATION PLAN COMPLETED      YES       NO

EXPECTED COMPLETION DATE	<b>10/30/10</b>
EXTENSIONS GRANTED	
ACTUAL COMPLETION DATE	<b>10/29/10</b>

DATE OF CERTIFICATION LETTER	<b>10/29/10</b>
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	<b>10/29/10</b>

DATE OF VERIFICATION LETTER	<b>1/13/11</b>
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	<b>10/29/10</b>

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**To mitigate COM-002-2 R2, URE stated that it implemented a revised operating procedure to require three-part communications for both “system normal” and “emergency” situations. URE also trained its system operators on the new procedure.**

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 evaluate completion of the Mitigation Plan for COM-002-2 R2, WECC reviewed URE’s operating procedure and training records.**

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

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EXHIBITS:

SOURCE DOCUMENT

**URE's Self-Report for COM-002-2 R2**

MITIGATION PLAN

**URE's Mitigation Plan MIT-07-2614 for COM-002-2 R2**

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Mitigation Plan Completion for COM-002-2 R2**

VERIFICATION BY REGIONAL ENTITY

**WECC's Verification of Mitigation Plan Completion for COM-002-2 R2**

## **Disposition Document for PRC-005-1 R2**

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**DISPOSITION OF VIOLATION**  
**Dated April 11, 2011**

NERC TRACKING NO. **WECC201002049** REGIONAL ENTITY TRACKING NO. **WECC2010-610423**

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>PRC-005-1</b>	<b>2</b>	<b>2.1</b>	<b>High<sup>1</sup></b>	<b>Lower</b>

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

**The purpose statement of PRC-005-1 provides: “To ensure all transmission and generation Protection Systems<sup>[2]</sup> affecting the reliability of the Bulk Electric System (BES) are maintained and tested.”**

**PRC-005-1 R2 provides:**

**R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization<sup>[3]</sup> on request (within 30 calendar days). The documentation of the program implementation shall include:**

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

**R2.2. Date each Protection System device was last tested/maintained. (Footnotes added.)**

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

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

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

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**VIOLATION DESCRIPTION**

**URE submitted a Self-Report for a violation of PRC-005-1 R2. According to the Self-Report, at the June 2010 WECC PRC Workshop, new clarification was provided on Protection Systems regarding WECC's interpretation of the BES relating to radial systems. URE had interpreted radial system to start at the point of interconnection to the BES, which differed from WECC's interpretation that the radial system begins beyond the first breaker of the radial system. Based on the knowledge gained at the workshop, URE determined it had two substations containing 9 radial Protection Systems that should be included in the scope of PRC-005-1. As a result, URE identified 73 Protection System devices at the two substations which had not been previously covered by the Protection System maintenance and testing program.**

**A WECC subject matter expert (SME) reviewed the URE Self-Report. The SME requested and received a one-line diagram from URE to illustrate the network configuration for the two substations identified in the Self-Report. The WECC SME interviewed URE staff and confirmed that maintenance activities for the nine Protection Systems had been completed and were current. URE staff also confirmed that it had maintained but had not tested 73 Protection Systems devices associated with the Protection Systems according to the URE maintenance and testing program intervals. These 73 Protection Systems devices represented less than one-half of a percent of URE's Protection Systems devices covered by its maintenance and testing plan. Based on the Self-Report, supplemental evidence and interviews with URE staff, the WECC SME confirmed a violation of PRC-005-1 R2.**

**WECC Enforcement reviewed the SME findings and determined that URE had a PRC-005-1 R2 violation because URE failed to test the identified Protection System devices within the defined intervals of its maintenance and testing program, and thus could not provide evidence its Protection Systems were tested within the defined intervals and could not confirm the last testing date for these Protection Systems.**

**RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL**

**WECC determined that the PRC-005-1 R2 violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the bulk power system because the nine URE radial Protection Systems that were not tested are associated with 100 kV lines which are part of a distribution network. Also, all maintenance activities for these systems were complete and current; only the testing was not performed according to the URE maintenance and testing program interval. URE did, and continues to, monitor line flows, and WECC determined that URE was prepared to respond in the event of a Protection System failure.**

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**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 9/16/10  
(Mitigation Plan completion)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **Self Report**

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-10-2727**  
DATE SUBMITTED TO REGIONAL ENTITY **7/21/10**  
DATE ACCEPTED BY REGIONAL ENTITY **7/28/10**  
DATE APPROVED BY NERC **8/26/10**  
DATE PROVIDED TO FERC **8/26/10**

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

MITIGATION PLAN COMPLETED      YES       NO

EXPECTED COMPLETION DATE **10/1/10**  
EXTENSIONS GRANTED  
ACTUAL COMPLETION DATE **9/16/10**

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DATE OF CERTIFICATION LETTER **9/16/10<sup>4</sup>**  
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **9/16/10**

DATE OF VERIFICATION LETTER **10/27/10**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **9/16/10**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**To mitigate PRC-005-1 R2, URE stated that it tested the nine radial Protection Systems and submitted a summary of the testing performed on those devices.**

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 evaluate completion of the Mitigation Plan for PRC-005-1 R2, WECC reviewed a spreadsheet that documented URE's testing of all identified Protection System devices including their test dates.**

EXHIBITS:

SOURCE DOCUMENT  
**URE's Self-Report for PRC-005-1 R2**

MITIGATION PLAN  
**URE's Mitigation Plan MIT-10-2727 for PRC-005-1 R2**

CERTIFICATION BY REGISTERED ENTITY  
**URE's Certification of Mitigation Plan Completion for PRC-005-1 R2**

VERIFICATION BY REGIONAL ENTITY  
**WECC's Verification of Mitigation Plan Completion for PRC-005-1 R2**

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<sup>4</sup> The document footer is dated September 23, 2010.