



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

PRIVILEGED AND CONFIDENTIAL INFORMATION  
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

July 28, 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 Document (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 ReliabilityFirst Corporation (ReliabilityFirst) and URE have entered into a Settlement Agreement to resolve all outstanding issues arising from ReliabilityFirst's determination and findings of the violations of CIP-004-2 R (Requirement) 2.1, CIP-004-2 R3, and CIP-004-2 R4. According to the Settlement Agreement, URE neither admits nor denies the facts stipulated in the Settlement Agreement, but has agreed to the assessed penalty of twenty thousand dollars (\$20,000), 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 RFC201000380, RFC201000381 and RFC201000382 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

<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).

**Statement of Findings Underlying the Violations**

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on May 10, 2011, by and between ReliabilityFirst and URE. The details of the findings and the basis for the penalty are set forth in the Disposition Document. This NOP filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
NOC-823	RFC201000380	CIP-004-2	2.1	Medium <sup>3</sup>	4/1/10-5/14/10	20,000
	RFC201000381	CIP-004-2	3	Medium <sup>4</sup>	2/1/10-5/14/10	
	RFC201000382	CIP-004-2	4	Lower <sup>5</sup>	1/1/10-5/14/10	

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

CIP- 004-2 R2.1 (RFC201000380)

URE self-reported a violation of CIP- 004-2 R2.1. ReliabilityFirst determined that URE failed to provide training to five individuals who had access to a Physical Security Perimeter (PSP) and to four individuals with access to Critical Cyber Assets (CCAs), in violation of the standard.

CIP- 004-2 R3 (RFC201000381)

URE self-reported a violation of CIP- 004-2 R3. ReliabilityFirst determined that URE failed to conduct a Personnel Risk Assessment (PRA) for one employee within thirty days of granting the employee cyber or authorized unescorted physical access, in violation of the standard.

CIP- 004-2 R4 (RFC201000382)

URE self-reported a violation of CIP- 004-2 R4. ReliabilityFirst determined that URE failed to maintain a complete list of personnel who had authorized cyber or authorized unescorted physical access to CCAs, and due to a human error, excluded five individuals with electronic access to CCAs from this list, in violation of the standard.

<sup>3</sup> CIP-004-2 R2, R2.2.1, R2.2.2, R2.2.3 and R2.3 are each assigned a Lower Violation Risk Factor (VRF) and CIP-004-2 R2.1, R2.2 and R2.2.4 are each assigned a Medium VRF.

<sup>4</sup> CIP-004-2 R3 is assigned a Medium VRF and CIP-004-2 R3.1 R3.2 and R3.3 are each assigned a Lower VRF.

<sup>5</sup> CIP-004-2 R4 and R4.1 are each assigned a Lower VRF and CIP-004-2 R4.2 is assigned a Medium VRF.

**Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>6</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>7</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on July 11, 2011. The NERC BOTCC approved the Settlement Agreement, including ReliabilityFirst's assessment of a twenty thousand dollar (\$20,000) 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 the violations;
3. ReliabilityFirst reported that URE was cooperative throughout the compliance enforcement process;
4. URE was a wholly-owned subsidiary of its parent company, and the compliance culture of the parent company and URE was considered a mitigating factor, as discussed in the Disposition Document;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. ReliabilityFirst 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 Document;
7. ReliabilityFirst did not consider the instant violations to be repeated or continuing conduct although the violations involve the same Reliability Standard, because they were self-reported at the same time, had similar duration, and arose out of the same set of facts and circumstance; and
8. ReliabilityFirst 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 twenty thousand dollars (\$20,000) is appropriate for the violations

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<sup>6</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>7</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).

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.

