



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 violations¹ 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)).²

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 violations of CIP-006-1 Requirement (R) 3, CIP-007-1 R1, CIP-007-1 R8, and BAL-004-WECC-1 R4. According to the Settlement Agreement, URE agrees and stipulates to the facts of the violation, and has agreed to the assessed penalty of seventy thousand dollars (\$70,000), 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 WECC201002106, WECC201002155, WECC201002282, and

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

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

NERC Notice of Penalty
 Unidentified Registered Entity
 July 28, 2011
 Page 2

PRIVILEGED AND CONFIDENTIAL INFORMATION
 HAS BEEN REMOVED FROM THIS PUBLIC VERSION

WECC201002048 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 March 18, 2011, by and between WECC and URE. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. This NOP filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
NOC-843	WECC201002106	CIP-006-1	3	Medium ³	7/1/09-12/16/10	70,000
	WECC201002155	CIP-007-1	1	Medium ⁴	7/1/09 ⁵ -7/30/10	
	WECC201002282	CIP-007-1	8	Medium ⁶	7/1/09-1/15/11	
	WECC201002048	BAL-004-WECC-1	4	Lower	7/1/09-1/14/10	

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

CIP-006-1 R3 - OVERVIEW

URE submitted its Self Certification citing possible noncompliance with CIP-006-1 R3, and a couple of months later, URE filed a Self-Report citing a second instance of noncompliance with CIP-006-1 R3. WECC determined that URE failed to monitor Physical Security Perimeter (PSP) access points with respect to its Backup Control Center and protection system cabinets in accordance with CIP-006-1 R3.

CIP-007-1 R1 - OVERVIEW

URE submitted a Self-Report citing possible noncompliance with Reliability Standard CIP-007 R1.⁷ WECC determined that URE failed to create and implement cyber security test procedures in a manner that minimizes adverse effects on the production system and its operation

³ CIP-006-1 R3 and R3.1 each are assigned a “Medium” Violation Risk Factor (VRF) and CIP-006-1 R3.2 is assigned a “Lower” VRF.

⁴ CIP-007-1 R1 and R1.1 each have a “Medium” VRF; R1.2 and R1.3 each have a “Lower” VRF, this violation applies to R1.1, R1.2, and R1.3 so the “Medium” VRF is appropriate.

⁵ The Settlement Agreement contains a typographical error listing the duration start date incorrectly as July 1, 2008.

⁶ CIP-007-1 R8 and R8.1 each have a “Lower” VRF; R8.2, R8.3 and R8.4 each have a “Medium” VRF, this violation includes R8, R8.1, and R8.2 violations, so a VRF of “Medium” is appropriate.

⁷ URE did not receive self-reporting credit for the CIP-007-1 R1 violation because the Self-Report was submitted during the Self-Certification period. URE submitted its Self-Certification two days after it submitted the Self-Certification.

NERC Notice of Penalty
Unidentified Registered Entity
July 28, 2011
Page 3

PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

per CIP-007-1 R1.1. Further, URE testing did not include a side-by-side comparison of pre-change versus post-change vulnerability scans, and therefore failed to reflect changes in the production environment per R1.2. Finally, URE failed to document test results per R1.3.

CIP-007-1 R8 - OVERVIEW

URE submitted a Self-Report citing possible noncompliance with Reliability Standard CIP-007-1 R8.⁸ WECC determined that URE did not include in its vulnerability assessment a review to verify that only ports and services required for operation of the Cyber Assets within the Electronic Security Perimeter are enabled in violation of CIP-007-1 R8.

BAL-004-WECC-1 R4 - OVERVIEW

URE submitted a Self-Report to WECC citing noncompliance with BAL-004-WECC-1 R4. WECC determined that URE failed to utilize the correct Automatic Time Error Correction in its Primary Inadvertent Interchange balance in violation of BAL-004-WECC-1 R4.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁹

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,¹⁰ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on June 10, 2011. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a seventy thousand dollar (\$70,000) 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 BAL-004-WECC-1 R4 violation;
3. URE received partial self-reporting credit for the CIP-006-1 violation because the Self Report was submitted after the Self-Certification period;
4. URE did not receive self-reporting credit for the CIP-007-1 R1 and R8 violations because the Self-Reports were submitted during the Self-Certification period;

⁸ URE did not receive self-reporting credit for the CIP-007-1 R8 violation because the Self-Report was submitted during the Self-Certification period.

