

November 30, 2011

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

**Re: NERC Full Notice of Penalty regarding Unidentified Registered Entity,
FERC Docket No. NP12-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Unidentified Registered Entity (URE) NERC Registry ID# NCRXXXXX, 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 Notice of Penalty is being filed with the Commission because the 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 violations³ of CIP-003-1 Requirement (R) 4 and R5, CIP-006-1 R1, PRC-STD-001-1 WR1 and PRC-005-1 R2. According to the Settlement Agreement, URE agrees that the violations may be treated as confirmed violations and has agreed to the assessed penalty of one hundred twenty-five thousand dollars (\$125,000), 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 WECC201002086, WECC201002087, WECC201002240,

¹ *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).

² See 18 C.F.R § 39.7(c)(2).

³ 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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WECC201002247 and WECC201002287 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement entered into as of August 29, 2011 and by and between URE and WECC, which is included as Attachment a. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty 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 (2007), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	URE	NOC-975	WECC201002086	CIP-003-1	R4	Medium ⁴	125,000
			WECC201002087	CIP-003-1	R5	Lower	
			WECC201002240	CIP-006-1	R1	Medium ⁵	
			WECC201002247	PRC-STD-001-1	WR1	N/A ⁶	

⁴ CIP-003-1 R4 and R4.1 each have a "Medium" Violation Risk Factor (VRF); CIP-003-1 R4.2 and R4.3 each have a "Lower" VRF. When NERC first filed VRFs, it assigned CIP-003-1 R4 and R4.1 a "Lower" VRF. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified "Medium" VRFs and on February 2, 2009 and August 20, 2009, the Commission approved the modified "Medium" VRFs for CIP-003-1 R4 and R4.1, respectively. Therefore, the "Lower" VRFs for CIP-003-1 R4 and R4.1 were in effect from June 18, 2007 until February 2, 2009 and June 18, 2007 through August 20, 2009 when the "Medium" VRFs for CIP-003-1 R4 and R4.1, respectively, became effective.

⁵ CIP-006-1 R1, R1.1, R1.2, R1.3, R1.4, R1.5 and R1.6 each have a "Medium" VRF; CIP-006-1 R1.7 and R1.8 each have a "Lower" VRF. When NERC filed VRFs it originally assigned CIP-006-1 R1.5 a "Lower" VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified "Medium" VRF and on February 2, 2009, the Commission approved the modified "Medium" VRF. Therefore, the "Lower" VRF for CIP-006-1 R1.5 was in effect from June 18, 2007 until February 2, 2009, when the "Medium" VRF became effective. In the context of this case, WECC determined the violation applied to CIP-006-1 R1.6 and R1.8.

⁶ This is a WECC Regional Standard and therefore has no VRF assigned to it.

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			WECC201002287	PRC-005-1	R2	High ⁷	
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CIP-003-1 R4 and R5 (WECC201002086 and WECC201002087)

The purpose statement of CIP-003-1 provides: “Standard CIP-003 requires that Responsible Entities have minimum security management controls in place to protect Critical Cyber Assets. Standard CIP-003 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009.”

CIP-003-1 R4 and R5 provide:

R4. Information Protection — The Responsible Entity shall implement and document a program to identify, classify, and protect information associated with Critical Cyber Assets.

R4.1. The Critical Cyber Asset information to be protected shall include, at a minimum and regardless of media type, operational procedures, lists as required in Standard CIP-002, network topology or similar diagrams, floor plans of computing centers that contain Critical Cyber Assets, equipment layouts of Critical Cyber Assets, disaster recovery plans, incident response plans, and security configuration information

R4.2. The Responsible Entity shall classify information to be protected under this program based on the sensitivity of the Critical Cyber Asset information.

R4.3. The Responsible Entity shall, at least annually, assess adherence to its Critical Cyber Asset information protection program, document the assessment results, and implement an action plan to remediate deficiencies identified during the assessment.

R5. Access Control — The Responsible Entity shall document and implement a program for managing access to protected Critical Cyber Asset information.

R5.1. The Responsible Entity shall maintain a list of designated personnel who are responsible for authorizing logical or physical access to protected information.

⁷ PRC-005-1 R2 has a “Lower” VRF; PRC-005-1 R2.1 and R2.2 each have a “High” VRF. In the context of this case, WECC determined the violation applied to PRC-005-1 R2.1 and R2.2, and a “High” VRF is appropriate.

