

March 31, 2022

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: **NERC Full Notice of Penalty regarding US Bureau of Reclamation,
FERC Docket No. NP22-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding US Bureau of Reclamation (USBR), NERC Registry ID# NCR05441,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations, and orders, as well as NERC's Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

NERC is filing this Notice of Penalty, with information and details regarding the nature and resolution of the violations,⁴ with the Commission because Western Electricity Coordinating Council (WECC) and USBR have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC's determination and findings of the violations of the Reliability Standards listed below.

According to the Settlement Agreement, USBR admits to the violation, and has agreed to the full notice of penalty disposition method via the Settlement Agreement, in addition to other remedies and actions

¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards, Order No. 672, 114 FERC ¶ 61,104, order on reh'g, Order No. 672-A, 114 FERC ¶ 61,328 (2006); Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the N. Am. Elec. Reliability Corp., Docket No. RM05-30-000 (February 7, 2008); Mandatory Reliability Standards for the Bulk-Power System, Order No. 693, 118 FERC ¶ 61,218, order on reh'g, Order No. 693-A, 120 FERC ¶ 61,053 (2007).*

² USBR was included on the NERC Compliance Registry as a Generation Owner (GO), Generation Operator (GOP), and Transmission Owner (TO) on June 17, 2007.

³ See 18 C.F.R § 39.7(c)(2) and 18 C.F.R § 39.7(d).

⁴ 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.

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to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement, by and between WECC and USBR. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein.

In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2021), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement. Further information on the subject violation is set forth in the Settlement Agreement and herein.

| Violation(s) Determined and Discovery Method | | | | | | | | |
|--|-----------|------|---------------|------------------------|--------------------------|--------------------------|---------|----------------|
| *SR = Self-Report / SC = Self-Certification / CA = Compliance Audit / SPC = Spot Check / CI = Compliance Investigation | | | | | | | | |
| NERC Violation ID | Standard | Req. | VRF/VSL | Applicable Function(s) | Discovery Method* & Date | Violation Start-End Date | Risk | Penalty Amount |
| WECC2020023194 | FAC-008-3 | R6 | Medium/Severe | GO | CA 3/2/20 | 5/26/17 - TBD | Serious | No Penalty |

Information about the Entity

USBR was established in 1902 and has constructed over 600 dams and reservoirs as well as power plants and canals across the western United States. USBR is the second largest producer of hydroelectric power in the United States, and has 53 power plants that annually provide more than 40 billion kilowatt hours and produce enough electricity to serve 3.5 million homes.

WECC2020023194 (FAC-008-3 R6)

WECC determined that elements for a Facility in USBR's generation Facility Ratings database were described in MW or MVA; however, according to USBR's Facility Ratings methodology (FRM) the elements should have rated been based on amps or current capability. Also, mechanical components were included in the Facility Ratings, contrary to USBR's FRM and the requirements of the Standard. Attachment 1 includes additional facts regarding the violation.

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The cause of this violation was a lack of management monitoring of activities related to USBR's implementation of its FRM.

WECC determined that this violation posed a serious and substantial risk to the reliability of the bulk power system (BPS). Attachment 1 includes the facts regarding the violation that WECC considered in its risk assessment.

USBR submitted its Mitigation Plan to address the referenced violation. Attachment 1 includes a description of the mitigation activities USBR took to address this violation. A copy of the Mitigation Plan is included as Attachment 3.

USBR will complete all the mitigation activities by April 22, 2022. Attachments 1 and 3 provide specific information on how USBR will complete the activities.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed no penalty for the referenced violation. In reaching this determination, WECC considered the following factors:

1. The violation of FAC-008-3 R6 posed a serious and substantial risk to the reliability of the BPS;
2. WECC considered USBR's compliance history with FAC-009-1 R1 as an aggravating factor;
3. USBR is a federal government entity, and WECC and NERC are bound to follow *Southwestern Power Administration (SWPA) v. Federal Energy Regulatory Commission (FERC)*⁵ in resolution of this matter;
4. USBR was cooperative throughout the compliance enforcement process;
5. USBR accepted responsibility and admitted to the violation;
6. USBR agreed to settle the violation; and
7. There were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed disposition method.

After consideration of the above factors, WECC determined that it would issue no penalty, in accordance with SWPA v. FERC.

