



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

# NERC Compliance Process Bulletin #2009-003

## Pro Forma Settlement Process for Documentary Requirements

### Version 2.0

June 29, 2009 | Public Process Announcement

The purpose of this Compliance Process Bulletin is to provide guidance concerning the applicability and implementation of pro forma settlement process for violations of certain documentary requirements.

### Background

NERC, in conjunction with the Regional Entities, established a pro forma settlement process to improve efficiency of the enforcement of the NERC Reliability Standards. This settlement process is expected to reduce administrative burdens in processing violations where the risk to reliability is limited. This process should limit the resources needed to close out such violations and expedite the overall time for review. The process is also expected to be an additional tool for the REs to use in processing the violations.

The pro forma settlement process is structured to work within the current requirements of the NERC Compliance Monitoring and Enforcement Program (CMEP) and the Rules of Procedure (RoP). To facilitate efficiency, the process identifies a set of reliability standard requirements for which violations can be settled on a limited record, given the requirements' relatively limited risk to bulk power system reliability and ease of mitigation. While the pro forma settlement process will improve efficiency in resolving certain violations, there remains a need for this process: (1) to develop a sufficient record to support the settlement of each violation for approval by the Regional Entities, NERC and ultimately by FERC; and (2) to determine and assess penalties that are consistently applied across each of the Regions and consistent with the Sanction Guidelines. To facilitate successful implementation, this Compliance Process Bulletin outlines a framework for each Regional Entity to follow in pursuing pro forma settlements with its Registered Entities in certain specific circumstances.

While the current pro forma process is limited in applicability, NERC staff is working with the Regional Entities to expand the applicability of this program or develop similar settlement processes for minor violations that do not necessarily fall within the current scope of this process.

### Applicability

It is important to define explicitly and objectively the scope of reliability standard violations for which Regional Entities may pursue pro forma settlements. If the scope of reliability standard

violations is unclear or if the process allows too much discretion as to the applicability of the pro forma settlement process, the prospects for protracted litigation over those points may undermine the purpose and expected efficiency gains of this process. This Compliance Process Bulletin defines the applicability of the pro forma settlement process in a number of critical ways.

First, attached as Appendix A is a list of the specific NERC Reliability Standard violations to which the pro forma settlement process applies. This list reflects a subset of the requirements in the NERC Reliability Standards that have been assigned “Lower” or “Medium” Violation Risk Factors (VRFs). Of these requirements with Lower or Medium VRFs, the list was further narrowed to include only documentation-related violations, i.e., requirements for which the entity is performing the task(s) or responsibilities identified by the requirement and mitigation of any violation would entail the production of (1) records, (2) a revised document to address the requirements of the reliability standard, or (3) the document on a schedule. Performance issues, including those where the existence of a plan or process is the basis of the requirement, are excluded because failure to perform will have varying degrees of impact on bulk power system reliability.<sup>1</sup> Of those documentary requirements, the list was further restricted to exclude requirements of unique importance or for which there has not been sufficient experience to apply this pro forma settlement process.<sup>2</sup> In short, the list in Appendix A confines the scope of this pro forma settlement process to violations of a subset of documentary requirements of reliability standards that have been assigned Lower or Medium VRFs.

Second, this settlement process will apply only to violations identified in self-reports and self-certifications. This is intended to encourage self-reporting. In addition, because the administrative burden and resources in processing self-reported violations are more limited than processing violations discovered through other processes, this restriction is consistent with the efficiency goals of this pro forma settlement process.

Third, the pro forma settlement process will not be available for repeat violations or in situations where there is a pervasive lack of documentation. In keeping with the NERC Sanction Guidelines, this restriction would also exclude violations where the Registered Entity had previously committed similar or related violations on similar topics. The scope of this restriction will need to be determined by each Regional Entity in the context of specific cases, but the guiding tenet is that the pro forma settlement is not appropriate in cases where a fuller consideration of a Registered Entity’s compliance culture is required.

