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NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

February 23, 2011

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

Re: NERC Abbreviated Notice of Penalty regarding Unidentified Registered Entity, FERC Docket No. NP11-__-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Unidentified Registered Entity (URE), with information and details regarding the nature and resolution of the violations[1] discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Document attached thereto in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).[2]

This NOP is being filed with the Commission because Midwest Reliability Organization (MRO) and URE have entered into a Settlement Agreement to resolve all outstanding issues arising from MRO's determination and findings of the enforceable violations of CIP-007-1 R1, EOP-008-0 R1, FAC-001-1 R1, FAC-003-1 R1, PRC-005-1 R1 and R2; PRC-008-0 R2; and PRC-017-0 R2.[3] According to the Settlement Agreement, URE admits the violation and has agreed to the

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

[2] *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). *See also* 18 C.F.R. Part 39 (2010). *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).

[3] These violations were discovered during MRO's audit for URE (Audit). The Audit also identified a violation of PER-002-0 R1. This violation was dismissed on February 12, 2010 because URE was able to provide evidence that the required training was completed by its System Operators.

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assessed penalty of one hundred twenty thousand dollars ($120,000), 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 MRO200900118, MRO200900119, MRO200900120, MRO200900121, MRO200900122, MRO200900124, MRO200900125 and MRO200900126 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on August 31, 2010, by and between MRO and URE. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. This NOP filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty ($)
NOC-670	MRO200900118	CIP-007-1[4]	1	Medium[5]	7/1/08 – 3/30/10	120,000
	MRO200900119	PRC-017-0	2	Lower	6/18/07 – 6/29/ 09	
	MRO200900120	PRC-008-0	2	Medium	6/18/07 – 3/19/10	
	MRO200900121	PRC-005-1	2	High[6]	6/18/07 – 3/19/10	

[4] CIP-007-1 was in effect from July 1, 2008 for Table 1 entities through March 31, 2010; version -2 was in effect on March 31, 2010 through October 1, 2010; version -3 became effective on October 1, 2010.

[5] When NERC filed Violation Risk Factors (VRFs) it originally assigned CIP-007-1 R1.1 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 June 27, 2008, the Commission approved the modified "Medium" VRF. B Therefore, the "Lower" VRF for CIP-007-1 R1.1 was in effect from June 18, 2007 until January 27, 2009 when the "Medium" VRF became effective. CIP-007-1 R1 has a "Medium" VRF and CIP-007-1 R1.2 and R1.3 each have a "Lower" VRF.

[6] PRC-005-1 R2 has a "Lower" VRF; R2.1 and R2.2 each have a "High" VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007. In the context of this case, MRO has determined that the violation in this case related to both sub-requirements 2.1 and 2.2, and therefore a "High" VRF is appropriate.

	MRO200900122	PRC-005-1	1	High[7]	6/18/07 – 6/1/ 09	
	MRO200900124	FAC-003-1	1/1.5	High	6/18/07 – 5/15/ 09	
	MRO200900125	FAC-001-0	1	Medium	6/18/07 – 6/6/ 09	
	MRO200900126	EOP-008-0	1/1.5, 1.6, 1.7	Medium[8]	1/1/2008 – 6/26/09	

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

CIP-007-1 R1- OVERVIEW

During the Audit, conducted by MRO, URE provided evidence of valid test procedures and results for its Energy Management System (EMS) systems but was not able to provide documented test procedures or results for the remaining approximately 58% of its Critical Cyber Assets (CCA) within the Electronic Security Perimeter (ESP). MRO determined that URE was conducting testing, but URE did not have documented test procedures, documentation that it was performing testing in a manner that reflected the production environment, and did not document the test results as required by the Standard.

PRC-017-0 R2 - OVERVIEW

During the Audit, URE was not able to provide documentation of maintenance and testing for one of its Special Protection Systems (SPS) located at one of its facilities, or 25% of its total SPSs, for a time period to June 28, 2009. Therefore, MRO determined that URE had not fully implemented its SPS maintenance and testing program, as its program required each SPS to be tested within a 3 year period.

PRC-008-0 R2 - OVERVIEW

During the Audit, URE was not able to provide evidence of maintenance and testing within its UFLS maintenance and testing program's defined intervals for 83.9% of its UFLS equipment. MRO determined that URE had not fully implemented its UFLS program, as its program required URE to test its UFLS equipment within its program's defined intervals.

[7] When NERC filed VRFs for PRC-005-1, NERC originally assigned a "Medium" VRF to PRC-005-1 R1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified "High" VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 9, 2007 and the "High" VRF has been in effect since August 9, 2007.

[8] EOP-008-0 R1 and R1.4 each have a "High" VRF; R1.1, R1.2, R1.3, R1.5, R1.6, R1.7 and R1.8 each have a "Medium" VRF. When NERC filed VRFs it originally assigned EOP-008-0 R1 and R1.4 "Medium" VRFs. The Commission approved the VRFs as filed; however, it directed NERC to submit modifications. NERC submitted the modified "High" VRFs and on February 6, 2008, the Commission approved the modified "High" VRFs. Therefore, the "Medium" VRF for EOP-008-0 R1 and R1.4 were in effect from June 18, 2007 until February 6, 2008 when the "High" VRFs became effective.

PRC-005-1 R2 - OVERVIEW
During the Audit, URE was not able to provide evidence that it had conducted maintenance and testing for 48.4% of its total Protection System[9] devices, within its Protection System's maintenance and testing program's defined intervals. MRO determined that URE had not tested its Protection System devices within its program's defined intervals.

PRC-005-1 R1 - OVERVIEW
During the Audit, URE was not able to provide evidence that it its Protection System maintenance and testing program included maintenance and testing intervals and their basis, and a summary of maintenance and testing procedures, for CTs, PTs and DC control circuitry between June 18, 2007 and May 31, 2009. Additionally, the program during that time period did not include the basis for the protective relays' and station batteries' defined intervals. Therefore, MRO determined that prior to May 31, 2009 URE had a gap in compliance.

