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March 30, 2012

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

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

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty[1] regarding Unidentified Registered Entity (URE), NERC Registry ID# NCRXXXXX, in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC's Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).[2]

URE self-certified a violation[3] of CIP-002-1 Requirement (R) 1, R2, R3 and R4 to Western Electricity Coordinating Council (WECC) for URE's failure to have a documented risk-based asset methodology for identifying Critical Assets, a list of Critical Assets, or a list of Critical Cyber Assets (CCAs), as well as failure of senior management or delegate(s) to approve a risk-based asset methodology for identifying Critical Assets, a list of Critical Assets, or a list of CCAs.

URE self-certified a violation of CIP-003-1 R2 for failing to assign a senior manager with overall responsibility for leading and managing the entity's implementation of, and adherence to, Standards CIP-002 through CIP-009.

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

[2] *See* 18 C.F.R § 39.7(c)(2).

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

URE self-certified a violation of FAC-008-1 R1 for failure to include, in its Facility Ratings Methodology, a statement that the rating of the facility "shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility," as required by FAC-008-1 R1.1.

URE self-certified a violation of PRC-005-1 R1 for failure to have a transmission protection system maintenance and testing program in place, as well as a violation of PRC-005-1 R2.1 for failure to maintain and test its batteries and relays within their defined intervals.

URE self-certified a violation of CIP-001-1 R1 for failing to have a procedure for making its operating personnel aware of multi-stage sabotage affecting larger portions of the Interconnection.

URE self-certified a violation with CIP-001-1 R2 for failure to have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection.

WECC conducted an off-site audit and found URE to be in violation of FAC-003-1 R1 for failure to have a formal Transmission Vegetation Management Program.

WECC conducted an off-site audit and found URE to be in violation of FAC-003-1 R2 for failure to have an annual plan for vegetation management.

WECC conducted an off-site audit and found URE to be in violation of PRC-023-1 for failure to evaluate relay loadability at 0.85 per unit voltage and a power factor angle of 30 degrees.

This Notice of Penalty is being filed with the Commission because WECC and URE have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC's determination and findings of the violations of CIP-002-1 R1, R2, R3 and R4, CIP-003-1 R2, FAC-008-1 R1, PRC-005-1 R1 and R2, CIP-001-1 R1 and R2, FAC-003-1 R1 and R2 and PRC-023-1 R1. According to the Settlement Agreement, URE agrees and stipulates to the facts of the violations and has agreed to the assessed penalty of sixty thousand dollars ($60,000), 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 WECC201002383, WECC201002384, WECC201002385, WECC201002386, WECC201102417, WECC201102444, WECC201102408, WECC201102429, WECC201102703, WECC201102702, WECC201102842, WECC201102699, and WECC201102843 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on December 5, 2011, by and between WECC and URE, which is included as Attachment a. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty ($)
Western Electricity Coordinating Council (WECC)	Unidentified Registered Entity (URE)	NCRXXXXX	WECC201002383	CIP-002-1	1	Medium	60,000
			WECC201002384	CIP-002-1	2	High	
			WECC201002385	CIP-002-1	3	High	
			WECC201002386	CIP-002-1	4	Lower	
			WECC201102417	CIP-003-1	2	Medium	
			WECC201102444	FAC-008-1	1	Lower	
			WECC201102408	PRC-005-1	1	High	
			WECC201102429	PRC-005-1	2	High[4]	
			WECC201102703	CIP-001-1	1	Medium	
			WECC201102702	CIP-001-1	2	Medium	

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

			WECC201102842	FAC-003-1	1	High	
			WECC201102699	FAC-003-1	2	High	
			WECC201102843	PRC-023-1	1	High	

WECC201002383, WECC201002384, WECC201002385, WECC201002386 CIP-002-1 R1, R2, R3 and R4
The purpose statement of Reliability Standard CIP-002-1 provides in pertinent part:

> NERC Standards CIP-002 through CIP-009 provide a cyber security framework for the identification and protection of Critical Cyber Assets to support reliable operation of the Bulk Electric System.
>
> Standard CIP-002 requires the identification and documentation of the Critical Cyber Assets associated with the Critical Assets that support the reliable operation of the Bulk Electric System. These Critical Assets are to be identified through the application of a risk-based assessment.

CIP-002-1 R1 provides:

> **R1.** Critical Asset Identification Method — The Responsible Entity[5] shall identify and document a risk-based assessment methodology to use to identify its Critical Assets.
>
> > **R1.1.** The Responsible Entity shall maintain documentation describing its risk-based assessment methodology that includes procedures and evaluation criteria.
> >
> > **R1.2.** The risk-based assessment shall consider the following assets:
> >
> > > **R1.2.1.** Control centers and backup control centers performing the functions of the entities listed in the Applicability section of this standard.
> > >
> > > **R1.2.2.** Transmission substations that support the reliable operation of the Bulk Electric System.