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R5.1.1. Personnel shall be identified by name, title, business phone and the information for which they are responsible for authorizing access.

R5.1.2. The list of personnel responsible for authorizing access to protected information shall be verified at least annually.

CIP-003-1 R4 has a "Medium" Violation Risk Factor (VRF)⁸ and "Severe" Violation Severity Level (VSL); CIP-003-1 R5 has a "Lower" VRF And a "Severe" VSL.

WECC notified URE that it was initiating a semi-annual CIP certification process, and Self-Certification submittals were due to WECC. URE submitted a Self-Report and reported noncompliance with CIP-003-1 R4 and R5, and three days later, URE submitted its Self-Certification.

In its Self-Report, URE stated that it had not fully developed and documented an information protection program (IPP) to identify, classify, protect and control access to Critical Cyber Asset (CCA) information. Based on the Self-Report, Self-Certification and additional information provided by URE compliance staff, WECC determined that although URE had developed and implemented policy and training procedures to protect CCAs information, these policies had not been documented and included in an IPP that addresses all elements of R4.

WECC also determined that URE failed to document and implement a program for managing access to protected CCA information and failed to maintain a list of its designated personnel that are responsible for authorizing logical and/or physical access to URE's CCA information, in violation of R5.

WECC determined the duration of these violations to be from the date the Standard became enforceable through when URE completed its Mitigation Plan.

WECC determined that the violation of R4 posed a moderate risk, but did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because URE had an alternative measure in place to compensate for the lack of a program that protects CCA information. Namely, URE

⁸On 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.

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had a cyber security training program designed to educate personnel with access to CCAs about security controls related to CCA information.

WECC determined that the violation of R5 posed a minimal risk, and did not pose a serious or substantial risk to the reliability of the BPS because as a compensating measure, URE had a cyber security training program to educate personnel having access to CCAs.

Status of Mitigation Plan⁹

URE's Mitigation Plan to address its violations of CIP-003-1 R4 and R5 was submitted to WECC on January 29, 2010 with a proposed completion date October 1, 2010. The Mitigation Plan was accepted by WECC on October 1, 2010 and approved by NERC on November 5, 2010. The Mitigation Plan for these violations was submitted as non-public information to FERC on November 5, 2010 in accordance with FERC orders.

According to the Mitigation Plan, URE:

1. Developed and implemented an information protection program to include operational procedures, CCA lists, network topology, floor plans, CCAs equipment layout, disaster recovery plans, incident response plans and security configurations;
2. Established a detailed list of all CCA information to classify, protect and control access appropriately;
3. Implemented IPP training;
4. Assessed adherence to IPP and access controls; and
5. Established a detailed list of all CCA information to classify, protect and control access appropriately.

URE certified on October 14, 2010 that the above Mitigation Plan requirements were completed on September 20, 2010. As evidence of completion of its Mitigation Plan, URE submitted the following:

1. IPP document (evidence for CIP-003-1 R4);
2. IPP review document (CIP-003-1 R4);
3. Protected information access control program document (CIP-003-1 R5);
4. Access to protected procedures roles assignment (CIP-003-1 R5);

⁹ See 18 C.F.R § 39.7(d)(7).

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5. Request for access to protected information form (CIP-003-1 R5);
6. Access approvers identification document (CIP-003-1 R5);
7. Authorized access to protected information log (CIP-003-1 R5);
8. Protected information access control program document (CIP-003-1 R5);
9. Access approvers identification list (CIP-003-1 R5); and
10. Training documents including attendance sheet.

On January 13, 2011, WECC verified that URE's Mitigation Plan was completed on September 20, 2010.

CIP-006-1 R1 (WECC201002240)

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

CIP-006-1 R1 provides:

R1. Physical Security Plan — The Responsible Entity shall create and maintain a physical security plan, approved by a senior manager or delegate(s) that shall address, at a minimum, the following:

R1.1. Processes to ensure and document that all Cyber Assets within an Electronic Security Perimeter also reside within an identified Physical Security Perimeter. Where a completely enclosed ("six-wall") border cannot be established, the Responsible Entity shall deploy and document alternative measures to control physical access to the Critical Cyber Assets.