FAC-003-1 R1/1.5 - OVERVIEW
During the Audit, URE was not able to provide evidence of a Transmission Vegetation Management Program (TVMP) prior to May 15, 2009 that included a procedure for the immediate communication of imminent threats of vegetation contact as required by the Standard. Therefore, MRO determined that prior to May 15, 2009, URE had a gap in compliance from June 18, 2007 through May 15, 2009.

FAC-001-0 R1 - OVERVIEW
During the Audit, URE was not able to provide evidence of documented facility connection requirements for transmission facilities and end-user facilities prior to June 6, 2009. Therefore, MRO determined that URE had a gap in compliance from June 18, 2007 through June 6, 2009.

EOP-008-0 R1/1.5, 1.6, 1.7 - OVERVIEW
During the Audit, URE was not able to provide a documented loss of control center functionality procedure that was in effect prior to June 1, 2009. After taking additional statements from URE, MRO determined that URE had not conducted annual testing, provided annual training or annually reviewed its procedure for the loss of control center functionality in 2007 or 2008.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed[10]

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,[11] the NERC BOTCC reviewed the Settlement Agreement and supporting documentation

[9] *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."
[10] *See* 18 C.F.R. § 39.7(d)(4).
[11] *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).

on November 2, 2010. The NERC BOTCC approved the Settlement Agreement, including MRO's assessment of a one hundred twenty thousand dollar ($120,000) financial penalty against URE and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

In reaching this determination, the NERC BOTCC considered the following factors:

1. the violations constituted URE's first occurrence of violation of the subject NERC Reliability Standards;
2. MRO reported that URE was cooperative throughout the compliance enforcement process;
3. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. MRO determined that the violations posed a minimal risk or moderate risk and did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Document;
5. MRO considered URE's internal compliance program as a neutral factor in its determination of the assessed penalty, but did consider URE's "above and beyond" remedies in the Settlement Agreement related to the compliance program as a mitigating factor; and
6. MRO reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the assessed penalty of one hundred twenty thousand dollars ($120,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30 day period following the filing of this NOP with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Request for Confidential Treatment

Information in and certain attachments to the instant Notice of Penalty include confidential information as defined by the Commission's regulations at 18 C.F.R. Part 388 and orders, as well as NERC Rules of Procedure including the NERC CMEP Appendix 4C to the Rules of Procedure. This includes non-public information related to certain Reliability Standard violations, certain Regional Entity investigative files, Registered Entity sensitive business information and confidential information regarding critical energy infrastructure.

In accordance with the Commission's Rules of Practice and Procedure, 18 C.F.R. § 388.112, a non-public version of the information redacted from the public filing is being provided under separate cover.

Because certain of the attached documents are deemed confidential by NERC, Registered Entities and Regional Entities, NERC requests that the confidential, non-public information be provided special treatment in accordance with the above regulation.

Attachments to be included as Part of this Notice of Penalty

The attachments to be included as part of this NOP are the following documents:

a) Settlement Agreement by and between MRO and URE executed August 31, 2010, including the Disposition Document and MRO's Verification of Mitigation Plan Completion contained therein, included as Attachment A:

a. Summary of Non-Public Compliance Audit, included as Exhibit a to the Settlement Agreement;

b. Documents for violation of CIP-007-1 R1, included as Exhibit b to the Settlement Agreement:
i. Mitigation Plan, dated January 21, 2010;
ii. Certification of Mitigation Plan Completion, dated March 30, 2010;

c. Documents for violation of PRC-017-0 R2, included as Exhibit c to the Settlement Agreement:
i. Mitigation Plan, dated January 21, 2010;
ii. Certification of Mitigation Plan Completion, dated February 3, 2010;

d. Documents for violation of PRC-008-0 R2, included as Exhibit d to the Settlement Agreement:
i. Mitigation Plan, dated January 21, 2010;
ii. Certification of Mitigation Plan Completion, dated June 9, 2010;

e. Documents for violation of PRC-005-1 R2, included as Exhibit e to the Settlement Agreement:
i. Mitigation Plan, dated January 21, 2010;
ii. Certification of Mitigation Plan Completion, dated June 9, 2010;

f. Documents for violation of PRC-005-1 R1, included as Exhibit f to the Settlement Agreement:
i. Mitigation Plan, dated January 21, 2010;
ii. Certification of Mitigation Plan Completion, dated February 3, 2010;

g. Documents for violation of FAC-003-1 R1.5, included as Exhibit g to the Settlement Agreement:
i. Mitigation Plan, dated January 21, 2010;
ii. Certification of Mitigation Plan Completion, dated July 13, 2010;

h. Documents for violation of FAC-001-1 R1, included as Exhibit h to the Settlement Agreement:

i. Mitigation Plan, dated January 21, 2010;
ii. Certification of Mitigation Plan Completion, dated February 3, 2010;

i. Documents for violation of EOP-008-0 R1, included as Exhibit i to the Settlement Agreement:

i. Mitigation Plan, dated January 21, 2010; and
ii. Certification of Mitigation Plan Completion, dated February 3, 2010.

A Form of Notice Suitable for Publication[12]

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

[12] *See* 18 C.F.R. § 39.7(d)(6).