⁵ *SW. Power Admin v. FERC*, 763 F.3d 27 (D.C. Cir. 2014).

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Statement Describing the Assessed Penalty, Sanction, or Enforcement Action Imposed⁶

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,⁷ NERC Enforcement staff reviewed the applicable requirements of the violation at issue, and considered the factors listed above.

For the foregoing reasons, NERC Enforcement staff approved the resolution between WECC and USBR and believes that the assessed no penalty is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30-day period following the filing of this Notice of Penalty 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 Notice of Penalty are the following documents:

1. Settlement Agreement by and between WECC and USBR executed November 9, 2021, included as Attachment 1;
2. WECC's Violation Discovery Record for FAC-008-3 R6 dated April 10, 2020, included as Attachment 2; and
3. USBR's Mitigation Plan designated as WECCMIT015445-1 for FAC-008-3 R6 submitted March 19, 2021, included as Attachment 3.

⁶ See 18 C.F.R. § 39.7(d)(4).

⁷ N. Am. Elec. Reliability Corp., "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); N. Am. Elec. Reliability Corp., "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); N. Am. Elec. Reliability Corp., "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

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

| | |
|--|--|
| <p>Melanie Frye*</p> <p>President and Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6882 (801) 883-6894 – facsimile mfrye@wecc.org</p> <p>Heather Laws*</p> <p>Director of Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 819-7642 (801) 883-6894 – facsimile hlaws@wecc.org</p> <p>Max Spiker*</p> <p>Senior Advisor HydroPower US Bureau of Reclamation PO Box 25007 Denver, CO 80225-0007 (303) 445-2936 mspiker@usbr.gov</p> <p>Wendy Kalidass*</p> <p>Supervisor, Electric Reliability Compliance US Bureau of Reclamation PO Box 25007 Denver, CO 80225-0007 (303) 445-3003 proreliability@usbr.gov</p> | <p>Teresina Stasko*</p> <p>Assistant General Counsel and Director of Enforcement North American Electric Reliability Corporation 1325 G Street NW, Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile teresina.stasko@nerc.net</p> <p>James McGrane*</p> <p>Senior Counsel North American Electric Reliability Corporation 1325 G Street NW, Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile james.mcgrane@nerc.net</p> <p>Alain Rigaud*</p> <p>Associate Counsel North American Electric Reliability Corporation 3353 Peachtree Road NE, North Tower, Suite 600 Atlanta, GA 30326 (202) 644-8099 – facsimile alain.rigaud@nerc.net</p> |
|--|--|

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| | |
|---|--|
| <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

NERC respectfully requests that the Commission accept this Notice of Penalty as compliant with its rules, regulations, and orders.

Respectfully submitted,

/s/ Alain Rigaud

James McGrane
Senior Counsel
Alain Rigaud
Associate Counsel
North American Electric Reliability
Corporation
1325 G Street NW
Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 - facsimile
james.mcgrane@nerc.net
alain.rigaud@nerc.net

cc: US Bureau of Reclamation
Western Electricity Coordinating Council

Attachments

**CONFIDENTIAL**

Heather M. Laws
Director, Enforcement and Mitigation
801-819-7642 • hlaws@wecc.org

November 3, 2021

Via webCDMS Document Repository

Max Spiker
Senior Advisor HydroPower
US Bureau of Reclamation

NERC Registration ID: NCR05441

Subject: Notice of Expedited Settlement Agreement

Max Spiker,

I. Introduction

The Western Electricity Coordinating Council (WECC) hereby notifies US Bureau of Reclamation (USBR), a federal entity, that based on an assessment of the facts and circumstances of the Possible Violation addressed herein, evidence exists that USBR has Alleged Violation of the Reliability Standards.

WECC reviewed the Alleged Violation referenced below and determined that this violation is an appropriate violation for disposition through the Expedited Settlement process. In determining whether to exercise its discretion to use the Expedited Settlement process, WECC considered all facts and circumstances related to the violation.

This Notice of Expedited Settlement Agreement (Notice) notifies USBR of the proposed sanction, if any, for such violation. By this Notice, WECC reminds USBR to retain and preserve all data and records relating to the Alleged Violation.

II. Alleged Violation

| Standard and Requirement | NERC Violation ID |
|--------------------------|-------------------|
| FAC-008-3 R6 | WECC2020023194 |

The attached Expedited Settlement Agreement includes a summary of the facts and evidence supporting each Alleged Violation, as well as other factors affecting disposition determination.