[5] Within the text of Standard CIP-002, "Responsible Entity" shall mean Reliability Coordinator, Balancing Authority, Interchange Authority, Transmission Service Provider, TO, Transmission Operator, Generator Owner, Generator Operator, LSE, NERC, and Regional Reliability Organizations.

R1.2.3. Generation resources that support the reliable operation of the Bulk Electric System.

R1.2.4. Systems and facilities critical to system restoration, including blackstart generators and substations in the electrical path of transmission lines used for initial system restoration.

R1.2.5. Systems and facilities critical to automatic load shedding under a common control system capable of shedding 300 MW or more.

R1.2.6. Special Protection Systems that support the reliable operation of the Bulk Electric System.

R1.2.7. Any additional assets that support the reliable operation of the Bulk Electric System that the Responsible Entity deems appropriate to include in its assessment.

CIP-002-1 R1 has a "Medium" Violation Risk Factor (VRF) and a "Severe" Violation Severity Level (VSL).

CIP-002-1 R2 provides: "Critical Asset Identification — The Responsible Entity shall develop a list of its identified Critical Assets determined through an annual application of the risk-based assessment methodology required in R1. The Responsible Entity shall review this list at least annually, and update it as necessary."

CIP-002-1 R2 has a "High" Violation Risk Factor (VRF) and a "Severe" Violation Severity Level (VSL).

CIP-002-1 R3 provides:

> R3. Critical Cyber Asset Identification — Using the list of Critical Assets developed pursuant to Requirement R2, the Responsible Entity shall develop a list of associated Critical Cyber Assets essential to the operation of the Critical Asset. Examples at control centers and backup control centers include systems and facilities at master and remote sites that provide monitoring and control, automatic generation control, real-time power system modeling, and real-time inter-utility data exchange. The Responsible Entity shall review this list at least annually, and update it as necessary. For the purpose

of Standard CIP-002, Critical Cyber Assets are further qualified to be those having at least one of the following characteristics:

> R3.1. The Cyber Asset uses a routable protocol to communicate outside the Electronic Security Perimeter; or,
>
> R3.2. The Cyber Asset uses a routable protocol within a control center; or,
>
> R3.3. The Cyber Asset is dial-up accessible.

CIP-002-1 R3 has a "High" VRF and a "Severe" VSL.

CIP-002-1 R4 provides:

> Annual Approval — A senior manager or delegate(s) shall approve annually the list of Critical Assets and the list of Critical Cyber Assets. Based on Requirements R1, R2, and R3 the Responsible Entity may determine that it has no Critical Assets or Critical Cyber Assets. The Responsible Entity shall keep a signed and dated record of the senior manager or delegate(s)'s approval of the list of Critical Assets and the list of Critical Cyber Assets (even if such lists are null.)

CIP-002-1 R4 has a "Lower" VRF and a "Severe" VSL.

URE self-certified a violation with CIP-002-1 R1, R2, R3, and R4. A WECC Subject Matter Expert (SME) held a conference call with URE to discuss its violations. URE stated to the WECC SME that it had conducted an internal assessment and determined that it did not have any Critical Assets; however, it failed to maintain any documentation describing a risk-based assessment methodology for identifying Critical Assets as required by CIP-002-1 R1. URE was unable to provide a list of Critical Assets when requested by the WECC SME, because it had not developed a list of its Critical Assets through an application of its risk-based assessment methodology as required by CIP-002-1 R2. In addition, URE could not produce a list of CCAs essential to Critical Assets when requested by the WECC SME, since it failed to develop such a list as required by CIP-002-1 R3. Although URE had determined it did not have any Critical Assets, it did not keep a signed and dated record of senior manager or delegate(s)'s approval of the list of Critical Assets and the list of Critical Cyber Assets (even if such lists are null) per CIP-002-1 R4 and was unable to produce such documentation when requested by the WECC SME.

WECC Enforcement determined that URE had a violation of CIP-002-1 R1, R2, R3 and R4 because it did not have a documented risk-based assessment methodology for identifying Critical Assets, a list of

Critical Assets, or a list of CCAs. In addition, URE's senior management or delegate(s) had not approved a risk-based assessment methodology for identifying Critical Assets, a list of Critical Assets, or a list of CCAs.

WECC determined the duration of the CIP-002-1 R1, R2, R3 and R4 violations to be from the date the Standard became enforceable through when URE completed its Mitigation Plans.

WECC determined that these violations posed a minimal risk and did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because URE conducted an assessment and determined that it did not have any Critical Assets. In addition, URE is not responsible for generation reservations nor does it operate systems or facilities critical to system restoration. Furthermore, URE's peak demand is less than 150 MW. For these reasons, WECC determined that URE's CIP-002-1 R1, R2, R3, and R4 violations posed a minimal risk to the BPS.