Finally, although this Compliance Process Bulletin provides clear guidance as to the applicability of the pro forma settlement agreement template, use of this settlement process is not mandatory, and Regional Entities, in consultation with NERC staff, should use discretion to determine

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<sup>1</sup> Some non-documentary requirements were also excluded because the settlement of violations of such requirements would entail an assessment of a Registered Entity’s performance, which would likely require more record support than the short form settlement process would allow. For example, settlement of violations of performance-oriented standards would likely require an evaluation of performance prior to and after mitigation, duration of the violation, *etc.*

<sup>2</sup> Examples of these excluded documentary requirements include Requirement R2 of PRC-005 and the various documentary requirements under CIP-002 to CIP-009.

whether or not to use more traditional enforcement processes for certain cases that may otherwise qualify for this pro forma settlement process.

### **Settlement Terms**

A template for a pro forma settlement agreement is attached as Appendix B. Regional Entities should use this template without modification. The template contains the provisions to meet the requirements for approval by the Regional Entities, NERC and ultimately FERC. The template provides blanks to be filled in when appropriate case-specific information is required. In this regard, the template will improve efficiency and consistency in the processing of violations covered by this process.

The template also contains important features defining the scope and effect of each pro forma settlement. First, the template provides for a full and complete settlement of the violations identified in each pro forma settlement, and that will eliminate the administrative burden of further appellate process with respect to those violations. Second, the template is structured to ensure that NERC and the Regional Entities are not precluded from investigating or pursuing violations other than those resolved under the pro forma settlement. Finally, the template also provides that NERC and the Regional Entities are not precluded from considering the settled violations in assessing a Registered Entity's compliance culture in future enforcement actions.

Another important element of the template is the use of the standard Mitigation Plan template and the requirement that the Mitigation Plan needs to be certified as complete by the Registered Entity and verified as complete by the Regional Entity. Use of the standard Mitigation Plan template ensures that limited record information needed for approval of the settlement is complete and consistently gathered. This will facilitate efficient processing of the pro forma settlements. Ensuring that the mitigation is complete through a certification by the Registered Entity and verification by the Regional Entity will minimize the administrative burden of tracking ongoing Mitigation Plan compliance. The requirement that mitigation be complete, of course, should not preclude a Regional Entity from commencing pro forma settlement discussions with appropriate Registered Entities while mitigation is still pending; the completion of mitigation would only dictate when such a settlement would move forward for approval.

### **Penalty Determination**

To further facilitate the efficiency of this pro forma settlement process, this Compliance Process Bulletin also contemplates the use of pre-determined penalties that would be assessed for violations covered by this process. To satisfy the NERC Sanction Guidelines, these penalty amounts would be determined based on the Base Penalty Amount Table in the Sanction Guidelines. Specifically, they would be determined by taking minimum dollar values listed in the table for each Violation Risk Factor (Lower or Medium) and certain Violation Severity Levels (Lower, Moderate, or High)<sup>3</sup> associated with a particular reliability standard requirement

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<sup>3</sup> The "Severe" VSL was excluded from consideration. The "High" VSL was considered only in limited situations where that level reflected only a difference in the duration of a violation or failure to address one additional element of a requirement in a document. As with consideration of violations with "Lower" or "Moderate" VSLs, violations with "High" VSLs would not be considered if they reflect a complete failure to have required documents (i.e., a performance failure).

and applying an adjustment factor to reflect duration of the violation, recognizing that most violations of documentary standards discovered to date have existed since June 18, 2007 or earlier.

**Program Modification and/or Expansion**

The pro forma settlement process outlined above was reviewed and developed by NERC staff and Regional Entity staff, and reflects an initial starting point for the implementation of the pro forma settlement process. As NERC and the Regional Entities gain experience with the program, it is expected that NERC and the Regional Entities will revisit this pro forma settlement process, its applicability, the template or the predetermined penalty amounts, and they will determine whether modifications are required or the applicability of the program should be expanded to cover areas not yet addressed. Such modifications would be reflected in future revisions to this Compliance Process Bulletin.

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**Process disclaimer:** NERC reserves the right to issue new process bulletins or modify existing process bulletins when necessary and at its discretion.