III. Proposed Penalty or Sanction

In *Southwestern Power Admin. v. FERC*¹, the United States Court of Appeals for the District of Columbia Circuit found, *inter alia*, that federal agencies are not subject to monetary penalties under Section 215 of the Federal Power Act. Therefore, WECC cannot issue a monetary award against USBR.²

USBR's compliance history, including this violation, may inform WECC's future monitoring and enforcement strategies. WECC considers the facts and circumstances related to a violation including, but not limited to: 1) Violation Risk Factor; 2) Violation Severity Level; 3) risk to the reliability of the Bulk Electric System (BES)³, including the seriousness of the violation; (4) Violation Time Horizon; 5) the violation's duration; 6) the Registered Entity's compliance history; 7) the Registered Entity's self-reports and voluntary corrective action; 8) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; 9) the quality of the Registered Entity's compliance program; 10) any attempt by the Registered Entity to conceal the violation or any related information; 11) whether the violation was intentional; 12) any other relevant information or extenuating circumstances.

IV. Procedures for Registered Entity's Response

If USBR accepts WECC's proposal that the violation listed in the Agreement be processed through the Expedited Settlement process, USBR must sign the attached Agreement and submit it to WECC within 5 calendar days from the date of this Notice.

If USBR does not accept WECC's proposal, USBR must submit a written rejection, within 5 calendar days from the date of this Notice, informing WECC of the decision not to accept WECC's proposal.

If USBR rejects this proposal or does not respond within 15 calendar days, WECC will issue a Notice of Alleged Violation.

¹ 763 F.3d 27 (D.C. Cir. 2014)

² *Id.*

³ "The Commission, the ERO, and the Regional Entities will continue to enforce Reliability Standards for facilities that are included in the Bulk Electric System." (*Revision to Electric Reliability Organization Definition of Bulk Electric System*, 113 FERC ¶ 61,150 at P 100 (Nov. 18, 2010))



Expedited Settlement Agreement

US Bureau of Reclamation

CF2051

November 3, 2021

V. Conclusion

In all correspondence, please provide the name and contact information of a USBR representative who is authorized to address the listed Alleged Violation and who is responsible for providing the required Mitigation Plan. Please also list the relevant NERC Violation Identification Number in any correspondence.

Responses or questions regarding the Settlement Agreement should be directed to Katherine Bennett, Senior Enforcement and Mitigation Analyst, at 801-883-6850 or kbennett@wecc.org.

Respectfully submitted,



Heather M. Laws

Director, Enforcement and Mitigation

Attachment: Expedited Settlement Agreement



Attachment

**EXPEDITED SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
US BUREAU OF RECLAMATION**

Western Electricity Coordinating Council (WECC) and US Bureau of Reclamation (USBR) (individually a “Party” or collectively the “Parties”) agree to the following:

1. USBR admits to the violation of the NERC Reliability Standard listed below.
2. The violation addressed herein will be considered a Confirmed Violation as set forth in the NERC Rules of Procedure.
3. USBR has completed remediation and mitigation activities for the violation listed herein.
4. The terms of this Settlement Agreement are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Settlement Agreement, NERC will file a Notice of Penalty with FERC which may be posted publicly, if applicable. If either NERC or FERC rejects the Settlement Agreement, then WECC will attempt to negotiate a revised Settlement Agreement with USBR that includes any changes to the Settlement Agreement specified by NERC or FERC. If the Parties cannot reach a Settlement Agreement, the CMEP governs the enforcement process.
5. The Parties have agreed to enter into this Settlement Agreement to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. The Parties agree that this Settlement Agreement is in the best interest of each Party and in the best interest of Bulk Power System (BPS) reliability.
6. This Settlement Agreement represents a full and final disposition of the violation listed below, subject to approval or modification by NERC and FERC. USBR waives its right to further hearings and appeal; unless and only to the extent that USBR contends that any NERC or FERC action on



this Settlement Agreement contains one or more material modifications to this Settlement Agreement.