Notices and Communications

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

Gerald W. Cauley President and Chief Executive Officer David N. Cook* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile david.cook@nerc.net FOR MRO: Daniel P. Skaar* President Midwest Reliability Organization 2774 Cleveland Avenue North Roseville, MN 55113 (651) 855-1731 dp.skaar@midwestreliability.org Sara E. Patrick* Director of Regulatory Affairs and Enforcement Midwest Reliability Organization 2774 Cleveland Avenue North Roseville, MN 55113 (651) 855-1708 se.patrick@midwestreliability.org *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.	Rebecca J. Michael* Assistant General Counsel Davis Smith* 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 davis.smith@nerc.net

Conclusion

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

Respectfully submitted,

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cc: Unidentified Registered Entity
Midwest Reliability Organization

Attachments

DISPOSITION OF VIOLATION[1]

Dated: August 18, 2010

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
MRO200900118	MRO200910052009_URE_CIP-007-1_R1	NOC-670
MRO200900119	MRO200910052009_URE_PRC-017-0_R1	
MRO200900120	MRO200910052009_URE_PRC-008-0_R2	
MRO200900121	MRO200910052009_URE_PRC-005-1_R2	
MRO200900122	MRO200910052009_URE_PRC-005-1_R1	
MRO200900124	MRO200910052009_URE_FAC-003-1_R1	
MRO200900125	MRO200910052009_URE_FAC-001-0_R1	
MRO200900126	MRO200910052009_URE_EOP_008-0_R1	

REGISTERED ENTITY	NERC REGISTRY ID.
Unidentified Registered Entity (URE)	NCRXXXXX

I. VIOLATION INFORMATION

CIP-007-1 R1 - Violation Tracking Number MRO200900118

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

The purpose statement of CIP-007-1 provides in pertinent part:

> Standard CIP-007 requires Responsible Entities[2] to define methods, processes, and procedures for securing those systems determined to be Critical Cyber Assets, as well as the non-critical Cyber Assets within the Electronic Security Perimeter(s). Standard CIP-007 should be read as part of a group of standards numbered Standards CIP-002 through CIP-009….

CIP-007-1 R1 provides:

> Test Procedures - The Responsible Entity shall ensure that new Cyber Assets and significant changes to existing Cyber Assets within the Electronic Security Perimeter do not adversely affect existing cyber security controls. For purposes of Standard CIP-007, a significant change shall, at a minimum, include implementation of security patches, cumulative service packs, vendor releases, and version upgrades of operating systems, applications, database platforms, or other third-party software or firmware.

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

[2] Within the text of the Reliability Standard CIP-007-1, "Responsible Entity" shall mean Reliability Coordinator, Balancing Authority, Interchange Authority, Transmission Service Provider, Transmission Owner, Transmission Operator, Generator Owner, Generator Operator, Load Serving Entity, NERC, and Regional Reliability Organizations.

R1.1. The Responsible Entity shall create, implement, and maintain cyber security test procedures in a manner that minimizes adverse effects on the production system or its operation.

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

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

VIOLATION DESCRIPTION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)	
CIP-007-1[3]	1		Medium[4]	Severe	

During a regularly scheduled compliance audit, conducted by MRO (Audit),[5] URE provided evidence of valid test procedures and results for its Energy Management System (EMS) systems but was not able to provide documented test procedures or results for the remaining Critical Cyber Assets (CCAs) within the Electronic Security Perimeter (ESP). Existing CCAs with no test procedures include network devices, firewalls, servers and workstations other than EMS. The systems with no test procedures or results comprise approximately 58% of the CCAs within the ESP.

URE staff provided detailed test procedures and results for the EMS CCAs (servers and workstations) that reside within the ESP. URE staff stated that while they implement third-party software or hardware to the non-EMS CCAs, there are no documented test procedures or results.

MRO determined that URE was performing the required testing, but had failed to document its test procedures and results for the majority of its CCAs. Without creating, implementing, maintaining and documenting test procedures and results for 58% of the CCAs, URE cannot ensure that new Cyber Assets and significant changes to existing Cyber Assets within the ESP do not adversely affect existing cyber security controls or minimize adverse effects on the production systems or their operation.

[3] CIP-007-1 was in effect from July 1, 2008 for Table 1 entities through March 31, 2010; version -2 was in effect on March 31, 2010 through October 1, 2010; version -3 became effective on October 1, 2010.

[4] When NERC filed Violation Risk Factors (VRFs) it originally assigned CIP-007-1 R1.1 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 June 27, 2008, the Commission approved the modified "Medium" VRF. Therefore, the" Lower" VRF for CIP-007-1 R1.1 was in effect from July 1, 2008 until January 27, 2009 when the "Medium" VRF became effective. CIP-007-1 R1 has a "Medium" VRF and CIP-007-1 R1.2 and R1.3 each have a "Lower" VRF.

[5] The Audit also identified a violation of PER-002-0 R1. This violation was dismissed on February 12, 2010 because MRO has determined that there is an insufficient basis to allege a violation or noncompliance with Reliability Standard PER-002-0 R1, as URE has provided evidence and dates of training for each of its System Operators.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because, even though URE did not have a test plan, URE was conducting some testing of its CCAs. Further, most of the referenced CCAs were initially configured and tested for impact prior to being added to the ESP, and did not require subsequent significant changes, which would implicate this Reliability Standard requirement. Nevertheless, MRO determined this violation posed a moderate risk because URE did not have test procedures and results for the majority of its CCAs. MRO found that without a test plan, URE could not ensure that significant changes to existing Cyber Assets within the ESP do not adversely affect cyber security controls or minimize adverse effects on the production systems or their operation.

PRC-017-0 R2 - Violation Tracking Number MRO200900119

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

The purpose statement of PRC-017-0 provides: "To ensure that all Special Protection Systems (SPS) are properly designed, meet performance requirements, and are coordinated with other protection systems. To ensure that maintenance and testing programs are developed and misoperations are analyzed and corrected."
PRC-017-0 R2 provides:

> R2. The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall provide documentation of the program and its implementation to the appropriate Regional Reliability Organizations and NERC on request (within 30 calendar days).

VIOLATION DESCRIPTION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)	
PRC-017-0	2[6]		Lower	Moderate	

During the Compliance Audit, URE provided its protective system maintenance and testing program that was in effect until May 31, 2009. This document included a three (3) year maintenance and testing interval for SPS. However, URE was not able to provide documentation of maintenance and testing for one of its SPS systems located at one of its facilities for a time period to June 28, 2009. URE has SPS subject to compliance with Reliability Standard PRC-017-0, R2. URE was able to provide records evidencing that 3 of its SPS had been maintained and tested according to the defined interval. This facility's SPS represents 25% of the total devices subject to compliance with Reliability Standard PRC-017-0, R2. All required SPS maintenance and testing was complete as of June 29, 2009.