⁹ See 18 C.F.R. § 39.7(d)(4).

¹⁰ *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).

NERC Notice of Penalty
Unidentified Registered Entity
July 28, 2011
Page 4

PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

5. WECC reported that URE was cooperative throughout the compliance enforcement process;
6. URE had a compliance program at the time of the violation which WECC considered a mitigating factor, as discussed in the Disposition Documents;
7. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
8. WECC determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Documents; and
9. WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of seventy thousand dollars (\$70,000) 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 parts of this NOP are the following documents:

- a) Settlement Agreement by and between WECC and URE executed March 18, 2011, included as Attachment a;

NERC Notice of Penalty
Unidentified Registered Entity
July 28, 2011
Page 5

PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

- b) Disposition Document for Common Information, included as Attachment b;
 - i. Disposition Document for CIP-006-1 R3, included as Attachment b-1;
 - ii. Disposition Document for CIP-007-1 R1 and R8, included as Attachment b-2; and
 - iii. Disposition Document for BAL-004-WECC-1 R4, included as Attachment b-3.
- c) Record documents for the violation of CIP-006-1 R3, included as Attachment c:
 - 1. URE's Self-Certification for CIP-006-1 R3;
 - 2. Mitigation Plan MIT-09-2971 for CIP-006-1 R3;
 - 3. Mitigation Plan Completion Certification;
 - 4. WECC's Notice of Completed Mitigation Plan Acceptance;
- d) Record documents for the violation of CIP-007-1 R1, included as Attachment d:
 - 5. URE's Self-Report for CIP-007-1 R1;
 - 6. URE's Self-Certification for CIP-007-1 R1;
 - 7. Mitigation Plan MIT-09-2974 for CIP-007-1 R1;
 - 8. Mitigation Plan Completion Certification for CIP-007-1 R1 0;
 - 9. WECC's Notice of Completed Mitigation Plan Acceptance for CIP-007-1 R1;
- e) Record documents for the violation of CIP-007-1 R8, included as Attachment e:
 - 10. URE's Self-Report for CIP-007-1 R8;
 - 11. URE's Self-Certification for CIP-007-1 R8;
 - 12. Mitigation Plan MIT-09-3074 for CIP-007-1 R8;
 - 13. Mitigation Plan Completion Certification for CIP-007-1 R8;
 - 14. Notice of Completed Mitigation Plan Acceptance for CIP-007-1 R8;
- f) Record documents for the violation of BAL-004-WECC-1 R4, included as Attachment f:
 - 15. URE's Self-Report for BAL-004-WECC-1 R4;
 - 16. Mitigation Plan MIT-09-2700 for BAL-004-WECC-1 R4;
 - 17. Mitigation Plan Completion Certification for BAL-004-WECC-1 R4;
 - 18. WECC's Notice of Completed Mitigation Plan Acceptance for BAL-004-WECC-1 R4;

A Form of Notice Suitable for Publication¹¹

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

¹¹ See 18 C.F.R. § 39.7(d)(6).

NERC Notice of Penalty
 Unidentified Registered Entity
 July 28, 2011
 Page 6

PRIVILEGED AND CONFIDENTIAL INFORMATION
 HAS BEEN REMOVED FROM THIS PUBLIC VERSION

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) 213-2673 (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* Associate General 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. Mendonca* 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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NERC Notice of Penalty
Unidentified Registered Entity
July 28, 2011
Page 7

PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

Conclusion

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

Respectfully submitted,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Sr. Vice President and General Counsel
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/s/ Rebecca J. Michael
Rebecca J. Michael
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cc: Unidentified Registered Entity
Western Electricity Coordinating Council

Attachments

Attachment b

Disposition Document for Common Information

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Attachment b

DISPOSITION OF VIOLATION¹
INFORMATION COMMON TO INSTANT VIOLATIONS
Dated June 10, 2011

REGISTERED ENTITY NERC REGISTRY ID NOC#
Unidentified Registered Entity NCRXXXXX NOC-843
(URE)
REGIONAL ENTITY
Western Electricity Coordinating Council (WECC)

IS THERE A SETTLEMENT AGREEMENT YES NO
WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES
ADMITS TO IT YES
Agrees and stipulates to the facts of the violation
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY
ACCEPTS IT/ DOES NOT CONTEST IT YES

I. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF \$70,000 FOR FOUR 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

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

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

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 reviewed URE's Internal Compliance Program (ICP) and
considered it a mitigating factor when 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.