7. In the event USBR fails to comply with any of the terms set forth in this Settlement Agreement, WECC may initiate further enforcement actions against USBR to the maximum extent allowed by federal law and the NERC Rules of Procedure. Except as otherwise specified in this Settlement Agreement, USBR shall retain all rights to defend against such enforcement actions.
8. This Settlement Agreement shall be governed by and construed under federal law.
9. This Settlement Agreement contains the full and complete understanding of the Parties regarding all matters set forth herein. The Parties agree that this Settlement Agreement reflects all terms and conditions regarding all matters described herein and no other promises, oral or written, have been made that are not reflected in this Settlement Agreement.
10. Each of the undersigned warrants that he or she is an authorized representative of the Party identified, is authorized to bind such Party and accepts the Settlement Agreement on the Party's behalf.
11. The undersigned representative of each Party affirms that he or she has read the Settlement Agreement, that all matters set forth in the Settlement Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Settlement Agreement is entered into by such Party in express reliance on those representations.
12. This Settlement Agreement and all terms and stipulations set forth herein shall become effective upon FERC's approval of the Settlement Agreement by order or operation of law.
13. NOW, THEREFORE, in consideration of the terms set forth herein the Parties hereby agree and stipulate to the following:

STANDARD

I. NERC RELIABILITY STANDARD FAC-008-3 REQUIREMENT 6

NERC VIOLATION ID: WECC2020023194

1. NERC Reliability Standard FAC-008-3 Requirement 6 states:
R6. Each Transmission Owner and Generator Owner shall have Facility Ratings for its solely and



jointly owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings.

VIOLATION FACTS

2. During a Compliance Audit conducted from January 27, 2020 through February 7, 2020, WECC determined that USBR, as a Transmission Owner and Generator Owner, had a potential noncompliance with FAC-008-3 R6.
3. Specifically, WECC auditors found that the elements for a Facility in USBR's generation Facility Ratings database were described in MW or MVA; however, according to USBR's Facility Ratings methodology (FRM) the elements should have rated been based on amps or current capability. This Facility Ratings implementation issue could have caused confusion when discussing the ratings of the elements with different units of measure or cause mathematical conversion issues, leading to operational and Real-time problems within USBR's system. As well, mechanical components were included in the Facility Ratings, contrary to USBR's FRM and the requirements of the Standard.
4. The root cause was attributed to a lack of management monitoring of activities related to USBR's implementation of its FRM. Specifically, compliance personnel were responsible for evidence associated with the Facility Ratings, without the technical expertise required to complete Facility Ratings tasks.
5. WECC determined that this issue began on May 26, 2017, when USBR updated its generation FRM, but did not update its generation Facility Ratings and USBR is currently remediating and mitigating with an expected completion date of April 25, 2022.

RELIABILITY RISK ASSESSMENT

6. WECC determined that this violation posed a serious and substantial risk to the reliability of the Bulk Power System (BPS). In this instance, USBR failed to have Facility Ratings for its 28 generation solely owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings, as required by FAC-008-3 R6. USBR had 28 generation solely owned Facilities including 118 generation units totaling approximately 14,000 MW of generation affected by this violation.
7. Such failure could have resulted in Facility Ratings for new transmission lines or Facilities being assessed incorrectly or inconsistently due to the discrepancy between USBR's FRM and its actual Facility Ratings database. In turn, this could have led to inaccurate Facility Ratings being



provided to USBR's Reliability Coordinators, Planning Coordinators, Transmission Planners, Transmission Owners and Transmission Operators, leading those entities to establishing incorrect System Operating Limits in the Operations and Planning Horizons. Failure to operate the Bulk Electric System within designed limits could result in damage or loss of USBR's Facilities. However, as compensation, USBR had a process to perform an annual Facility Ratings review, Reliability Standard Audit Worksheet 12-month reviews, Facility Ratings methodology 4-year reviews, and to maintain photographs of equipment nameplates to support Facility Ratings. Thus, had a new rating for a Facility been assessed based on the Facility Ratings methodology, such a discrepancy between units of measurement would have been identified and corrected prior to Planning or Operations actions. Such an error would have had many reviews and revisions in order to result in incorrect SOLs or further, any equipment damage.