WECC201102417 CIP-003-1 R2

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

CIP-003-1 R2 provides:

> R2. Leadership — The Responsible Entity[6] shall assign a senior manager with overall responsibility for leading and managing the entity's implementation of, and adherence to, Standards CIP-002 through CIP-009.
>
> > R2.1. The senior manager shall be identified by name, title, business phone, business address, and date of designation.
> >
> > R2.2. Changes to the senior manager must be documented within thirty calendar days of the effective date.
> >
> > R2.3. The senior manager or delegate(s), shall authorize and document any exception from the requirements of the cyber security policy.

[6] Within the text of Standard CIP-003, "Responsible Entity" shall mean Reliability Coordinator, Balancing Authority, Interchange Authority, Transmission Service Provider, TO, Transmission Operator, Generator Owner, Generator Operator, LSE, NERC, and Regional Reliability Organizations.

CIP-003-1 R2 has a "Medium" VRF and a "Severe" VSL.

URE self-certified a violation of CIP-003-1 R2. URE did not assign a senior manager with overall responsibility and authority for leading and managing URE's implementation of the CIP Reliability Standards. Furthermore, although URE did eventually assign a senior manager with overall responsibility and authority for leading and managing its implementation of the CIP Reliability Standards, it could not provide documentation of the assignment.

WECC determined that URE violated CIP-003-1 R2 because URE could not provide evidence that it assigned a senior manager responsible for implementing CIP-002 through CIP-009 as required by CIP-003-1 R2.

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

WECC determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because URE conducted an assessment and determined that it did not have any Critical Assets. In addition, URE does not operate systems and facilities critical to system restoration and does not operate systems and facilities critical to automatic load shedding under a common system capable of shedding 300 MW or more. Furthermore, URE's peak demand is less than 150 MW. For these reasons, WECC determined that URE's CIP-003-1 R2 violation posed a minimal risk to the BPS.

WECC201102444 FAC-008-1 R1

The purpose statement of Reliability Standard FAC-008-1 provides: "To ensure that Facility Ratings used in the reliable planning and operation of the [BES] are determined based on an established methodology or methodologies."

FAC-008-1 R1 provides:

> R1. The Transmission Owner and Generator Owner shall each document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities. The methodology shall include all of the following:
>
> > R1.1. A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.

R1.2. The method by which the Rating (of major BES equipment that comprises a Facility) is determined.

R1.2.1. The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.
R1.2.2. The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.

R1.3. Consideration of the following:

R1.3.1. Ratings provided by equipment manufacturers.

R1.3.2. Design criteria (e.g., including applicable references to industry Rating practices such as manufacturer's warranty, IEEE, ANSI or other standards).

R1.3.3. Ambient conditions.

R1.3.4. Operating limitations.

R1.3.5. Other assumptions.

FAC-008-1 R1 has a "Lower" VRF and a "High" VSL.

URE self-certified a violation of FAC-008-1 R1 because it did not have documentation evidencing a facility ratings methodology that was as detailed and descriptive as FAC-008-1 R1 requires. Subsequently, a WECC SME reviewed URE's self-certification and concluded that URE is in violation of FAC-008-1 R1 because it does not have a statement in its methodology that the rating of the facility "shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility" as required by FAC-008-1 R1.1. WECC Enforcement confirmed this conclusion.

WECC determined the duration of the violation to be from the date the Standard became enforceable through when URE submitted to WECC its Facility Ratings Methodology.

WECC determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because URE does not operate generation resources, systems and facilities

critical to system restoration, and systems and facilities critical to automatic load shedding under a common control system capable of shedding more than 300 MW. In addition, URE's peak demand is less than 150 MW. For these reasons, WECC determined that FAC-008-1 R1 violation posed a minimal risk to the BPS.

WECC201102408 PRC-005-1 R1

The purpose statement of Reliability Standard PRC-005-1 provides: "To ensure all transmission and generation Protection Systems[7] affecting the reliability of the [BES] are maintained and tested."

PRC-005-1 R1 provides:

> R1. 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.

PRC-005-1 R1 has a "High" VRF and a "Severe" VSL.

URE certified a violation of PRC-005-1 R1. URE also submitted a Self-Reported for the violation of PRC-005-1. URE failed to have a transmission protection system maintenance and testing program in place. In 2010, URE put in place a protection system maintenance and testing program, but the program did not include maintenance and testing of URE's potential transformers (PT) and current transformers (CT). URE was in violation of PRC-005-1 R1 because it did not have a maintenance and testing program that includes maintenance and testing of URE's PTs and CTs.