(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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HAS BEEN REMOVED FROM THIS PUBLIC VERSION**

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: 12/13/10 OR N/A

SETTLEMENT REQUEST DATE

DATE: 12/29/10 OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS PENALTY BOTH DID NOT CONTEST

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

Disposition Document for CIP-006-1 R3

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HAS BEEN REMOVED FROM THIS PUBLIC VERSION**

Attachment b-1

DISPOSITION OF VIOLATION

Dated June 10, 2011

NERC TRACKING NO. WECC201002106 REGIONAL ENTITY TRACKING NO. WECC2010-610053

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-006-1	3		Medium ¹	N/A ²

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

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

CIP-006-1 R3 provides:

R3. Monitoring Physical Access — The Responsible Entity³ shall document and implement the technical and procedural controls for monitoring physical access at all access points to the Physical Security Perimeter(s) twenty-four hours a day, seven days a week. Unauthorized access attempts shall be reviewed immediately and handled in accordance with the procedures specified in Requirement CIP-008. One or more of the following monitoring methods shall be used:

R3.1. Alarm Systems: Systems that alarm to indicate a door, gate or window has been opened without authorization. These alarms must provide for immediate notification to personnel responsible for response.

¹ CIP-006-1 R3 and R3.1 each are assigned a “Medium” Violation Risk Factor (VRF) and CIP-006-1 R3.2 is assigned a “Lower” VRF.

² At the time of the violations, no VSLs were in effect for CIP-006-1. On June 30, 2009, NERC submitted VSLs for the CIP-002-1 through CIP-009-1 Reliability Standards. On March 18, 2010, the Commission approved the VSLs as filed, but directed NERC to submit modifications.

³ Within the text of Standard CIP-006, “Responsible Entity” shall mean Reliability Coordinator, Balancing Authority, Interchange Authority, Transmission Service Provider, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, Load Serving Entity, NERC, and Regional Reliability Organizations.

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Attachment b-1

R3.2. Human Observation of Access Points: Monitoring of physical access points by authorized personnel as specified in Requirement R2.3.

(Footnote added).

VIOLATION DESCRIPTION

URE submitted its Self Certification citing possible noncompliance with CIP-006-1 R3 because thirteen cabinets housing Critical Cyber Assets were not equipped with unauthorized access alarming. Then, a couple of months later, URE filed a Self-Report citing a second instance of noncompliance with CIP-006-1 R3 stating that a door in its Backup Control Center was not equipped with unauthorized access alarming. WECC received URE's Self Certification and Self Report. After review, WECC Subject Matter Experts (SMEs) consolidated both instances of noncompliance within a single violation.

The SMEs reviewed the facts and circumstances of both instances of R3 noncompliance and concluded that URE failed to implement effective monitoring at Physical Security Perimeter (PSP) access points. WECC Enforcement reviewed the Self-Certification and Self-Reports submitted by URE, as well as the SMEs' investigation and determination. WECC Enforcement determined URE failed to monitor PSP access points with respect to its Backup Control Center and protection system cabinets in accordance with CIP-006-1 R3.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violation posed a minimal risk to the reliability of the bulk power system (BPS) because thirteen access points (the cabinets) were not equipped with alarming capability in the event of an unauthorized access attempt. The violation did not pose a serious or substantial risk to the BPS because access to each access point is controlled and logged. In addition, the impact was mitigated because the Backup Control Center is located within URE's corporate building that has additional security controls limiting the likelihood of successful unauthorized access attempts.

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Attachment b-1

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- | | | |
|------------------------------------|-------------------------------------|--------------|
| SELF-REPORT | <input checked="" type="checkbox"/> | ⁴ |
| SELF-CERTIFICATION | <input checked="" type="checkbox"/> | |
| COMPLIANCE AUDIT | <input type="checkbox"/> | |
| COMPLIANCE VIOLATION INVESTIGATION | <input type="checkbox"/> | |
| SPOT CHECK | <input type="checkbox"/> | |
| COMPLAINT | <input type="checkbox"/> | |
| PERIODIC DATA SUBMITTAL | <input type="checkbox"/> | |
| EXCEPTION REPORTING | <input type="checkbox"/> | |

DURATION DATE(S) **7/1/09 (when the Standard became mandatory and enforceable) through 12/16/10 (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