REMEDATION AND MITIGATION ACTIVITY

8. On March 19, 2021, USBR submitted a Mitigation Plan to address its violation and on April 29, 2021, WECC accepted USBR's Mitigation Plan.
9. To remediate and mitigate this violation, USBR:
 - a. Technical Service Center (TSC) engineers provided an informal training for a group of regional engineers on a template for performing the Facility Ratings evaluations. The TSC engineers also provided a peer review and feedback to ensure that the Facility Ratings are evaluated according to the Standard;
 - b. identified which Facility Ratings needed to be updated to an amps rating or removed mechanical components, per the corrected Facility Ratings report, completed approximately 24% of the total Facilities; and
 - c. completed the updated Facility Ratings for approximately 47% of the Facilities.
10. To remediate and mitigate this violation, USBR will:
 - a. complete the updated Facility Ratings for approximately 75% of the Facilities;
 - b. complete the updated Facility Ratings for 100% of the Facilities;
 - c. update its Power Reliability Compliance Bulletin (PRCB) for FAC 008-3 R6, which defines and clarifies compliance activities, evidence, internal controls, and evidence retention requirements for relevant staff to meet and sustain compliance with the Standards. The PRCB is a guidance document for field personnel that provides information to operators. The PRCB contains USBR's interpretations and internal controls to ensure future compliance with the Standard including:



- i. changing its process from compliance personnel reviewing Facility Ratings to field engineers or TSC engineers performing the initial Facility Ratings evaluation and reviewing any updates in coordination with its compliance personnel; and
- ii. changing its internal controls to track Facility equipment changes on the “Reliability Standard Update Trigger Data Request.”

OTHER FACTORS AFFECTING DISPOSITION DETERMINATION

11. **No monetary penalties.** USBR is a federal entity and not subject to monetary penalties.⁴

12. However, WECC determined that the Expedited Settlement disposition option is appropriate for the following reasons:

- a. Base factors:
 - i. The Violation Risk Factor is Medium and the Violation Severity Level is Severe for this violation.
 - ii. This violation posed a serious risk to the reliability of the BPS.
 - iii. This violation duration is ongoing but expected to be remediated by January 25, 2022 as described herein.
 - iv. This Requirement has an Operations Planning violation time horizon expectation for remediation of the violation to occur within day-ahead up to and including seasonal (48 hours to 90 days) to preserve the reliability of the BPS.
- b. WECC considered the following as mitigating factors:
 - i. USBR was cooperative throughout the process.
 - ii. USBR accepted responsibility and admitted to the violation.
 - iii. USBR agreed to settle this violation.
- c. WECC considered the following as aggravating factors:
 - i. USBR’s relevant compliance history regarding FAC-009-1 R1.
- d. Other Considerations:
 - i. WECC did not apply mitigating credit for the entity’s Internal Compliance Program (ICP). Although the entity does have a documented ICP, WECC determined that it was not effective in detecting the instant violation.
 - ii. USBR did not fail to complete any applicable compliance directives. There was no evidence of any attempt by the entity to conceal the violation. There was no

⁴ See *Southwestern Power Admin. v. FERC*, 763 F.3d 27 (D.C. Cir. 2014).



evidence that violation was intentional. USBR submitted all requested documentation and/or mitigation plans timely. There was no evidence the entity's management was involved in or condoned the actions that caused the noncompliance.

[Remainder of page intentionally left blank - signatures affixed to following page]



WESTERN ELECTRICITY COORDINATING COUNCIL

Nov 9, 2021

Date

**MICHAEL
PULSKAMP**

Date

2021 11 03 - WECC - Notice of Expedited Settlement Agreement - USBR - CF2051 REVISED w_correction_signed

Final Audit Report

2021-11-09

| | |
|-----------------|--|
| Created: | 2021-11-09 |
| By: | Mailee Cook (mcook@wecc.org) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAA1x-sMVw4L4bPnluEgTZLH63VKJS2y6nT |

"2021 11 03 - WECC - Notice of Expedited Settlement Agreement - USBR - CF2051 REVISED w_correction_signed" History



Document created by Mailee Cook (mcook@wecc.org)

2021-11-09 - 5:52:55 PM GMT



Document emailed to Heather Laws (hlaws@wecc.org) for signature

2021-11-09 - 5:53:26 PM GMT



Email viewed by Heather Laws (hlaws@wecc.org)

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Document e-signed by Heather Laws (hlaws@wecc.org)

Signature Date: 2021-11-09 - 6:28:02 PM GMT - Time Source: server- IP address: 67.136.120.122



Agreement completed.