### **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 ReliabilityFirst and URE executed May 10, 2011, included as Attachment a;
  - i. URE's Self-Report for CIP-004-2 R2.1, included as Attachment A to the Settlement Agreement;
  - ii. URE's Mitigation Plan for CIP-004-2 R2.1, included as Attachment B to the Settlement Agreement;
  - iii. URE's Certification of Mitigation Plan Completion for CIP-004-2 R2.1, included as Attachment C to the Settlement Agreement;
  - iv. ReliabilityFirst's Verification of Mitigation Plan Completion for CIP-004-2 R2.1, included as Attachment D to the Settlement Agreement;
  - v. URE's Self-Report for CIP-004-2 R3, included as Attachment E to the Settlement Agreement;
  - vi. URE's Mitigation Plan for CIP-004-2 R3, included as Attachment F to the Settlement Agreement;
  - vii. URE's Certification of Mitigation Plan Completion for CIP-004-2 R3, included as Attachment G to the Settlement Agreement;
  - viii. ReliabilityFirst's Verification of Mitigation Plan Completion for CIP-004-2 R3, included as Attachment H to the Settlement Agreement;
  - ix. URE's Self-Report for CIP-004-2 R4, included as Attachment I to the Settlement Agreement;
  - x. URE's Mitigation Plan for CIP-004-2 R4, included as Attachment J to the Settlement Agreement;
  - xi. URE's Certification of Mitigation Plan Completion for CIP-004-2 R4, , included as Attachment K to the Settlement Agreement;
  - xii. ReliabilityFirst's Verification of Mitigation Plan Completion for CIP-004-2 R4, , included as Attachment L to the Settlement Agreement;
- b) Disposition Document, included as Attachment b.

**A Form of Notice Suitable for Publication<sup>8</sup>**

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

**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* Senior Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p>	<p>Rebecca J. Michael* Associate General Counsel for Corporate and Regulatory Matters Davis Smith* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net davis.smith@nerc.net</p>
<p>Megan E. Gambrel* Associate Attorney 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 megan.gambrel@rfirst.org</p>	<p>Robert K. Wargo* Director of Enforcement and Regulatory Affairs ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 bob.wargo@rfirst.org</p>
<p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>L. Jason Blake* Corporate Counsel ReliabilityFirst Corporation 320 Springside Drive, Suite 300 Akron, OH 44333 (330) 456-2488 jason.blake@rfirst.org</p>

<sup>8</sup> See 18 C.F.R. § 39.7(d)(6).

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Unidentified Registered Entity  
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## Conclusion

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

Respectfully submitted,

Gerald W. Cauley  
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David N. Cook  
Sr. Vice President and General Counsel  
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/s/ Rebecca J. Michael  
Rebecca J. Michael\*  
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cc: Unidentified Registered Entity  
ReliabilityFirst Corporation

Attachments

## **Attachment b**

# **Disposition Document**

**PRIVILEGED AND CONFIDENTIAL INFORMATION  
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Attachment b

**DISPOSITION OF VIOLATION<sup>1</sup>**

**Dated July 11, 2011**

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
<b>RFC201000380</b>	<b>RFC201000380</b>	<b>NOC-823</b>
<b>RFC201000381</b>	<b>RFC201000381</b>	
<b>RFC201000382</b>	<b>RFC201000382</b>	

REGISTERED ENTITY	NERC REGISTRY ID
<b>Unidentified Registered Entity (URE)</b>	<b>NCRXXXXX</b>

REGIONAL ENTITY  
**ReliabilityFirst Corporation (ReliabilityFirst)**

**I. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S) <sup>2</sup>
<b>CIP-004-2<sup>3</sup></b>	<b>2</b>	<b>2.1</b>	<b>Medium<sup>4</sup></b>	<b>Moderate</b>
<b>CIP-004-2</b>	<b>3</b>		<b>Medium<sup>5</sup></b>	<b>High</b>
<b>CIP-004-2</b>	<b>4</b>		<b>Lower<sup>6</sup></b>	<b>Moderate</b>

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

**The purpose statement of CIP-004-2 provides in pertinent part: “Standard CIP-004-2 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**

<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.

<sup>2</sup> On December 18, 2009, NERC submitted revised Violation Risk Factors (VRFs) and Violation Severity Levels (VSLs) for CIP-002-2 through CIP-009-2. On January 20, 2011, FERC issued an order approving the Version 2 VRFs and VSLs and made them effective on April 1, 2010, the date the Version 2 CIP Reliability Standards became effective.

<sup>3</sup> CIP-004-2 was in effect from April 1, 2010 to September 30, 2010 and it was replaced by Version 3 of this standard - CIP-004-3.

<sup>4</sup> CIP-004-2 R2, R2.2.1, R2.2.2, R2.2.3 and R2.3 are each assigned a Lower Violation Risk Factor (VRF) and CIP-004-2 R2.1, R2.2 and R2.2.4 are each assigned a Medium VRF.