[6] The Audit Report, the Mitigation Plan and URE's Certification of the Completion incorrectly refer to the violation as R1. The Settlement Agreement corrected the violation to R2.

On June 1, 2009, URE implemented a revised SPS maintenance and testing program which specifies that SPS systems will be "flagged" if they have not been tested within a 3 year period. The revised SPS maintenance and testing program provides an additional 2 years to complete the required maintenance and testing.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation did not pose a serious or substantial risk because URE missed the test interval for only one of its SPSs, and this SPS shares elements with other protection systems installed at one of its facilities, including voltage and current sensing device, battery bank, communications associated with protection system and DC control circuitry, that were receiving testing. While the loss of this SPS could result in the failure to signal a generator to back down its output in certain circumstances, any overloading that might result could be managed manually by the transmission operator. The facility's SPS is designed to automatically trip a particular unit in response to breaker failure occurrences. The trip is initiated by a fault on selected line or bus sections connected to the one facility's bus, in combination with slow clearing due to breaker failure. Upon completing the required maintenance and testing, the SPS functioned properly. Nevertheless, MRO determined this violation posed a moderate risk because URE relies heavily on the facility's SPS when other local high voltage transmission circuits are scheduled out for maintenance. Additionally, MRO considered that URE could not provide records to evidence that one of its facility's SPS was tested over a 9 year period.

PRC-008-0 R2 - Violation Tracking Number MRO200900120

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

The purpose statement of Reliability Standard PRC-008-0 provides that: "Provide last resort system preservation measures by implementing an Under Frequency Load Shedding (UFLS) program."

PRC-008-0 R2 provides that: "The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization[7] shall implement its UFLS equipment maintenance and testing program and shall provide UFLS maintenance and testing program results to its Regional Reliability Organization and NERC on request (within 30 calendar days)."

VIOLATION DESCRIPTION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)	
PRC-008-0	2		Medium	Severe	

[7] Consistent with applicable FERC precedent, the term 'Regional Reliability Organization' in this context refers to MRO.

During the Audit, URE provided maintenance and testing records for each of the 8 UFLS relays and associated components that were requested by MRO Compliance staff. The UFLS equipment maintenance and testing program identifies a 3 year testing interval for protective relays and a semi-annual inspection of the battery banks. The program explains that "[o]n one inspection, hydrometer readings are taken, and on the other inspection, cell resistance readings are taken."

Upon reviewing the information provided by URE, MRO Compliance staff determined that URE failed to provide evidence that 4 of the sampled 8 UFLS relays were maintained and tested within the 3 year defined interval. At the request of MRO Enforcement staff, URE then provided a spreadsheet identifying its UFLS equipment and indicating which maintenance and testing records were available to demonstrate compliance with the defined interval in its UFLS equipment maintenance and testing program. URE has 83.9%of the UFLS devices in its program that were not maintained and tested according to the defined interval as required by Reliability Standard PRC-008-0 R2. URE was not able to provide evidence of maintenance and testing within the defined interval for 83.9% of its UFLS equipment.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation did not pose a serious or substantial risk because URE's UFLS maintenance interval of 3 years without a grace period for its UFLS relays exceeds the recommended frequency in the NERC Technical Reference Guide for Protection System Maintenance and Testing, and URE's maintenance records evidenced a 5 year interval was being met, which is the recommended interval in the NERC Technical Reference Guide.[8] Additionally, the battery banks associated with the UFLS equipment are installed at the 69 kV level, and URE monitors the battery voltage with high and low voltage alarms back to their power system control center. The UFLS equipment, including the battery, is not associated with 100 kV protection system devices. Nevertheless, MRO determined this violation posed a moderate risk because 83.9% percent of UFLS devices were not maintained and tested within the defined interval.

PRC-005-1 R2 - Violation Tracking Number MRO200900121

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

The purpose statement of PRC-005-1 provides: "To ensure all transmission and generation Protection Systems[9] affecting the reliability of the Bulk Electric System (BES) are maintained and tested." (Footnote added)

[8] The NERC Technical Reference Guide for Protection System Maintenance and Testing is available on the NERC website at http://www.nerc.com/docs/pc/spctf/Relay_Maintenance_Tech_Ref_approved_by_PC.pdf.

[9] *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."

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 Organization[10] 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.

VIOLATION DESCRIPTION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)	
PRC-005-1	2		High[11]	High	

URE's documented testing interval in effect from June 18, 2007 through May 31, 2009 for protection system relays was 3 years. During the Compliance Audit, MRO requested maintenance and testing records on 65 randomly sampled relays. URE was not able to provide evidence that 5 of the requested relays were maintained and tested within the defined interval. URE worked with MRO Enforcement staff to quantify and identify those protection system devices that had not been tested and maintained during the defined interval.

URE identified 48.4% devices that had not been maintained and tested within its program's defined 3 year interval. The devices that were noncompliant with the established URE testing interval represent 48.4% of the total URE devices subject to compliance with Reliability Standard PRC-005-1 R2.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation did not pose a serious or substantial risk because URE's maintenance records evidenced that URE was conducting maintenance and testing for all but 6% of its relay protection systems within a 5 year interval, which is consistent with the NERC Technical Reference Guide for Protection System Maintenance and Testing. On average, the 5 year interval was exceeded by 2 years, although more than half of these relays (57%) exceeded

[10] Consistent with applicable FERC precedent, the term 'Regional Reliability Organization' in this context refers to MRO.