2021-11-09 - 6:28:02 PM GMT

Violation - Discovery Record

Registered Entity: US Bureau of Reclamation

NERC Registry ID: NCR05441

NERC Violation ID: WECC2020023194

Discovery Method: Audit

Date Submitted: April 10, 2020

Region Contact: Mailee Cook

Phone: 801-883-6866 Email: mcook@wecc.org

Standard: FAC-008-3 - Facility Ratings

Purpose: To ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on technically sound principles. A Facility Rating is essential for the determination of System Operating Limits.

Requirement: FAC-008-3 R6.

Each Transmission Owner and Generator Owner shall have Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings.

Violated Sub-
Requirement(s):

Violated Function(s): Generator Owner (GO)

Init Determ a VItn:

Begin Date of VItn: January 01, 2013

End Date:

Notified of VItn on: March 02, 2020

Potential Impact to BES: High impact to the BES.

Brief VItn Descr. & Cause: The entity did not have Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings.

Alleged Violation:

Registered Entity
Report/Response:

Risk Factor: Medium

Severity Level: VSL - Severe

Factual Basis: Factual Basis

USBR did not have Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings.

Violation Risk Factor

Medium as per the language of the requirement.

Violation Severity Level

Severe -

NERC VSL Matrix dated January 2, 2020

The responsible entity failed to establish Facility Ratings consistent with the associated Facility Ratings methodology or documentation for determining the Facility Ratings for more than 15% of its solely owned and jointly owned Facilities.

Mitigation Plan

Mitigation Plan Summary

Registered Entity: US Bureau of Reclamation

Mitigation Plan Code:

Mitigation Plan Version: 2

| NERC Violation ID | Requirement | Violation Validated On |
|-------------------|---------------|------------------------|
| WECC2020023194 | FAC-008-3 R6. | 08/25/2020 |

Mitigation Plan Submitted On: April 29, 2021

Mitigation Plan Accepted On:

Mitigation Plan Proposed Completion Date: April 25, 2022

Actual Completion Date of Mitigation Plan:

Mitigation Plan Certified Complete by USBR On:

Mitigation Plan Completion Verified by WECC On:

Mitigation Plan Completed? (Yes/No): No

Compliance Notices

Section 6.2 of the NERC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.
- (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
- (3) The cause of the Alleged or Confirmed Violation(s).
- (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
- (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
- (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
- (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
- (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the applicable governmental authorities for not completing work associated with accepted milestones.
- (9) Any other information deemed necessary or appropriate.
- (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self Certification or Self Reporting submittals.
- (11) This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.

- The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- This Mitigation Plan form may be used to address one or more related alleged or confirmed violations of one Reliability Standard. A separate mitigation plan is required to address alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission or filed with the applicable governmental authorities for approval in Canada.
- Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
- The user has read and accepts the conditions set forth in these Compliance Notices.

Entity Information

Identify your organization:

Entity Name: US Bureau of Reclamation

NERC Compliance Registry ID: NCR05441

Address: PO Box 25007
Denver CO 80225-0007

Identify the individual in your organization who will serve as the Contact to the Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan:

Name: Richard T. Jackson
Title: O&P Program Analyst, Manager
Email: rtjackson@usbr.gov
Phone: 303-445-2597

Violation(s)

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

| Violation ID | Date of Violation | Requirement |
|---|-------------------|---------------|
| Requirement Description | | |
| WECC2020023194 | 01/01/2013 | FAC-008-3 R6. |
| Each Transmission Owner and Generator Owner shall have Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings. | | |

Brief summary including the cause of the violation(s) and mechanism in which it was identified:

On June 1, 2020, WECC reported an audit finding (PNC) stating: Reclamation did not have Facility Ratings for its solely and jointly owned facilities consistent with the associated Facility Ratings Methodology or documentation for determining its Facility Ratings.

Apparent Cause:

Not all electrical components had amperage ratings, mechanical components were included in rating, and all regions did not use Reclamation's Methodology consistently.

Contributing Causes leading up to this potential:non-compliance

- A3B1C01 - Check of work was LTA, a second check of the facility's ratings by qualified personnel was not performed.
- A3B1C04 - Infrequently performed steps were performed incorrectly. Facility personnel performing the ratings do not frequently perform that task.
- A3B2C04 - Previous success in use of rule reinforced continued use of rule. Instrument transformers were believed to be sized such that no consideration was given that an instrument transformer would be a limiting factor in the power train, and thus not considered in the Facility Ratings Spreadsheet.