**REVISION HISTORY**

Version.	Date	Reviewers	Revision Description
1	June 2, 2009	NERC and Regional Entity Staff	Version 1.0
2	June 29, 2009	NERC and Regional Entity Staff	Minor typographical corrections

**APPENDIX A**

**DOCUMENTARY REQUIREMENTS SUBJECT TO  
PRO FORMA SETTLEMENT PROCESS**

Standard	Requirement	VRF	Comment	Applicability		
				Lower VSL	Moderate VSL	High VSL
BAL-002-0	R2.2, R2.3, R2.4, R2.5, R2.6	Medium	Reserve policy document deficiency only	✓	✓	N/A
BAL-003-0a	R1.2	Lower		✓	✓	N/A
BAL-006-1	R5	Lower		✓	✓	N/A
CIP-001-1	R2	Medium		✓	N/A	N/A
EOP-001-0	R6	Medium	Entity addresses all elements but are not included in document	✓	✓	N/A
EOP-004-1	R3.1, R3.4	Lower		✓	✓	✓
EOP-005-1	R1	Medium	Entity has a plan and addresses all elements but not all elements are not included in document	✓	✓	N/A
EOP-008-0	R1.7	Medium		✓	✓	N/A
EOP-009-0	R1, R2	Medium	For R1, blackstart test was performed but not documented	✓	N/A	N/A

				Applicability		
FAC-001-0	R1, R1.1, R1.2, R1.3	Medium	Entity has a plan and addresses all elements but not all elements are not included in document	✓	✓	N/A
FAC-001-0	R2	Medium	Entity addresses all elements but are not included in document	✓	✓	N/A
FAC-001-0	R3	Medium		✓	✓	N/A
FAC-002-0	R2	Lower		✓	✓	✓
FAC-008-1	R1, R1.1, R1.2, and R1.3	Lower	Entity has methodology addresses all elements but are not included in document	✓	✓	N/A
FAC-008-1	R2, R3	Lower		✓	N/A	N/A
FAC-009-1	R2	Lower		✓	N/A	N/A
IRO-001-1	R5	Lower	Delegation agreements must exist for all entities	✓	✓	N/A
IRO-014-1	R1.1	Lower	Entity addresses all elements but are not included in document	✓	✓	N/A
IRO-014-1	R4	Lower	Entity performs all elements but are not included in document	✓	✓	N/A

				Applicability		
MOD-006-0	R1	Lower	Entity addresses all elements but are not included in document	✓	✓	N/A
MOD-006-0	R2	Lower		✓	N/A	N/A
MOD-007-0	R2	Lower		✓	N/A	N/A
PRC-007-0	R3	Lower		✓	✓	N/A
PRC-009-0	R2	Lower		✓	✓	N/A
PRC-010-0	R2	Lower		✓	✓	N/A
PRC-011-0	R2	Lower		✓	✓	N/A
PRC-015-0	R3	Lower		✓	✓	N/A
PRC-016-0	R3	Lower		✓	✓	N/A
PRC-017-0	R2	Lower		✓	✓	N/A
PRC-021-1	R2	Lower		✓	✓	N/A
PRC-022-1	R2	Lower		✓	✓	N/A
TPL-002-0	R3	Lower		N/A	✓	N/A
TPL-003-0	R3	Lower		N/A	✓	N/A
TPL-004-0	R2	Lower		N/A	✓	N/A
VAR-001-1	R3.2	Lower		✓	✓	N/A
VAR-001-1	R11	Lower		✓	N/A	N/A
VAR-002-1a	R4	Lower	Applicable if the violations are solely based on the fact that data was not provided within the deadlines, but was provided later	✓	✓	✓

## APPENDIX B

### PRO FORMA SETTLEMENT AGREEMENT TEMPLATE

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#### PRO FORMA SETTLEMENT AGREEMENT OF [REGIONAL ENTITY] AND [REGISTERED ENTITY]