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	MIT-09-2971
DATE SUBMITTED TO REGIONAL ENTITY	9/21/10
DATE ACCEPTED BY REGIONAL ENTITY	9/30/10
DATE APPROVED BY NERC	11/8/10
DATE PROVIDED TO FERC	11/10/10

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

URE filed a Mitigation Plan on January 11, 2010 addressing the unalarmed cabinet access points identified as a possible CIP-006-1 R3 violation in its Self-Certification. URE subsequently submitted a Revised Mitigation Plans with a request for Mitigation Plan Extensions on February 19, 2010. WECC URE's Mitigation Plan and Revised Mitigation as well as the Certification of Mitigation Plan completion submitted on March 22, 2010. Because, the scope of the violation under review by

⁴ The Self Report was not submitted within the Self Certification period and WECC applied partial Self Report Credit for the report of the second instance of noncompliance.

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Attachment b-1

Enforcement exceeded the scope of the noncompliance mitigated by URE, WECC rejected URE’s Revised Mitigation Plan on September 17, 2010. On September 21, 2010 URE filed a new Mitigation Plan that addressed the full scope of noncompliance with CIP-006-1 R3. WECC reviewed URE’s new Mitigation Plan and issued notice of acceptance thereof on October 6, 2010. On December 16, 2010 URE filed Certification of Mitigation Plan Completion. On January 31, 2011 WECC issued notice of Completed Mitigation Plan Acceptance.

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE	12/17/10 ⁵
EXTENSIONS GRANTED	
ACTUAL COMPLETION DATE	12/16/10
DATE OF CERTIFICATION LETTER	12/16/10
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	12/16/10
DATE OF VERIFICATION LETTER	1/31/11
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	12/16/10

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

- 1. URE revised its procedures to communicate to appropriate personnel on the proper response techniques for handling new alarms.**
- 2. URE updated its security mechanisms to ensure that physical access to all of the PSPs at the Backup Control Center are monitored and appropriately alarmed 24 hours a day, 365 days a year.**
- 3. Alarms were installed at the Backup Control Center to alert security personnel via text message to any and all unauthorized access attempt.**
- 4. URE updated its procedure for response personnel to follow upon receiving text messages.**
- 5. URE’s Energy Management System staff (hereinafter, EMS) added video cameras with motion detection outside of all the doors to the Backup Control Center to monitor unauthorized access attempts.**
- 6. URE added video cameras with motion detection inside the Backup Control Center to alarm when someone enters the Backup Control Center**
- 7. URE EMS replaced the VHS time lapse recorder with a video server that records door activities at PSP access points.**

⁵ The Settlement Agreement contains a typographical error listing the expected completion date as December 20, 2010.

**PRIVILEGED AND CONFIDENTIAL INFORMATION
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Attachment b-1

8. **URE EMS will revise all procedures to communicate to appropriate personnel on the proper response techniques for handling the new alarms associated with the alarming system.**

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)

- **Incident Response & Recovery Plan and Physical Security Plan evidencing the revision of relevant procedures**
- **Control Center Physical Security Plan evidencing the addition of video cameras, video cameras with motion detection, and the replacement of the VHS time lapse recorder**
- **Control Center Physical Security Plan and an email showing the documentation for communication to appropriate personnel on the proper response techniques for handling the new alarm.**

EXHIBITS:

SOURCE DOCUMENT
Self-Certification for CIP-006-1 R3

Self-Report for CIP-006-1 R3

MITIGATION PLAN
Mitigation Plan MIT-09-2971 for CIP-006-1 R3

CERTIFICATION BY REGISTERED ENTITY
Mitigation Plan Completion Certification

VERIFICATION BY REGIONAL ENTITY
Notice of Completed Mitigation Plan Acceptance

Disposition Document for CIP-007-1 R1 and R8

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

Attachment b-2

DISPOSITION OF VIOLATION

Dated June 10, 2011

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
WECC201002155	WECC2010-610447
WECC201002282	WECC2010-610446

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-007-1	1		Medium ¹	N/A ²
CIP-007-1	8		Medium ³	N/A

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 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). Standard CIP-007 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009.”

CIP-007-1 R1 provides:

R1. Test Procedures — The Responsible Entity^[4] 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

¹ CIP-007-1 R1 and R1.1 each have a “Medium” VRF; R1.2 and R1.3 each have a “Lower” VRF, this violation applies to R1.1, R1.2, and R1.3 so the “Medium” VRF is appropriate.