<sup>5</sup> CIP-004-2 R3 is assigned a Medium VRF and CIP-004-2 R3.1 R3.2 and R3.3 are each assigned a Lower VRF.

<sup>6</sup> CIP-004-2 R4 and R4.1 are each assigned a Lower VRF and CIP-004-2 R4.2 is assigned a Medium VRF.

**CIP-004-2 should be read as part of a group of standards numbered Standards CIP-002-2 through CIP-009-2.”**

**CIP-004-2 provides in pertinent part:**

**R2. Training — The Responsible Entity<sup>[7]</sup> shall establish, document, implement, and maintain an annual cyber security training program for personnel having authorized cyber or authorized unescorted physical access to Critical Cyber Assets. The cyber security training program shall be reviewed annually, at a minimum, and shall be updated whenever necessary.**

**R2.1. This program will ensure that all personnel having such access to Critical Cyber Assets, including contractors and service vendors, are trained prior to their being granted such access except in specified circumstances such as an emergency.**

**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 to Critical Cyber Assets. A personnel risk assessment shall be conducted pursuant to that program prior to such personnel being granted such access except in specified circumstances such as an emergency.**

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

**(Footnote added.)**

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<sup>7</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.

VIOLATION DESCRIPTION

**CIP- 004-2 R2.1 (RFC201000380)**<sup>8</sup>

**URE submitted a Self-Report<sup>9</sup> stating that it failed to provide training for five individuals who had access to a Physical Security Perimeter (PSP) and four individuals with access to Critical Cyber Assets (CCAs). The nine individuals represent 9% of URE's personnel of 99 people with access to CCAs.**

**URE concluded that the five individuals with access to the PSP did not require such access and removed them from the training database, but failed to terminate their access to the PSP. URE verbally requested its System Security department to terminate the access of the five individuals, but did not follow up with a written request.**

**Due to a human error, URE omitted the four other individuals from the access control list for one CCA, and as a result, failed to train the four individuals, as required by the standard.**

**ReliabilityFirst determined that URE violated CIP-004-2 R2.1 for failing to provide training to all personnel having authorized cyber or authorized unescorted physical access to its CCAs.**

**CIP 004-2 R3 (RFC201000381)**<sup>10</sup>

**In a Self-Report<sup>11</sup>, URE reported that it had failed to conduct a Personnel Risk Assessment (PRA) for one employee. The employee did not complete and submit the release form that URE's Human Resource department requires its personnel to submit prior to conducting a PRA. URE did not**

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<sup>8</sup> Although the Settlement Agreement refers to a violation of CIP- 004-2 R2.1, it cites the language of the previous version of the Reliability Standard - CIP-004-1. On April 1, 2010, CIP-004-1 was replaced by CIP-004-2 and the required 90 day window to complete training was removed from the Reliability Standard and replaced with the requirement that all personnel having access to Critical Cyber Assets (CCAs) should be trained prior to being granted such access, except in specified circumstances such as an emergency. Nevertheless, URE violated CIP-004-2 R2.1 for failure to train nine individuals with access to CCAs, as required by both versions of the Standard.

<sup>9</sup> URE self-reported a violation of CIP-004-1 R2.1, which requires that personnel with access to CCAs are trained within 90 days of their access authorization.

<sup>10</sup> The Settlement Agreement stipulates that the violation was for CIP-004-2 R3, but cites the language of CIP-004-1 R3, which includes a 30-day window to complete personnel risk assessments. This 30-day requirement was eliminated on April 1, 2010 when the standard was replaced by CIP- 004-2 R3, under which a personnel risk assessment shall be conducted prior to the personnel being granted access. This violation is covered by Version 1 and Version 2 of this standard because it extends from February 1, 2010 (when CIP-004-1 R3 was in effect) to May 14, 2010 (when CIP-004-2 R3 was already in effect).

<sup>11</sup> URE self-reported a violation of CIP-004-1 R3.

follow up with the employee and failed to conduct a PRA, but nevertheless allowed the employee to retain physical access rights to a Physical Security Perimeter (PSP).

ReliabilityFirst determined that URE violated the Reliability Standard by failing to conduct a PRA within 30 days<sup>12</sup> of granting the employee authorized unescorted physical access.