##### I. Introduction

1. [REGIONAL ENTITY] and [REGISTERED ENTITY] (the “Settling Parties”) enter into this Pro Forma Settlement Agreement (the “Settlement Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in [REGIONAL ENTITY]’s determination and findings, pursuant to the North American Electric Reliability Corporation (‘NERC’) Rules of Procedure, alleging a violation by [REGISTERED ENTITY] of the NERC Reliability Standard(s) XXX, Requirement(s) RR. ([INSERT NERC VIOLATION ID’S AND REGIONAL VIOLATION ID’S])
2. The Settling Parties acknowledge and agree that this Pro Forma Settlement Agreement is intended to apply only in the limited circumstances as outlined in NERC Compliance Bulletin 2009-003.
3. The Settling Parties further acknowledge and agree that this Settlement Agreement is not binding on [REGIONAL ENTITY], the North American Electric Reliability Corporation [“NERC”], or the Federal Energy Regulatory Commission (Commission) with respect to matters not specifically settled herein. The Settling Parties further acknowledge and agree that should NERC determine that one or more of the required conditions specified in Paragraph 2 above not apply, NERC may reject this Settlement Agreement on that basis.
4. This Settlement Agreement is further subject to the general terms and conditions provided in the attached Addendum A, which are incorporated herein by reference.

##### II. Stipulation Regarding Facts And Background Statement

5. Except as provided in Paragraph 7 of Addendum A, the facts stipulated herein are stipulated solely for the purpose of resolving between [REGISTERED ENTITY] and [REGIONAL ENTITY] the matters discussed herein and do not

constitute stipulations or admissions for any other purpose. [REGISTERED ENTITY] and [REGIONAL ENTITY] hereby stipulate and agree to the facts, findings and conclusions provided in the attached Addendum B.

### **III. Parties' Separate Representations**

#### **A. Statement of [REGIONAL ENTITY]**

6. [REGIONAL ENTITY] agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.

#### **B. Statement of [REGISTERED ENTITY]**

7. (Check one of the following)  
 [REGISTERED ENTITY] admits that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute [a violation] [violations] of \_\_\_\_\_.  
 [REGISTERED ENTITY] neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute [a violation][violations] of \_\_\_\_\_.
8. [REGISTERED ENTITY] has agreed to enter into this Settlement Agreement with [REGIONAL ENTITY] 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.
9. [REGISTERED ENTITY] agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.

### **IV. Penalty Determination**

10. The Settling Parties stipulate and agree to the penalty determination set forth in Addendum C. The Settling Parties further stipulate and agree for purposes of this Settlement Agreement that the penalty determined and reflected in Addendum C is reasonable in relation to the seriousness of the violation(s) alleged herein and takes into consideration efforts by [REGISTERED ENTITY] to remedy the violation in a timely manner.
11. The Settling Parties further stipulate and agree that the penalty determined and reflected in Addendum C appropriately takes into consideration the factors specified and procedure stipulated in Appendix 4B of the NERC Rules of Procedure, NERC Sanction Guidelines, Sections 3 and 4.

12. In consideration of the terms and conditions of this Settlement Agreement, [REGISTERED ENTITY] hereby waives any objection to the penalty determination set forth in Addendum C and stipulates and agrees to the imposition of the penalty.

#### **V. Penalty Payment**

13. [REGISTERED ENTITY] shall pay a monetary penalty of \$\$\$ to [REGIONAL ENTITY] via [check][wire transfer] within twenty days after receipt of an invoice from [REGIONAL ENTITY] to be issued after this Settlement Agreement has either been approved by the Commission or has become effective by operation of law. [REGIONAL ENTITY] shall notify [REGISTERED ENTITY] and NERC if the payment is not received.