R1.2. Processes to identify all access points through each Physical Security Perimeter and measures to control entry at those access points.

R1.3. Processes, tools, and procedures to monitor physical access to the perimeter(s).

R1.4. Procedures for the appropriate use of physical access controls as described in Requirement R3 including visitor pass management, response to loss, and prohibition of inappropriate use of physical access controls.

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R1.5. Procedures for reviewing access authorization requests and revocation of access authorization, in accordance with CIP-004 Requirement R4.

R1.6. Procedures for escorted access within the physical security perimeter of personnel not authorized for unescorted access.

R1.7. Process for updating the physical security plan within ninety calendar days of any physical security system redesign or reconfiguration, including, but not limited to, addition or removal of access points through the physical security perimeter, physical access controls, monitoring controls, or logging controls.

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

R1.9. Process for ensuring that the physical security plan is reviewed at least annually.

CIP-006-1 R1.8 has a "Lower" VRF and a "Severe" VSL; CIP-006-1 R1.6 has a "Medium" VRF and a "Severe" VSL.

WECC notified URE that it was initiating a semi-annual CIP certification process, and Self-Certification submittals were due to WECC. URE submitted a Self-Report addressing a violation of this standard, and three days later, URE submitted its Self-Certification.

Based on the Self-Certification, Self-Report and interviews with URE's compliance staff, WECC determined that at the time of the violation, URE used a system comprised of a server and several work stations connected to the corporate LAN network. The system was used to access control and monitoring of Physical Security Perimeters (PSPs) and to manage card readers for its locations. WECC determined that this system did not have the applications or technical functions required to ensure that its Cyber Assets used in the access control and monitoring of the PSPs had the protective measures specified in R1.8 with regards to the Electronic Security Perimeter, testing, Cyber Security Incident response, backup and recovery plan components.

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In addition, URE later submitted a Self-Report for a violation of R1.6. WECC determined that URE violated R1.6 because URE had allowed unescorted access of one air conditioning specialist who was not authorized for unescorted access within its PSPs.

WECC determined the duration of the violation to be from the date the Standard became enforceable through when URE completed its Mitigation Plan.

WECC determined that this violation posed a moderate risk, but did not pose serious or substantial risk to the reliability of the BPS because URE confirmed that the main server for the access control and monitoring assets was in a room that required card reader access, thus providing a layer of protection to the system. In addition, the building where the main server was positioned also required access reader authorization.

Status of Mitigation Plan¹⁰

URE submitted a Mitigation Plan to address its violation of CIP-006-1 R1.8 on January 29, 2010. On July 14, 2011, WECC requested that URE re-submit a Mitigation Plan to address both R1.8 and R1.6 in one Mitigation Plan. The revised plan was submitted to WECC on July 15, 2011 and approved by NERC on September 13, 2011. The Mitigation Plan for this violation was submitted as non-public information to FERC on September 14, 2011 in accordance with FERC orders.

According to the Mitigation Plan, URE:

1. Procured and upgraded its software and hardware systems;
2. Configured its software and hardware;
3. Incorporated security measures into its Energy Management Systems procedures;
4. Began monitoring and implemented these procedures;
5. Included a physical access control system into its physical security plan; and
6. Fully integrated the physical access control system into its enhanced procedures.

URE certified July 15, 2011 that the requirements for mitigating R1.8 were completed on January 31, 2011. As evidence of completion of its Mitigation Plan, URE submitted the following:

¹⁰ See 18 C.F.R § 39.7(d)(7).

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1. URE's annual cyber security training (CST) summary/outline. The document outlines the training schedule which URE utilized to implement and outreach URE's IPP;
2. Copies of a CST sign-in-sheet and URE confidentiality statement were provided to illustrate employees' attendance and completion of CST/IIP training; and
3. Updated physical security plan which was approved by the authorized senior manager.

On August 2, 2011, WECC sent a letter to URE, stating that after reviewing the evidence submitted by URE on July 15, 2011 regarding compliance with CIP-006-1 R1.8 and R1.6,¹¹ WECC accepted the completion of the revised Mitigation Plan.

PRC-STD-001-1 WR1 (WECC201002247)

The purpose statement of PRC-STD-001-1 provides: "Regional Reliability Standard to certify all protective relay applications for the Bulk Power Transmission Paths of the Western Interconnection."