[11] PRC-005-1 R2 has a "Lower" VRF; R2.1 and R2.2 each have a "High" VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007. In the context of this case, MRO has determined that the violation in this case related to both sub-requirements 2.1 and 2.2, and therefore a "High" VRF is appropriate.

the 5 year interval by 12 months or less. Additionally, these relays are scattered throughout several substation locations where maintenance and testing was being conducted on other protection system devices within the 5 year interval. For instance, at one substation, 5.8% of the relays exceeded the 5 year interval. However, because the relays are part of a protection system, although certain relays were missed, the other protection system devices including battery banks, voltage sensing devices, communication devices, and DC control circuitry were maintained and tested. Nevertheless, MRO determined this violation posed a moderate risk because of the large number of protection system devices that were not maintained and tested within URE's defined 3 year interval.

PRC-005-1 R1 - Violation Tracking Number MRO200900122

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

The purpose statement of PRC-005-1 provides: "To ensure all transmission and generation Protection Systems[12] affecting the reliability of the Bulk Electric System (BES) are maintained and tested." (Footnote added)

PRC-005-1 R1 provides:

> Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:
>
> R1.1. Maintenance and testing intervals and their basis.
>
> R1.2. Summary of maintenance and testing procedures

VIOLATION DESCRIPTION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)	
PRC-005-1	1		High[13]	High	

During the Compliance Audit, MRO staff determined that URE's Bulk Electric System Protective System Maintenance Plan effective June 1, 2009 included the required maintenance and testing intervals and their basis, as well as a summary of maintenance and testing procedures for all protection system devices.

[12] *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."

[13] When NERC filed VRFs for PRC-005-1, NERC originally assigned a "Medium" VRF to PRC-005-1 R1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified "High" VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 9, 2007 and the "High" VRF has been in effect since August 9, 2007.

However, the program document in effect from June 18, 2007 through May 31, 2009 failed to include maintenance and testing intervals and their basis for CTs, PTs and DC Control Circuitry. Additionally, the program in effect through May 31, 2009 failed to identify the basis for the maintenance and testing intervals for protective relays and station batteries. Finally, the program document in effect through May 31, 2009 failed to include a summary of maintenance and testing procedures for CTs, PTs and DC Control Circuitry.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because URE's maintenance records evidenced that URE was conducting maintenance and testing for all but 6% of its relay protection systems within a 5 year interval, which is consistent with the NERC Technical Reference Guide for Protection System Maintenance and Testing. On average, the 5 year interval was exceeded by 2 years, although more than half of these relays (57%) exceeded the 5 year interval by 12 months or less. Additionally, these relays are scattered throughout several substation locations where maintenance and testing was being conducted on other protection system devices within the 5 year interval. For instance, at one substation, 5.8% of the relays exceeded the 5 year interval. However, because the relays are part of a protection system, although certain relays were missed, the other protection system devices including battery banks, voltage sensing devices, communication devices, and DC control circuitry were maintained and tested. Additionally, URE had a compliant program document at the time of the audit and the maintenance and testing was being conducted according to the corrected program document.

FAC-003-1 R1/1.5 - Violation Tracking Number MRO200900124

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

The purpose statement of FAC-003-1 provides:

> To improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines and vegetation on and along transmission ROW, and reporting vegetation related outages of the transmission systems to the respective Regional Reliability Organizations (RRO) and the North American Electric Reliability Council (NERC).

FAC-003-0 R1.5 provides:

> R1. The Transmission Owner shall prepare, and keep current, a formal transmission vegetation management program (TVMP). The TVMP shall include

the Transmission Owner's objectives, practices, approved procedures, and work specifications.[14]

R1.1. The TVMP shall define a schedule for and the type (aerial, ground) of ROW vegetation inspections. This schedule should be flexible enough to adjust for changing conditions. The inspection schedule shall be based on the anticipated growth of vegetation and any other environmental or operational factors that could impact the relationship of vegetation to the Transmission Owner's transmission lines.

R1.2. The Transmission Owner, in the TVMP, shall identify and document clearances between vegetation and any overhead, ungrounded supply conductors, taking into consideration transmission line voltage, the effects of ambient temperature on conductor sag under maximum design loading, and the effects of wind velocities on conductor sway. Specifically, the Transmission Owner shall establish clearances to be achieved at the time of vegetation management work identified herein as Clearance 1, and shall also establish and maintain a set of clearances identified herein as Clearance 2 to prevent flashover between vegetation and overhead ungrounded supply conductors.

R1.2.1. Clearance 1 — The Transmission Owner shall determine and document appropriate clearance distances to be achieved at the time of transmission vegetation management work based upon local conditions and the expected time frame in which the Transmission Owner plans to return for future vegetation management work. Local conditions may include, but are not limited to: operating voltage, appropriate vegetation management techniques, fire risk, reasonably anticipated tree and conductor movement, species types and growth rates, species failure characteristics, local climate and rainfall patterns, line terrain and elevation, location of the vegetation within the span, and worker approach distance requirements. Clearance 1 distances shall be greater than those defined by Clearance 2 below.

R1.2.2. Clearance 2 — The Transmission Owner shall determine and document specific radial clearances to be maintained between vegetation and conductors under all rated electrical operating conditions. These minimum clearance distances are necessary to prevent flashover between vegetation and conductors and will vary due to such factors as altitude and operating voltage. These Transmission Owner-specific minimum clearance distances shall be no less than those set forth in the Institute of Electrical and Electronics Engineers (IEEE) Standard 516-2003 (*Guide for Maintenance Methods on Energized Power Lines*) and as specified

[14] A300, Tree Care Operations – Tree, Shrub, and Other Woody Plant Maintenance – Standard Practices, while not a requirement of this standard, is considered to be an industry best practice.

in its Section 4.2.2.3, Minimum Air Insulation Distances without Tools in the Air Gap.

R1.2.2.1 Where transmission system transient overvoltage factors are not known, clearances shall be derived from Table 5, IEEE 516-2003, phase-to-ground distances, with appropriate altitude correction factors applied.