#### **VI. Mitigation Actions and Actions to Prevent Recurrence**

14. The Settling Parties agree that the mitigation actions to achieve compliance with the requirements of the Reliability Standards addressed in this Settlement Agreement, as set forth in the Mitigation Plan attached as Addendum D, have been completed as of \_\_\_\_\_.
15. [REGISTERED ENTITY]'s Mitigation Plan to address the alleged violation(s) set forth in this Settlement Agreement was submitted to [REGIONAL ENTITY] on \_\_\_\_\_. The Mitigation Plan was accepted by [REGIONAL ENTITY] on \_\_\_\_\_ and approved by NERC on \_\_\_\_\_. The Mitigation Plan is identified as MIT-yy-xxxx and was submitted as non-public information to the Commission on [Date] in accordance with Commission orders.
16. [REGISTERED ENTITY] certified on \_\_\_\_\_ that the Mitigation Plan was completed on \_\_\_\_\_. [REGISTERED ENTITY]'s Mitigation Plan, its Certification of Mitigation Plan Completion and the Statement of [REGIONAL ENTITY] Regarding Completion of Mitigation Plan are included in Addendum D.
17. In addition to the mitigating actions described in the attached Mitigation Plan, [REGISTERED ENTITY] [has implemented][will implement] the following measures to help prevent a recurrence of a similar violation:
- i. [List actions to prevent recurrence]
18. [REGIONAL ENTITY] has reviewed the preventative measures described in paragraph 17 and has determined that these measures will assist [REGISTERED ENTITY] in improving prospective compliance with the requirements of the Reliability Standard(s) addressed in this Settlement Agreement and will

ultimately enhance the reliability of the bulk-power system within an appropriate time-frame.

*Remainder of page intentionally blank.  
Signatures to be affixed to the following page.*

Retired

Agreed to and accepted:

\_\_\_\_\_  
[NAME]  
[TITLE]  
[REGIONAL ENTITY]

\_\_\_\_\_  
Date

\_\_\_\_\_  
[NAME]  
[TITLE]  
[REGISTERED ENTITY]

\_\_\_\_\_  
Date

Retired

**ADDENDUM A**

**GENERAL TERMS AND CONDITIONS TO  
PRO FORMA SETTLEMENT AGREEMENT**

1. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement, may subject [REGISTERED ENTITY] to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
2. If [REGISTERED ENTITY] does not make the monetary penalty payment above at the times agreed by the parties, interest payable to [REGIONAL ENTITY] will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.
3. The signatories to the Settlement Agreement agree that they enter into the Settlement Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of [REGIONAL ENTITY] or [REGISTERED ENTITY] has been made to induce the signatories or any other party to enter into the Settlement Agreement.
4. [REGIONAL ENTITY] shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify [REGIONAL ENTITY] and [REGISTERED ENTITY] of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and [REGIONAL ENTITY] will attempt to negotiate a revised settlement agreement with [REGISTERED ENTITY] including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post this Settlement Agreement.
5. This Settlement Agreement shall become effective upon the Commission's approval of the Settlement Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
6. [REGISTERED ENTITY] agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and [REGISTERED ENTITY] waives its right to further hearings and appeal, unless and only to the extent that [REGISTERED ENTITY] contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. [REGIONAL ENTITY] reserves all rights to initiate enforcement, penalty or sanction actions against [REGISTERED ENTITY] in

accordance with the NERC Rules of Procedure in the event that [REGISTERED ENTITY] fails to comply with the mitigation plan and compliance program agreed to in this Settlement Agreement. In the event [REGISTERED ENTITY] fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, [REGIONAL ENTITY] will initiate enforcement, penalty, or sanction actions against [REGISTERED ENTITY] to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. Except as otherwise specified in this Settlement Agreement, [REGISTERED ENTITY] shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

7. [REGISTERED ENTITY] consents to the use of [REGIONAL ENTITY]'s determinations, findings, and conclusions set forth in this Settlement Agreement for the purpose of assessing the factors, including the factor of determining the [REGISTERED ENTITY]'s history of violations, that are set forth in the May 15, 2008 Revised Policy Statement on Enforcement issued by the Commission,<sup>4</sup> or that may be set forth in any successor policy statement or order. Such use may be in any enforcement action or compliance proceeding undertaken by [REGIONAL ENTITY], NERC or the Commission. Nothing contained in this Settlement Agreement shall be construed as precluding NERC, [REGIONAL ENTITY], or the Commission from considering the matter in question in future proceedings as a repeat violation.
8. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Settlement Agreement on the entity's behalf.
9. The undersigned representative of each party affirms that he or she has read the Settlement Agreement, that all of the 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, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Settlement Agreement.
10. The Settlement Agreement may be signed in counterparts.
11. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

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<sup>4</sup> *Revised Policy Statement on Enforcement*, 123 FERC ¶ 61,221 (2008).