**CIP 004-2 R4 (RFC201000382)**<sup>13</sup>

In a Self-Report<sup>14</sup>, URE reported that it failed to maintain a complete list of personnel who had authorized cyber or authorized unescorted physical access to Critical Cyber Assets (CCAs), and due to a human error, excluded five individuals with electronic access to CCAs from this list.

ReliabilityFirst determined that URE violated the standard because it failed to maintain a complete list of personnel who had authorized cyber or authorized unescorted physical access to CCAs.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**CIP 004-2 R2.1 (RFC201000380)**

ReliabilityFirst determined that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because out of the nine individuals who did not receive training, only three accessed the PSP in order to report to a production supervisor who was located inside the PSP. Further, none of the nine individuals accessed the CCA within the PSP. In addition, the nine individuals had received PRAs. URE also provides redundant protection of its CCAs located within the PSP by using additional password protection.

**CIP 004-2 R3 (RFC201000381)**

ReliabilityFirst determined that this violation did not pose a serious or substantial risk to the reliability of the BPS because the individual who did not have a PRA did not access the PSP during the time of the violation. In addition, the employee, who is still employed by URE, had received the necessary training prior to obtaining access to the PSP. URE conducted a

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<sup>12</sup> The 30-day requirement is included in the then-applicable CIP-004-1 Reliability Standard.

<sup>13</sup> The Settlement Agreement cites to CIP-004-2 R4, which has identical language with the previous version of this standard -- CIP-004-1 R4. CIP-004-1 R4 was in effect the time the violation started, while CIP-004-2 R4 was in effect for the period of the violation covering April 1, 2010 (to the end date of the violation on May 14, 2010).

<sup>14</sup> URE reported a violation of CIP-004-1 R4.



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Attachment b

**CIP 004-2 R3 (RFC201000381) 2/1/10 (30 days<sup>16</sup> from the date the employee gained access rights to the PSP) through 5/14/10 (Mitigation Plan completed)**

**CIP 004-2 R4 (RFC201000382) 1/1/10 (URE granted access to the five individuals) through 5/14/10 (Mitigation Plan completed)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

**CIP 004-2 R2.1 Self-Report**

**CIP 004-2 R3 Self-Report**

**CIP 004-2 R4 Self-Report**

IS THE VIOLATION(S) STILL OCCURRING YES  NO   
IF YES, EXPLAIN

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

**IV. MITIGATION INFORMATION<sup>17</sup>**

FOR FINAL ACCEPTED MITIGATION PLANS:

MITIGATION PLANS NO.

<b><u>CIP 004-2 R2.1 (RFC201000380)</u></b>	<b>MIT-10-3126</b>
<b><u>CIP 004-2 R3 (RFC201000381)</u></b>	<b>MIT-10-3127</b>
<b><u>CIP 004-2 R4 (RFC201000382)</u></b>	<b>MIT-10-3128</b>

DATE SUBMITTED TO REGIONAL ENTITY	<b>11/10/10</b>
DATE ACCEPTED BY REGIONAL ENTITY	<b>11/22/10</b>
DATE APPROVED BY NERC	<b>12/14/10</b>
DATE PROVIDED TO FERC	<b>12/16/10</b>

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

MITIGATION PLANS COMPLETED YES  NO

EXPECTED COMPLETION DATE **Submitted as complete**

EXTENSIONS GRANTED

ACTUAL COMPLETION DATE **5/14/10**

DATE OF CERTIFICATION LETTERS **2/22/11**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **5/14/10**

<sup>16</sup> The 30 day window is included in CIP-004-1 R3, which was in effect at the time the violation started.

<sup>17</sup> URE submitted a separate Mitigation Plan for each of the three violations on November 10, 2011. The dates in this section are applicable to the three Mitigation Plans.

DATE OF VERIFICATION LETTERS 3/15/11  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF 5/14/10

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

**CIP 004-2 R2.1 (RFC201000380) - MIT-10-3126**

URE immediately terminated access to these individuals who no longer required access to the PSP. URE implemented additional controls to its program to ensure that it would not provide individuals with physical or electronic access privileges without first completing the necessary training, as required by the standard.