PRC-STD-001-1 WR1 provides:

WR1. Each Transmission Operator or Transmission Owner identified in Section 4.1 must submit documentation that an officer of the organization certifies that:

- a. All protective relay applications are appropriate for the Bulk Power Transmission Paths ("BPTP") identified in Attachment A – Table 2 of this Standard pursuant to applicable WECC Standards and NERC Standards;
- b. The BPTP protective relay settings and logic are appropriate pursuant to applicable WECC Standards and NERC Standards;
- c. Since the last certification or for the last three years all network changes in the path, at the terminals of the path, or in nearby facilities that affect operation of the path have been considered in the protective relay application and settings;

¹¹ WECC dismissed the violation of R1.6 and consolidated it under the Mitigation Plan for R1.8. Because both violations are sub-requirements of CIP-006 R1, WECC Enforcement determined that URE's noncompliance with CIP-006-2 R1.6 is appropriate for consolidation under Violation Number WECC201002240, which is currently under the same Mitigation Plan.

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d. All relay operations since the last certification or during the last three-year period have been analyzed for correctness and appropriate corrective action taken pursuant to applicable WECC Standards and NERC Standards;

e. Up-to-date relay information has been provided to the on-shift operating personnel and the appropriate Reliability Coordinator.

Note: If a path operator cannot submit certification on behalf of the multiple owners of a path for Protective Relay Application and Settings because the authority for certification resides with one or more path owners, then the path owner(s) shall submit the certification. The path operator shall notify the path owner(s) and WECC in writing that the path owner(s) is (are) to submit the certification. (Source: WECC Criterion)

C. Measures

WM1. A Transmission Operator or Transmission Owner identified in Section A.4.1 must accurately complete the Protective Relay Application and Settings Certification form. (Source: Compliance Standard)

URE submitted a Self-Report for a violation of PRC-STD-001-1 WR1. According to the Self-Report, on August 4, 2010, URE contacted its Transmission Operator to ensure it was compliant with this Standard and it learned that the TOP had sent letters in 2008 and 2009 notifying WECC and the transmission path owners that they should submit a Protective Relay Application and Settings Certification with WECC. URE has no record of receiving the TOP's letters, although the TOP was later able to provide copies of the letters. As a result, URE did not submit certification for the relays on its portion of a transmission line and another facility for the period of 2007, 2008 and 2009.

Based on the Self-Report and additional information from URE, WECC determined that URE violated this Standard for failure to file the annual Protective Relay Application and Settings Certification as an owner of a portion of WECC critical Paths.

WECC determined that this violation posed a moderate risk, but did not pose a serious or substantial risk to the reliability of the BPS because URE's transmission line represents less than 2% of the normal path rating and less than 5% of the path's southern allocation. However, WECC determined that the

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risk was moderate because the transmission line terminates at substations associated with other lines comprising the path, thus magnifying the potential impact of a potential misoperation.

Status of Mitigation Plan¹²

URE's Mitigation Plan to address its violation of this Standard was submitted to WECC on December 3, 2010. The Mitigation Plan, with a proposed completion date of January 26, 2011, was accepted by WECC December 8, 2010 and approved by NERC on January 12, 2011. The Mitigation Plan for this violation was submitted as non-public information to FERC on January 13, 2011 in accordance with FERC orders.

According to the Mitigation Plan, URE:

1. Developed and implemented a process to ensure that URE certifies annually its Protective Relay Application and Settings to WECC; and
2. Trained an employee to submit annually URE's certification through WECC's web portal.

URE certified on January 24, 2011 that the above Mitigation Plan requirements were completed on January 12, 2011. As evidence of completion of its Mitigation Plan, URE submitted the following:

1. A procedure has been developed, approved and implemented to ensure annual certification takes place whether or not the letter from the TOP is received, URE will certify annually its Protective Relay Application and Settings to WECC as specified in Form A.7 2; and
2. The assigned employees have been trained on this procedure and the PRC-STD-001-1 regional standard and are listed on the Certification of Protective Relay Applications and Settings training sign sheet.

In a letter dated April 5, 2011, WECC notified URE that it accepted the completion of this Mitigation Plan.

PRC-005-1 R2 (WECC201002287)

The purpose statement of PRC-005-1 provides: "To ensure all transmission and generation Protection Systems¹³ affecting the reliability of the Bulk Electric System (BES) are maintained and tested."