² At the time of the violations, no VSLs were in effect for CIP-007-1. 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.

³ CIP-007-1 R8 and R8.1 each have a “Lower” VRF; R8.2, R8.3 and R8.4 each have a “Medium” VRF, this violation includes R8, R8.1, and R8.2 violations, so a VRF of “Medium” is appropriate.

⁴ Within the text of Standard CIP-007, “Responsible Entity” shall mean Reliability Coordinator, Balancing Authority, Interchange Authority, Transmission Service Provider, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, Load Serving Entity, NERC, and Regional Reliability Organizations.

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Attachment b-2

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 cybersecurity test procedures in a manner that minimizes adverse effects on the production system or its operation.

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

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

(Footnote added).

CIP-007-1 R8 provides:

R8. Cyber Vulnerability Assessment — The Responsible Entity shall perform a cyber vulnerability assessment of all Cyber Assets within the Electronic Security Perimeter at least annually. The vulnerability assessment shall include, at a minimum, the following:

R8.1. A document identifying the vulnerability assessment process;

R8.2. A review to verify that only ports and services required for operation of the Cyber Assets within the Electronic Security Perimeter are enabled;

R8.3. A review of controls for default accounts; and,

R8.4. Documentation of the results of the assessment, the action plan to remediate or mitigate vulnerabilities identified in the assessment, and the execution status of that action plan.

VIOLATION DESCRIPTION

WECC notified URE that it was initiating the semi-annual CIP Self-Certification process for CIP Implementation. URE submitted Self-Reports citing possible noncompliance with Reliability Standard CIP-007 R1 and R8. Then two days later, URE submitted its Self-Certification. Although URE self-reported these violations, because URE self-reported during the Self-Certification submission period, the discovery method for these violations is classified as Self-Certification and no Self-Reporting credit was given.

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Attachment b-2

CIP-007-1 R1

In its Self-Report, URE reported non-compliance with CIP-007 R1.2 and R1.3. URE reported that a recent compliance review had revealed that the comparisons of pre-change versus post-change vulnerability scans and documentation was not being documented for certain critical cyber assets. A WECC Subject Matter Expert (SME) received URE's Self Report and Self-Certification and contacted URE requesting documentation of testing procedures implemented during the violation period. After reviewing additional submissions by URE, the SME and WECC Enforcement determined that URE failed to create and implement cyber security test procedures in a manner that minimizes adverse effects on the production system and its operation per CIP-007-1 R1.1. Further, URE testing did not include a side-by-side comparison of pre-change versus post-change vulnerability scans, and therefore failed to reflect changes in the production environment per R1.2. Finally, URE failed to document test results per R1.3.

CIP-007-1 R8

In its Self-Report, URE reported non-compliance with CIP-007-1 R8 in that it failed to perform and document a cyber vulnerability assessment to verify that only ports and services required for operation of the Cyber Assets within the Electronic Security Perimeter (ESP) were enabled with respect to one of its protection systems. A WECC SME received URE's Self-Report and Self-Certification and contacted URE requesting copies of URE's documented vulnerability assessment process. The SME and WECC Enforcement determined that URE failed to assess the cyber vulnerability of approximately sixty devices within the referenced system. WECC Enforcement also determined URE's vulnerability assessment did not include a review to verify that only ports and services required for operation of the Cyber Assets within the ESP are enabled, in violation of CIP-007-1 R8.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

CIP-007-1 R1

WECC determined that the violation posed minimal risk to the bulk power system (BPS) because failure to implement and document cyber security testing in conformance with CIP-007-1 R1 exposed assets within the ESP to malicious changes. The risk of the exposed vulnerabilities was diminished and therefore did not pose a serious or substantial risk to the reliability of the BPS because URE does have testing procedures in place that require vulnerability scans. URE did perform scans after changes were implemented to test for vulnerability. Although these scans did not conform to the Requirement, the scans did to some extent provide a compensating measure that decreased risk.