R1.2.2.2 Where transmission system transient overvoltage factors are known, clearances shall be derived from Table 7, IEEE 516-2003, phase-to-phase voltages, with appropriate altitude correction factors applied.

R1.3. All personnel directly involved in the design and implementation of the TVMP shall hold appropriate qualifications and training, as defined by the Transmission Owner, to perform their duties.

R1.4. Each Transmission Owner shall develop mitigation measures to achieve sufficient clearances for the protection of the transmission facilities when it identifies locations on the ROW where the Transmission Owner is restricted from attaining the clearances specified in Requirement 1.2.1.

R1.5. Each Transmission Owner shall establish and document a process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. This is so that action (temporary reduction in line rating, switching line out of service, etc.) may be taken until the threat is relieved.

(Footnote omitted.)

VIOLATION DESCRIPTION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)	
FAC-003-1	1	1.5	High	Severe	

During the Compliance Audit, URE provided a formal Transmission Vegetation Management Program (TVMP) document with an effective date of May 15, 2009. MRO did not identify any concerns with the provided document related to the requirements of Reliability Standard FAC-003-1; however, MRO requested previous versions to evidence compliance dating back to June 18, 2007. According to its formal TVMP with an effective date of May 15, 2009, URE has transmissions line subject to compliance with Reliability Standard FAC-003-1, R1.5.

MRO determined that the TVMP in effect until May 15, 2009[15] failed to include a procedure for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. Although the TVMP in effect until May 15, 2009, failed to include a

[15] The URE TVMP in effect prior to May 15, 2009 is not dated, but appears to be a legacy program that has been in place since at least June 18, 2007.

procedure for the immediate communication of imminent threats of vegetation contact, MRO received evidence that imminent threats of vegetation contact were being reported and corrected.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because imminent threats of vegetation contact were being reported and corrected, even if URE lacked a documented procedure for such reporting at the time. URE was able to provide evidence of work orders evidencing that field crews were aware of the process for reporting and were reporting imminent threats to the transmission system from vegetation conditions in the absence of the compliant program document.

FAC-001-0 R1 - Violation Tracking Number MRO200900125

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

The purpose statement of FAC-001-0 provides: "To avoid adverse impacts on reliability, Transmission Owners must establish facility connection and performance requirements."

FAC-001-0 R1 provides that:

> The Transmission Owner shall document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, sub regional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements. The Transmission Owner's facility connection requirements shall address connection requirements for:
>
> R1.1. Generation facilities,
>
> R1.2. Transmission facilities, and
>
> R1.3. End-user facilities.

VIOLATION DESCRIPTION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)	
FAC-001-0	1		Medium	High	

During the Compliance Audit, URE provided documentation of its facility connection and performance requirements provided to Generation facilities, Transmission facilities, and End-user facilities. MRO determined that the provided documents were compliant with the requirements of Reliability Standard FAC-001-0; however, MRO requested previous versions to evidence compliance dating back to June 18, 2007.

MRO determined that URE failed to document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, sub regional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements. Prior to June 6, 2009, URE's facility connection requirements failed to address connection requirements for Transmission facilities and End-user facilities.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because URE had documented requirements for generation facilities, which could have been modified in the event URE had a request for interconnection of transmission facilities or of end user facilities. Additionally, URE had not received any requests for facility connection requirements from Transmission facilities or End-user facilities.

EOP-008-0 R1 - Violation Tracking Number MRO200900126

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

The purpose statement of EOP-008-0 provides: "Each reliability entity must have a plan to continue reliability operations in the event its control center becomes inoperable."

EOP-008-0 R1 provides in pertinent part that:

> R1. Each Reliability Coordinator, Transmission Operator and Balancing Authority shall have a plan to continue reliability operations in the event its control center becomes inoperable. The contingency plan must meet the following requirements:
>
> > R1.1. The contingency plan shall not rely on data or voice communication from the primary control facility to be viable.
> >
> > R1.2. The plan shall include procedures and responsibilities for providing basic tie line control and procedures and for maintaining the status of all inter-area schedules, such that there is an hourly accounting of all schedules.
> >
> > R1.3. The contingency plan must address monitoring and control of critical transmission facilities, generation control, voltage control, time and frequency control, control of critical substation devices, and logging of significant power system events. The plan shall list the critical facilities.
> >
> > R1.4. The plan shall include procedures and responsibilities for maintaining basic voice communication capabilities with other areas.
> >
> > R1.5. The plan shall include procedures and responsibilities for conducting periodic tests, at least annually, to ensure viability of the plan.

R1.6. The plan shall include procedures and responsibilities for providing annual training to ensure that operating personnel are able to implement the contingency plans.

R1.7. The plan shall be reviewed and updated annually.

R1.8. Interim provisions must be included if it is expected to take more than one hour to implement the contingency plan for loss of primary control facility.

VIOLATION DESCRIPTION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)	
EOP-008-0	1	1.5, 1.6, and 1.7	Medium	Severe	

During the Audit, URE provided its loss of control center functionality procedure, as well as evidence that it had conducted a test of the procedure on June 26, 2009. To document compliance from June 18, 2007, MRO requested the previous procedure.

URE provided the previous version of its document, which was dated August 9, 2006. URE provided no evidence that its plan had been reviewed or updated in 2007 or 2008.

URE stated that following its annual drill, the plan is reviewed and updated as needed. URE stated that no loss of control center drill or training had been conducted in 2007 and 2008.