¹² See 18 C.F.R § 39.7(d)(7).

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PRC-005-1 R2 provides:

R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization¹⁴ on request (within 30 calendar days). The documentation of the program implementation shall include:

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

R2.2. Date each Protection System device was last tested/maintained.

(Footnotes added.)

PRC-005-1 R2.1 has a “High” VRF and a “Severe” VSL; PRC-005-1 R2.2 has a “High” VRF and a “High” VSL.

URE submitted a Self-Report, stating that it had not performed all monthly and annual visual inspections for its internal current transformers (CTs) because these CTs were imbedded in the breaker, and it was not technically feasible to perform such inspections after the initial commissioning of the breaker. WECC determined that URE had not performed all of the monthly visual inspections of the CTs included in URE's generation and transmission Protection System maintenance and testing program from the last date of URE's previous on-site Audit.

WECC conducted an on-site Audit in addition to the CTs inspections, and determined that the scope of URE's noncompliance included additional protective devices. Based on the entire record, WECC determined that URE could not provide evidence of maintenance and testing within defined intervals or the last testing date for protective relays (29%), associated communication systems (7%), voltage and current sensing devices (59%), station batteries (45%) and DC control circuitry devices (74%), and for its combined transmission and generation Protection Systems, in violation of R2.1 and R2.2

¹³ *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.”

¹⁴ Consistent with applicable FERC precedent, the term ‘Regional Reliability Organization’ in this context refers to WECC.

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WECC determined the duration of the violation to be from the day after the previous on-site audit to when the Mitigation Plan was completed.

WECC determined that this violation posed a minimal risk, and did not pose a serious or substantial risk to the reliability of the BPS because although URE missed monthly visual inspections for each CT, in most cases the CTs were visually inspected in the month before or after the missed inspection month. In addition, the annual infrared imaging inspection was performed as defined in URE's maintenance and testing plan, and this inspection provided definitive preventive maintenance results. Further, URE proposed an aggressive plan to quickly maintain and test all equipment and completed the plan ahead of schedule.

Status of Mitigation Plan¹⁵

URE's Mitigation Plan to address its violation of PRC-005-1 R2 was submitted to WECC on January 19, 2011. The Mitigation Plan was accepted by WECC on April 6, 2011 and approved by NERC on May 9, 2011. The Mitigation Plan for this violation was submitted as non-public information to FERC on May 9, 2011 in accordance with FERC orders.

According to the Mitigation Plan URE:

1. Tested all protective devices for which the last test date was outside the established schedule; and
2. Implemented new database software with all records for Protection System elements, to minimize the probability of future violations.

URE certified on April 13, 2011 that the above Mitigation Plan requirements were completed on March 31, 2011. As evidence of completion of its Mitigation Plan, URE submitted the following:

1. Generation maintenance document showing that the testing was performed for the elements off schedule in which the last test date was outside the established schedule for the generation facilities;
2. Generation maintenance document showing previous test dates;

¹⁵ See 18 C.F.R § 39.7(d)(7).

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3. Transmission maintenance document showing that the testing was performed for the elements off schedule in which their last test date was outside the established schedule for the transmission facilities;
4. Transmission maintenance document showing previous test dates;
5. Battery maintenance and testing summary providing the monthly inspections and quarterly battery maintenance and testing dates for all the applicable generators and substations facilities and establishing the prior test date; and
6. Protection System maintenance and testing program document defining the battery inspection and maintenance intervals.

WECC verified that URE's Mitigation Plan was completed on March 31, 2011 and notified URE in a letter dated September 13, 2011.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed¹⁶ 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,¹⁷ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on November 1, 2011. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a one hundred twenty five thousand dollar (\$125,000) 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. Mitigating factors:

¹⁶ See 18 C.F.R. § 39.7(d)(4).

¹⁷ *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).