Root Cause of potential non-compliance:

- A4B1C04 - Management follow-up or monitoring of activities did not identify problems. Management's methods for monitoring the success of initiatives were ineffective in identifying shortcomings in the implementation. Reclamation had not performed internal controls to verify correct implementation of the standard.

Relevant information regarding the identification of the violation(s):

WECC Audit finding during Reclamation's 2020 Compliance Audit from January 27, 2020 through March 2, 2020. Based on the evidence provided, the team's finding of FAC-008-3 R3 as a potential non-compliant finding.

Plan Details

Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violation(s) identified above in Section C.1 of this form:

Milestone 1: Identify Scope and Perform 8 Facility rating reports
 Milestone 2: Perform 8 Facility Rating reports
 Milestone 3: Perform 9 Facility Rating Reports
 Milestone 4: Perform 9 Facility Rating Reports
 Milestone 5: Update PRCB internal Controls to address Root Cause.

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

Proposed Completion date of Mitigation Plan: April 25, 2022

Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

| Milestone Activity | Description | *Proposed Completion Date (Shall not be greater than 3 months apart) | Actual Completion Date | Entity Comment on Milestone Completion | Extension Request Pending |
|--------------------|--|---|------------------------|--|---------------------------|
| Milestone 1: | Identify Scope and Perform 8 Facility rating reports | 04/30/2021 | | Identify Reclamations scope of Facilities that need an updated corrected Facility Ratings report. Complete 8 of 34 facility rating reports corresponding to approximately 24% of Reclamations total. | No |
| Milestone 2: | Perform 8 Facility rating reports | 07/29/2021 | | Complete 16 of 34 facility rating reports corresponding to approximately 47% of Reclamations total. | No |
| Milestone 3: | Perform 9 Facility Rating reports | 10/27/2021 | | Complete 25 of 34 facility rating reports corresponding to approximately 74% of Reclamations total. | No |
| Milestone 4: | Perform 9 Facility Rating Reports | 01/25/2022 | | Complete 34 of 34 facility rating reports corresponding to 100% of Reclamations total. | No |
| Milestone 5: | Update PRCB internal Controls to address Root Cause. | 04/25/2022 | | Reclamation's PRCB (Power Reliability Compliance Bulletin) is a guidance document for field personnel which provides information to Reclamation offices engaged in operating and maintaining bulk | No |

| Milestone Activity | Description | *Proposed Completion Date (Shall not be greater than 3 months apart) | Actual Completion Date | Entity Comment on Milestone Completion | Extension Request Pending |
|--------------------|-------------|---|------------------------|---|---------------------------|
| | | | | electric system elements owned by Reclamation. PRCBs contain Reclamation interpretations and cross references and internal controls to sustain compliance over time. Reclamation will update this document to strengthen internal controls to minimize the potential for errors in the facility rating documents. | |

Additional Relevant Information

Reliability Risk

Reliability Risk

While the Mitigation Plan is being implemented, the reliability of the bulk Power System may remain at higher Risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known or anticipated : (i) Identify any such risks or impacts, and; (ii) discuss any actions planned or proposed to address these risks or impacts.

Potential Impact to BPS: Moderate

Actual Impact to BPS: Minimal

Potentially Affected Facilities

- Reclamation BES facilities

Potential Impact

- Missing ratings could lead to reliability issues.

Actual Impact:

- None.

Prevention

Describe how successful completion of this plan will prevent or minimize the probability further violations of the same or similar reliability standards requirements will occur

Mitigating circumstances to risk:

- Facility ratings were performed but gaps were noted in the 2020 WECC Audit.

Describe any action that may be taken or planned beyond that listed in the mitigation plan, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements

Authorization

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- * Submits the Mitigation Plan, as presented, to the regional entity for acceptance and approval by NERC, and
- * if applicable, certifies that the Mitigation Plan, as presented, was completed as specified.

Acknowledges:

1. I am qualified to sign this mitigation plan on behalf of my organization.
2. I have read and understand the obligations to comply with the mitigation plan requirements and ERO remedial action directives as well as ERO documents, including but not limited to, the NERC rules of procedure and the application NERC CMEP.
3. I have read and am familiar with the contents of the foregoing Mitigation Plan.

US Bureau of Reclamation Agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authority.

Authorized Individual Signature: _____
(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Authorized Individual

Name: Richard T Jackson

Title: Program Analyst

Authorized On: March 19, 2021