The following controls were put in place:

- 1) **Physical access – A form is used to request physical access, including access to the CIP PSPs. The referenced form is routed to a senior consultant, before physical access is approved by the URE’s System Security. The senior consultant validates that the person requesting access has completed the necessary training before the form is sent to System Security for final approval.**
- 2) **Electronic access -- URE’s parent company control document establishes privileged group made up of those individuals who have access to the CCA involved in the violation. A senior consultant approves all additions to this privileged group and performs a periodic review of the group membership. The senior consultant ensures that any individual requesting to be added to the privileged group has had the proper training before access is granted.**

**CIP 004-2 R3 (RFC201000381) - MIT-10-3127**

URE immediately terminated access to the employee in question upon discovery of the problem. It also implemented additional controls in its program to ensure that it conducts a PRA on individuals prior to granting them physical access to a PSP or electronic access to a CCA.

The following controls were put in place:

- 1) **Physical access --The senior consultant validates that the individual who is requesting access has had a PRA preformed before the form is sent to System Security for final approval. (see above for details)**
- 2) **Electronic access --The senior consultant ensures that any individual requesting to be added to the privileged group has had a PRA. (see above for details)**

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Attachment b

**CIP 004-2 R4 (RFC201000382) - MIT-10-3128**

**URE immediately terminated access to the four individuals whom it failed to include on the access list, and added the fifth individual to the appropriate electronic access list. URE implemented a new control to ensure that it updates electronic access lists within 7 days of granting electronic access to an individual.**

**The following control measure was put in place:**

- 1) Electronic access --The senior consultant ensures that the electronic access lists are updated within seven days of an individual being granted electronic access.**

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

**MIT-10-3126, MIT-10- 3127**

**The form document**

**The procedure for URE's parent company regarding ID requests**

**MIT-10- 3128**

**The procedure for URE's parent company regarding ID requests**

**V. PENALTY INFORMATION**

**TOTAL ASSESSED PENALTY OR SANCTION OF \$20,000 FOR THREE 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**

**PRIVILEGED AND CONFIDENTIAL 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

**ReliabilityFirst did not consider the instant violations to be repeated or continuing conduct although the violations involve the same Reliability Standard because they were self-reported at the same time, had similar duration, and arose out of the same set of facts and circumstance.**

**ReliabilityFirst determined that at the time of the violations, URE was a wholly-owned subsidiary of its parent company. ReliabilityFirst considered the culture of compliance of the parent company for these violations.**

(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 IF NO, EXPLAIN YES  NO

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM  
YES  NO  UNDETERMINED   
EXPLAIN

**URE's parent company had a documented Internal Compliance Program (ICP) at the time the instant violations occurred. ReliabilityFirst considered the ICP a mitigating factor in determining the penalty amount.**

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.

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

Attachment b

(4) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION(S) OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES  NO   
IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION(S) WERE INTENTIONAL (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES  NO   
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES  NO   
IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES  NO   
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES  NO   
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

**URE's Self-Report for CIP-004-2 R2.1**

**URE's Self-Report for CIP-004-2 R3**

**URE's Self-Report for CIP-004-2 R4**

MITIGATION PLAN

**URE's Mitigation Plan (MIT-10-3126) for CIP-004-2 R2.1**

**URE's Mitigation Plan (MIT-10-3127) for CIP-004-2 R3**

**URE's Mitigation Plan (MIT-10-3128) for CIP-004-2 R4**

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Attachment b

CERTIFICATION BY REGISTERED ENTITY

**URE's Certification of Mitigation Plan Completion (MIT-10-3126) for CIP-004-2 R2.1**

**URE's Certification of Mitigation Plan Completion (MIT-10-3127) for CIP-004-2 R3**

**URE's Certification of Mitigation Plan Completion (MIT-10-3128) for CIP-004-2 R4**

VERIFICATION BY REGIONAL ENTITY

**ReliabilityFirst's Verification of Mitigation Plan Completion (MIT-10-3126) for CIP-004-2 R2.1**

**ReliabilityFirst's Verification of Mitigation Plan Completion (MIT-10-3127) for CIP-004-2 R3**

**ReliabilityFirst's Verification of Mitigation Plan Completion (MIT-10-3128) for CIP-004-2 R4**

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED

DATE: OR N/A

SETTLEMENT REQUEST DATE

DATE: 4/4/11 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