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- a. URE self-reported the violations of PRC-STD-001-1 WR1 and PRC-005-1 R2.1 and R2.2;
 - b. URE has a documented internal compliance program (ICP);
 - c. WECC reported that URE was cooperative throughout the compliance enforcement process and completed the applicable compliance directives;
 - d. There was no evidence of any attempt to conceal a violations nor evidence that the violations were intentional; and
 - e. WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS.
2. Aggravating factors:
- a. URE's violation history.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of one hundred twenty-five thousand dollars (\$125,000) 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 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:

- a) Settlement Agreement by and between WECC and URE executed August 29, 2011, included as Attachment a;
- b) Record Documents for CIP-003-1 R4 and R5, included as Attachment b:
 - i. URE's Self-Certification, included as Attachment b-1;
 - ii. URE's Self-Report, included as Attachment b-2;
 - iii. URE's Mitigation Plan, included as Attachment b-3;

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- iv. URE's Certification of Mitigation Plan Completion for CIP-003-1 R4, included as Attachment b-4;
 - v. URE's Certification of Mitigation Plan Completion for CIP-003-1 R5, included as Attachment b-5;
 - vi. WECC's Verification of Mitigation Plan Completion, included as Attachment b-6;
- c) Record Documents for CIP-006-1 R1, included as Attachment c:
- i. URE's Self-Report for CIP-006-1 R1.8, included as Attachment c-1;
 - ii. UREs Self-Certification for CIP-006-1 R1.8, included as Attachment c-2;
 - iii. URE's Self-Report for CIP-006-1 R1.6, included as Attachment c-3;
 - iv. URE's Mitigation Plan, included as Attachment c-4;
 - v. URE's Certification of Mitigation Plan Completion, included as Attachment c-5;
 - vi. WECC's Verification of Mitigation Plan Completion, included as Attachment c-6;
- d) Record Documents for PRC-STD-001-1 WR1, included as Attachment d:
- i. URE's Self-Report, included as Attachment d-1;
 - ii. URE's Mitigation Plan, included as Attachment d-2;
 - iii. URE's Certification of Mitigation Plan Completion, included as Attachment d-3;
 - iv. WECC's Verification of Mitigation Plan Completion, included as Attachment d-4;
- e) Record Documents for PRC-005-1 R2, included as Attachment e:
- i. URE's Self-Report, included as Attachment e-1;
 - ii. URE's Mitigation Plan, included as Attachment e-2;
 - iii. URE's Certification of Mitigation Plan Completion, included as Attachment e-3;
 - iv. WECC's Verification of Mitigation Plan Completion, included as Attachment e-4;

A Form of Notice Suitable for Publication¹⁸

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

¹⁸ See 18 C.F.R § 39.7(d)(6).

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Notices and Communications

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

<p>Gerald W. Cauley President and Chief Executive Officer North American Electric Reliability Corporation 3353 Peachtree Road NE Suite 600, North Tower Atlanta, GA 30326-1001 (404) 446-2560</p> <p>David N. Cook* Senior Vice President and General Counsel North American Electric Reliability Corporation 1120 G Street N.W., Suite 990 Washington, DC 20005-3801 202) 393-3998 (202) 393-3955 – facsimile david.cook@nerc.net</p> <p>Mark Maher* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (360) 713-9598 (801) 582-3918 – facsimile Mark@wecc.biz</p>	<p>Rebecca J. Michael* Assistant General Counsel for Corporate and Regulatory Matters Sonia C. Mendonça* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net sonia.mendonca@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p>
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Constance White*
Vice President of Compliance
Western Electricity Coordinating Council
155 North 400 West, Suite 200
Salt Lake City, UT 84103
(801) 883-6885
(801) 883-6894 – facsimile
CWhite@wecc.biz

Sandy Mooy*
Senior Legal Counsel
Western Electricity Coordinating Council
155 North 400 West, Suite 200
Salt Lake City, UT 84103
(801) 819-7658
(801) 883-6894 – facsimile
SMooy@wecc.biz

*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.

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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/ Rebecca J. Michael

Rebecca J. Michael
Assistant General Counsel for Corporate
and Regulatory Matters
Sonia C. Mendonça
Attorney
North American Electric Reliability
Corporation
1120 G Street, N.W.
Suite 990
Washington, DC 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
sonia.mendonca@nerc.net

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability
Corporation
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326-1001
(404) 446-2560

David N. Cook
Senior Vice President and General Counsel
North American Electric Reliability
Corporation
1120 G Street N.W., Suite 990
Washington, DC 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
david.cook@nerc.net

cc: Unidentified Registered Entity
Western Electricity Coordinating Council

Attachments