CIP-007-1 R8

WECC determined that the violation posed a minimal risk to the reliability of the BPS because failure to implement a Cyber Vulnerability assessment potentially exposed assets to undetected malicious cyber attacks. The violation did not pose a

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HAS BEEN REMOVED FROM THIS PUBLIC VERSION**

Attachment b-2

serious or substantial risk to the reliability of the BPS because URE did have protections afforded by electronic access cyber controls and monitoring implemented at all ESP access points.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION ⁵
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S)

CIP-007-1 R1: 7/1/09 (when the Standard became mandatory and enforceable) through 7/30/10 (Mitigation Plan completion)

CIP-007-1 R8: 7/1/09 (when the Standard became mandatory and enforceable) through 1/15/11 (Mitigation Plan completion)

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

III. MITIGATION INFORMATION

CIP-007-1 R1

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	MIT-09-2974
DATE SUBMITTED TO REGIONAL ENTITY	8/5/10
DATE ACCEPTED BY REGIONAL ENTITY	10/1/10
DATE APPROVED BY NERC	11/8/10
DATE PROVIDED TO FERC	11/10/10

⁵ Although URE self-reported both the CIP-007-1 R1 and R8 violations, because URE self-reported during the Self-Certification submission period, the discovery method for these violations is classified as Self-Certification.

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

Attachment b-2

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

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **9/30/10**
EXTENSIONS GRANTED
ACTUAL COMPLETION DATE **7/30/10**

DATE OF CERTIFICATION LETTER **10/8/10**
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **7/30/10**

DATE OF VERIFICATION LETTER **10/22/10**
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **7/30/10**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

- 1. URE documented “before” and “after” testing to assess potential impacts of security control changes.**
- 2. URE revised/updated its test procedures to include steps for appropriately documenting the side-by-side vulnerability scan comparisons.**
- 3. URE documented test procedure and test results in a manner that reflects the production environment more clearly in compliance with R1.2.**

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)

- **Updated ATR Cyber Security Plan**

CIP-007-1 R8

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-09-3074⁶**
DATE SUBMITTED TO REGIONAL ENTITY **8/5/10**
DATE ACCEPTED BY REGIONAL ENTITY **11/4/10**
DATE APPROVED BY NERC **11/24/10**
DATE PROVIDED TO FERC **11/24/10**

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

⁶ The Mitigation Plan also discusses a CIP-007-1 R2 violation that is not included in the Settlement Agreement.

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

Attachment b-2

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE **1/15/11**

EXTENSIONS GRANTED

ACTUAL COMPLETION DATE **1/15/11**

DATE OF CERTIFICATION LETTER **1/17/11**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **1/15/11**

DATE OF VERIFICATION LETTER **5/17/11**

VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **1/15/11**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
RECURRENCE

- 1. URE established and documented a process to ensure that only those ports and services required for normal and emergency operations are enabled.**
- 2. URE updated its Cyber Security plan to include testing and vulnerability assessment implementation.**
- 3. URE reviewed and disabled other ports and services not required.**
- 4. URE filed TFEs for ports and services that can't be disabled.**
- 5. URE took steps to ensure it fully understands requirements under CIP standards**

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)

- **Cyber Security plan**
- **Documentation demonstrating performance of side-by-side vulnerability scans**

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HAS BEEN REMOVED FROM THIS PUBLIC VERSION**

Attachment b-2

EXHIBITS:

SOURCE DOCUMENT

URE's Self-Report for CIP-007-1 R1

URE's Self-Report for CIP-007-1 R8

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

URE's Self-Certification for CIP-007-1 R8

MITIGATION PLAN

Mitigation Plan MIT-09-2974 for CIP-007-1 R1

Mitigation Plan MIT-09-3074 for CIP-007-1 R8

CERTIFICATION BY REGISTERED ENTITY

Mitigation Plan Completion Certification for CIP-007-1 R1

Mitigation Plan Completion Certification for CIP-007-1 R8

VERIFICATION BY REGIONAL ENTITY

Notice of Completed Mitigation Plan Acceptance for CIP-007-1 R1

Notice of Completed Mitigation Plan Acceptance for CIP-007-1 R8

Disposition Document for BAL-004-WECC-1 R4

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HAS BEEN REMOVED FROM THIS PUBLIC VERSION**

Attachment b-3

DISPOSITION OF VIOLATION

Dated June 10, 2011

NERC TRACKING NO. WECC201002048 REGIONAL ENTITY TRACKING NO. WECC2010-610055

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
BAL-004-WECC-1	4		Lower	Severe

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

The purpose statement of BAL-004-WECC-1 provides: “To maintain Interconnection frequency within a predefined frequency profile under all conditions (i.e. normal and abnormal), and to ensure that Time Error Corrections are *effectively* conducted in a manner that does not adversely affect the reliability of the Interconnection.” (Emphasis in original.)