Based on URE's statements and the lack of evidence to demonstrate that annual drills were conducted in 2007 and 2008, MRO determined that URE had failed to comply with Reliability Standard EOP-008-0 R1, specifically sub-requirements R1.5, R1.6 and R1.7.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation posed a moderate risk to the reliability of the BPS, but did not pose a serious or substantial risk because URE had a documented plan available for use in the event of loss of control center functionality. Nevertheless, MRO determined this violation posed a moderate risk because URE had not tested, reviewed, or updated its plan for loss of its control center for 2 consecutive years.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE ALLEGED/CONFIRMED VIOLATION, REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☐
ADMITS TO IT YES ☒
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES ☒

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

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

DURATION DATE(S)

Reliability Standard	Duration
CIP-007-1 R1	July 1, 2008, the date the standard became enforceable, through March 30, 2010, when URE completed its Mitigation Plan
PRC-017-0 R2	June 18, 2007, the date the standard became enforceable, through June 29, 2009 , when URE completed the required maintenance and testing
PRC-008-0 R2	June 18, 2007, the date the standard became enforceable, through March 19, 2010, when URE completed its Mitigation Plan
PRC-005-1 R2	June 18, 2007, the date the standard became enforceable, through March 19, 2010, when URE completed its Mitigation Plan
PRC-005-1 R1	June 18,2007, the date the standard became enforceable, through June 1, 2009, when URE completed its Mitigation Plan
FAC-003-1 R1/1.5	June 18, 2007, the date the standard became enforceable, through May 15, 2009, when URE implemented a TVMP which satisfied the requirements of FAC-003-1, R1
FAC-001-0 R1	June 18, 2007, the date the standard became enforceable, through June 6, 2009, when URE completed its Mitigation Plan
EOP-008-0 R1/1.5, 1.6 and1.7	January 1, 2008, the first date after URE failed to conduct an annual drill in 2007, through June 26, 2009, when URE conducted a test of its Loss of Control Center Functionality procedure

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

IS THE ALLEGED/CONFIRMED VIOLATION STILL OCCURRING
YES ☐ NO ☒
IF YES, EXPLAIN

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

III. MITIGATION INFORMATION

	CIP-007-1 R1	PRC-017-0 R2	PRC-008-0 R2	PRC-005-1 R2	PRC-005-1 R1	FAC-003-1 R1/ 1.5	FAC-001-1 R1	EOP-008-0 R1/ 1.5, 1.6, 1.7
Mitigation Plan ID	MIT-08-2289	MIT-07-2290	MIT-07-2291	MIT-07-2292	MIT-07-2293	MIT-07-2294	MIT-07-2295	MIT-07-2296
Date Submitted to Regional Entity	1/21/10	1/21/10	1/21/10	1/21/10	1/21/10	1/21/10	1/21/10	1/21/10
Date Accepted by Regional Entity	1/22/10	1/22/10	1/22/10	1/22/10	1/22/10	1/22/10	1/22/10	1/22/10
Date Approved by NERC	1/27/10	1/27/10	1/27/10	1/27/10	1/27/10	1/27/10	1/27/10	1/27/10
Date Provided to FERC	1/27/10	1/27/10	1/27/10	1/27/10	1/27/10	1/27/10	1/27/10	1/27/10
Complete	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Expected Completion Date	4/1/10	1/31/10	6/30/10	6/30/10	1/31/10	7/30/10	1/31/10	1/31/10
Extensions granted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual Completion Date[16]	3/30/10	1/31/10	3/19/10	3/19/10	6/1/09	7/19/10	6/6/09	7/16/09
Certified Complete by Registered Entity as of[17]	3/30/10	1/31/10	3/19/10	3/19/10	1/31/10	7/13/10	1/31/10	1/31/10
Date of Certification Letter	3/30/10	2/3/10	6/9/10	6/9/10	2/3/10	7/13/10	2/3/10	2/3/10
Date Verified Complete by Regional Entity[18]	3/31/10	2/4/10	6/29/10	6/28/10	2/4/10	7/27/10	2/4/10	2/5/10

CIP-007-1 R1 - MRO2009000118

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

1. URE revised its cyber security test procedures to include all CCAs. URE divided its CCAs into 6 groups, each having a unique test procedure. The 6 categories include:
    a. EMS Servers
    b. Firewalls
    c. Routers

[16] The actual completion as determined by MRO during its Verification of Completion.
[17] The date the Registered Entity stated it completed its Mitigation Plan in its Certification of Completion.
[18] This disposition document serves as MRO's Verification of Mitigation Plan Completion.

d. Data Backup Systems
e. VPN Appliances
f. PCs

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

1. URE's Cyber Security test procedures

MRO determined that URE had documented test procedures for all categories of CCAs intended to ensure that new Cyber Assets, significant changes to Cyber Assets, and removal of existing Cyber Assets within the ESP do not adversely affect existing cyber security controls.

PRC-017-0 R2 - MRO200900119

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

1. URE revised its Protection System Maintenance and Testing Program document to specify that SPS systems will be "flagged" as high priority if they have not been tested within a 3-year window. The revised Program document provides an additional 2 years to complete the testing.
2. URE completed maintenance and testing of the SPS.

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

1. URE Protective System Maintenance Plan, dated December 17, 2009
2. SPS Test Results
3. Example Oracle Report of SPS needing testing

MRO determined that URE provided evidence of SPS testing for its facility's SPS and had revised its Program document to include a process for identifying SPS' that are nearing the 3 year testing interval, so as to prevent recurrence.

PRC-008-0 R2 - MRO200900120

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

1. Revisions to the URE Protective System Maintenance and Testing Plan.
2. Complete required maintenance and testing on UFLS devices.

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

1. Spreadsheet identifying devices, maintenance and test dates and records
2. Relay Maintenance database testing report, dated January 18, 2010
3. Example of the Battery testing report, dated December 3, 2009
4. URE Protective System Maintenance Plan, revised December 17, 2009

MRO determined that URE provided evidence of ULFS maintenance and testing and had revised its Program document.

PRC-005-1 R2 - MRO2009000121

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

1. Revise the URE Protective System Maintenance and Testing Plan
2. Complete required maintenance and testing on protection system devices

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

1. Spreadsheet identifying devices, maintenance and test dates and records
2. URE Test Sheets and Battery Tests, dated March 19, 2010
3. Relay Maintenance database testing report, dated January 18, 2010
4. Example Battery testing report, dated December 3, 2009
5. URE Protective System Maintenance Plan, revised December 17, 2009

MRO determined that URE provided evidence of the required maintenance and testing and had revised its Program document.