**ADDENDUM B**

**STIPULATED FACTS, FINDINGS AND CONCLUSIONS**  
**(‘Pro Forma Settlement Agreement’)**

1. Identification of Regional Entity: [REGIONAL ENTITY]
  
2. Identification of the Registered Entity: [REGISTERED ENTITY]
  
3. Description of the Registered Entity.  
[REGISTERED ENTITY] is a XX engaged in XX in [where]. [Include other relevant information, such as nature of business or customers served and location of principal offices]  
  
[Describe facilities owned by the Registered Entity]  
  
[REGISTERED ENTITY] was included on the NERC Compliance Registry on [date] as a [insert function type(s)] and was subject to the requirements of NERC Reliability Standard [insert standards] at the time of the alleged violation.
  
4. Facts and Circumstances Related to the Alleged Violation of [reliability standard 1]:
  - a. Discovery Date: \_\_\_\_\_
  - b. Discovery Method: \_\_\_\_\_
  - c. Duration of Violation: From \_\_\_\_\_ until \_\_\_\_\_.
  - d. Brief Description of the Alleged Violation:  
[Describe Regional Entity’s determination of how the Registered Entity failed to meet the requirements of the reliability standard]
  - e. Brief Summary of Regional Entity’s Findings Supporting Its Allegation of a Violation:  
[Describe Regional Entity’s determination of how the Registered Entity failed to meet the requirements of the reliability standard]
  - f. Actual and Foreseeable Impact on Bulk-Power System Reliability:  
[Describe Regional Entity’s determination of the seriousness of the violation and risk to reliability of the violation]
  
5. [REGISTERED ENTITY]’s Statement.  
Sections 5.2 and 8.0 of the NERC Compliance Monitoring and Enforcement Program (CMEP) afford a Registered Entity an opportunity to submit a statement. [INSERT STATEMENT] OR [REGISTERED ENTITY] hereby agrees to waive the opportunity for this statement.

**ADDENDUM C**

**FACTORS CONSIDERED IN DETERMINATION OF PENALTY**  
**('Pro Forma Settlement Agreement')**

1. Pursuant to Section 4.3 of the Sanction Guidelines, [REGIONAL ENTITY] took into account the following Adjustment Factors (mitigating or aggravating) applicable to the Base Penalty Amount with the accompanying explanation where applicable:

Check if applicable:

Sec. 4.3.1 Repetitive Violation and Compliance History \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sec. 4.3.2 Failure to Comply with Compliance Directive \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sec. 4.3.3 Self-Disclosure and Voluntary Corrective Action \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sec. 4.3.4 Degree and Quality of Cooperation in Violation Investigation and Remedial Action \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sec. 4.3.6 Violation Concealment \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sec. 4.3.7 Intentional Violation \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Sec. 4.3.8 Extenuating Circumstances \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Other Factors (Including financial ability to pay pursuant to Section 4.4 of the Sanction Guidelines).  
\_\_\_\_\_  
\_\_\_\_\_

2. The Final Settled Penalty Amount is:

NERC Violation ID	Reliability Std.	Req. (R)	VRF	VSL	Final Settled Penalty (\$)

3. Relationship of seriousness of the alleged violation and effort by the [REGISTERED ENTITY] to voluntarily remedy the alleged violation: [Summarize severity of violation, actual and foreseeable risk to reliability, and Registered Entity’s efforts to remedy, if applicable.]

Retired

**ADDENDUM D**

**D-1: MITIGATION PLAN**

**D-2: CERTIFICATION OF COMPLETION OF MITIGATION PLAN**

**D-3: [REGIONAL ENTITY] VERIFICATION OF MITIGATION PLAN COMPLETION**

Retired