BAL-004-WECC-1 R4 provides in pertinent part:

R4. R egardless of t he [Automatic Generation C ontrol (AGC)] operating m ode each B A i n t he W estern I nterconnection s hall compute i ts ho urly P rimary I nadvertent I nterchange w hen ho urly checkout i s co mplete. I f ho urly c heckout i s no t c omplete by 5 0 minutes a fter t he h our, co mpute P rimary I nadvertent I nterchange with b est avai lable d ata. T his ho urly v alue s hall be a dded t o t he appropriate a ccumulated P rimary I nadvertent I nterchange b a lance for either On-Peak or Off-Peak periods.

R4.1. E ach B A i n t he W estern I nterconnection s hall use t he change in Time Error distributed by the Interconnection Time Monitor.

R4.2. A ll c orrections t o an y p revious h our P rimary I nadvertent I nterchange shall be added to the appropriate On- or Off-Peak accumulated Primary Inadvertent Interchange.

VIOLATION DESCRIPTION

URE submitted a Self Report citing noncompliance with BAL-004-WECC-01 R4.1 in that URE failed to use the change in Time Error distributed by the

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HAS BEEN REMOVED FROM THIS PUBLIC VERSION**

Attachment b-3

Interconnection Time Monitor between July 1, 2009 and January 14, 2010. URE stated that on December 14, 2009, it discovered that the “change in Time Error” Automatic Time Error Correction (ATEC) distributed by the WECC Reliability Coordinator (Interconnection Time Monitor) was not a “Total Time Error” calculation, but rather an Hourly Delta Time Error value. Consequently, URE’s Primary Inadvertent Interchange calculation included a higher Delta Time Error, thereby resulting in a lower accumulated Primary Inadvertent Interchange total.

A WECC Subject Matter Expert (SME) reviewed URE’s Self Report and determined that URE failed to use the ATEC distributed by the WECC Reliability Coordinator to calculate its hourly Primary Inadvertent Interchange. The SME did confirm that once URE discovered its mistake, it took voluntary action to correctly integrate into the WECC Time Error software and had further discussions with WECC technical staff which was necessary to determine the miscalculation.

Further, the SME confirmed that in compliance with R4.2, URE added all corrections to previous hour Primary Inadvertent Interchange to the appropriate On-Peak or Off-Peak, but failed to compute its Primary Inadvertent Interchange. WECC Enforcement determined that URE failed to utilize the correct ATEC in its Primary Inadvertent Interchange balance calculation in accordance with BAL-004-WECC-1 R4.1.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

WECC determined that the violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because URE’s incorrect calculations did not affect the scheduled flow of energy needed in real time to support demand. Further, URE made appropriate corrections to prior calculations during the violation period.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) 7/1/09 (when the Standard became mandatory and enforceable) through 1/14/10 (Mitigation Plan completion)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY Self-Report

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HAS BEEN REMOVED FROM THIS PUBLIC VERSION**

Attachment b-3

IS THE VIOLATION STILL OCCURRING YES NO
IF YES, EXPLAIN

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

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	MIT-09-2700
DATE SUBMITTED TO REGIONAL ENTITY	2/26/10
DATE ACCEPTED BY REGIONAL ENTITY	7/13/10
DATE APPROVED BY NERC	8/19/10
DATE PROVIDED TO FERC	8/20/10

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	1/14/10
DATE OF CERTIFICATION LETTER	2/26/10
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	1/14/10
DATE OF VERIFICATION LETTER	7/30/10
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	1/14/10

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

The ATEC value was correctly integrated into the WECC Time Error software, thus hourly Delta Time Error and ultimately Primary Inadvertent are calculated correctly per the requirements set forth in the standard. Furthermore, the accumulated primary inadvertent caused by the calculation error has been adjusted and the implementation of ATEC has been validated.

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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)

- **URE's WECC Time Error Daily Summary**

EXHIBITS:

SOURCE DOCUMENT

URE's Self-Report for BAL-004-WECC-1 R4

MITIGATION PLAN

Mitigation Plan MIT-09-2700 for BAL-004-WECC-1 R4

CERTIFICATION BY REGISTERED ENTITY

Mitigation Plan Completion Certification for BAL-004-WECC-1 R4

VERIFICATION BY REGIONAL ENTITY

Notice of Completed Mitigation Plan Acceptance for BAL-004-WECC-1 R4