PRC-005-1 R1 - MRO200900122

1. URE revised its Protection System Maintenance and Testing Program document to include specific test procedures for each protective system element, including: instrument transformers, DC control circuits, associated communication equipment, and battery banks.

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

1. URE Protective System Maintenance Plan, dated December 17, 2009

MRO determined that URE's Program document includes a summary of maintenance and testing procedures for CTs, PTs, and DC control circuitry. The revised Program

document identifies maintenance and testing intervals and basis for CTs, PTs and DC control circuitry, as well as the basis for protective relays and station batteries as required by PRC-005-1, R1. These revisions were included in the June 1, 2009 document. The December 17, 2009 revisions further improved the Program documentation.

FAC-003-1 R1.5 - MRO200900124

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

1. Develop a TVMP training curriculum;
2. Hire an outside consultant to provide TVMP training for the individual responsible for URE's TVMP training program; and
3. Present certificates to employees upon successful completion of the TVMP training program.

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

1. TVMP, dated July 16, 2010
2. Copies of the employee certifications showing completion of the TVMP training program, dated June 15, 2010

URE TVMP training curriculum included a process for reporting imminent threats of vegetation contact, and URE developed and completed TVMP training.

FAC-001-1, R1 - MRO200900125

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

1. URE developed a "substation or end user interconnection agreement template" for use by Transmission facilities and End-user facilities.
2. URE revised its Generator Interconnection Agreement.

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

1. URE Substation/End-User Interconnection Procedures, dated June 6, 2009
2. URE Generator Interconnection Procedure, revised June 6, 2009

MRO determined that URE had documented, maintained and published facility connection requirements for Transmission facilities and End-user facilities as required by FAC-001-1 R1.

EOP-008-0, R1/1.5, 1.6 and 1.7 - MRO200900126

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

1. URE conducted an annual drill of loss of control center functionality on June 25, 2009.
2. URE reviewed its loss of control center functionality program document.
3. URE provided training related to evacuation of its primary control center in July 2009.

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

1. Loss of Control Center Functionality procedure document, dated June 1, 2009
2. Alternate Control Center Drill, Agenda and sign off, dated June 25, 2009
3. Alternate Control Center Training Program
4. Alternate Control Center training rosters, dated July 1, 2009 through July 16, 2009

MRO determined that URE has a plan to continue reliability operations in the event its control center becomes inoperable and that URE tested and reviewed this plan in 2009.

IV. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **$120,000** FOR **EIGHT (8) VIOLATIONS** OF RELIABILITY STANDARDS.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER
YES ☐ NO ☐

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER
YES ☐ NO ☐

LIST VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

(3) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES ☒ NO ☐
IF NO, EXPLAIN

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM
YES ☒ NO ☐
EXPLAIN

URE has a formal compliance program which was in place at the time of the violations. MRO considered URE's internal compliance program as a neutral factor in its determination of the assessed penalty, but did consider URE's "above and beyond" remedies in the Settlement Agreement related to the compliance program as a mitigating factor.

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION (IF THE RESPONSE IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

- Summary of Non-Public Compliance Audit for all of the instant violations

MITIGATION PLANS

- Mitigation Plan for the violation of CIP-007-1 R1, dated January 21, 2010
- Mitigation Plan for the violation of PRC-017-0 R1,[19] dated January 21, 2010
- Mitigation Plan for the violation of PRC-008-1 R2, dated January 21, 2010
- Mitigation Plan for the violation of PRC-005-1 R2, dated January 21, 2010
- Mitigation Plan for the violation of PRC-005-1 R1, dated January 21, 2010
- Mitigation Plan for the violation of FAC-003-1 R1/1.5, dated January 21, 2010
- Mitigation Plan for the violation of FAC-001-1 R1, dated January 21, 2010
- Mitigation Plan for the violation of EOP-008-0 R1/1.5, 1.6, and 1.7, dated January 21, 2010

CERTIFICATIONS BY REGISTERED ENTITY

- Certification of Mitigation Plan Completion for the violation of CIP-007-1 R1, dated March 30, 2010
- Certification of Mitigation Plan Completion for the violation of PRC-017-0, R1, [20] dated February 3, 2010
- Certification of Mitigation Plan Completion for the violation of PRC-008-0 R2, dated June 9, 2010
- Certification of Mitigation Plan Completion for the violation of PRC-005-1 R2, dated June 9, 2010

[19] This Mitigation Plan incorrectly states the violation is of R1; the correct violation is of R2.
[20] URE's Certification of Completion for PRC-008-1 incorrectly states the violation is of R1; the correct violation is of R2.

- Certification of Mitigation Plan Completion for the violation of PRC-005-1 R1, dated February 3, 2010
- Certification of Mitigation Plan Completion for the violation of FAC-003-1 R1/1.5, dated July 13, 2010
- Certification of Mitigation Plan Completion for the violation of FAC-001-1 R1, dated February 3, 2010
- Certification of Mitigation Plan Completion for the violation of EOP-008-0 R1/1.5, 1.6 and 1.7, dated February 3, 2010

VERIFICATION BY REGIONAL ENTITY

- This Disposition Document serves as MRO's Verification of Completion for all of the instant violations.

IV. OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED
DATE : OR N/A ☒

SETTLEMENT DISCUSSIONS COMMENCED
DATE: 4/23/10 OR N/A ☐

NOTICE OF CONFIRMED VIOLATION ISSUED
DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION
DATE(S) _____ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED
FINDINGS ☐ PENALTY ☐ BOTH ☐ NOT CONTESTED ☒

HEARING REQUESTED
YES ☐ NO ☒

DATE

OUTCOME

APPEAL REQUESTED