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

WECC determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because URE has a peak load of less than 150 MW, only two BPS transmission lines, and no generating facilities. URE is a very small electric cooperative, and its system

[7] *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."

consists mostly of distribution. As such, the loss of URE system facilities would not significantly impact the BPS. Accordingly, WECC determined that URE's violation of PRC-005-1 R1 posed a minimal risk to the BPS.

WECC201102429 PRC-005-1 R2

The purpose statement of Reliability Standard PRC-005-1 provides: "To ensure all transmission and generation Protection Systems affecting the reliability of the [BES] are maintained and tested."

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 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.

PRC-005-1 R2 has a "High" VRF and a "Severe" VSL.

URE self-certified a violation of PRC-005-1 R2.1 because it did not have documentation that it maintained and tested its batteries within their defined intervals. A WECC SME reviewed URE's self-certification. The WECC SME requested additional information from URE including a list of URE's transmission protection systems devices and the date each device was last tested. The WECC SME reviewed and confirmed that URE could not provide documentation that its batteries were maintained and tested within their defined intervals. In addition, upon review of the information URE submitted, the WECC SME concluded that URE failed to maintain and test 90.48% of its relays within their defined intervals.

WECC Enforcement determined that URE had a violation of PRC-005-1 R2 for failing to maintain and test its batteries and relays within their defined intervals.

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

WECC determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because URE is a very small electric cooperative, its system consists mostly of distribution and URE has only two BPS transmission lines. For these reasons, even though URE failed to maintain and test 90.48% of its relays, a fault on URE's system and a corresponding relay failure would not significantly impact the BPS. In addition, URE has a peak load of less than 150MW and no generating facilities. Accordingly, WECC determined that URE's violation of PRC-005-1 R2 posed a minimal risk to the BPS.

WECC201102703 CIP-001-1 R1

The purpose statement of Reliability Standard CIP-001-1 provides: "Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies."

CIP-001-1 R1 provides: "Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection."

CIP-001-1 R1 has a "Medium" VRF and a "Moderate" VSL.

URE self-certified a violation of CIP-001-1 R1. Also, URE self-reported a violation of CIP-001-1 R1. A WECC SME reviewed URE's self-certification and concluded that URE did not have a procedure for making its operating personnel aware of multi-stage sabotage affecting larger portions of the Interconnection. WECC Enforcement confirmed this finding.

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

WECC determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because this violation is specifically related to failure of the entity to have a procedure which requires informing its own system operators of sabotage events conducted on multiple facilities outside of the entity's system which impact larger portions of the Interconnection. This information would be valuable to increase awareness and vigilance on the part of its operating personnel during these types of events, but has no other impact on the BPS. URE did have procedures in place to identify and make its personnel aware of sabotage on its own facilities. Accordingly, WECC determined that this violation posed a minimal risk to the BPS.

WECC201102702 CIP-001-1 R2

The purpose statement of Reliability Standard CIP-001-1 provides: "Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies."

CIP-001-1 R2 provides: "Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection."

CIP-001-1 R2 has a "Medium" VRF and a "High" VSL.

URE self-certified a violation of CIP-001-1 R2. URE also submitted a Self-Report for the violation of CIP-001-1 R2. On May 19, 2011, a WECC SME reviewed URE's self-certification and concluded that URE did not have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection. WECC Enforcement confirmed this conclusion.

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

WECC determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because this violation is specifically related to failure of the entity to have procedures which requires informing appropriate parties within the Interconnection of sabotage events on the entity's system. Communication of the existence of sabotage events is important to neighboring systems to increase their awareness of possible multiple events which might directly impact their systems and to allow for possible identification of a coordinated attempt to disable the BPS; however, the risk was mitigated by URE's size and the fact that it did have procedures for the identification of sabotage events on its own system. Accordingly, WECC determined that this violation posed a minimal risk to the BPS.

WECC201102842 and WECC201102699 FAC-003-1 R1 and R2

The purpose statement of Reliability Standard 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-003-1 R1 and R2 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.[8]

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.

[8] ANSI 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.

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 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.

> R2. The Transmission Owner shall create and implement an annual plan for vegetation management work to ensure the reliability of the system. The plan shall describe the methods used, such as manual clearing, mechanical clearing, herbicide treatment, or other actions. The plan should be flexible enough to adjust to changing conditions, taking into consideration anticipated growth of vegetation and all other environmental factors that may have an impact on the reliability of the transmission systems. Adjustments to the plan shall be documented as they occur. The plan should take into consideration the time required to obtain permissions or permits from landowners or regulatory authorities. Each Transmission Owner shall have systems and procedures for documenting and tracking the planned vegetation management work and ensuring that the vegetation management work was completed according to work specifications.

FAC-003-1 R1 has a "High" VRF and a "High" VSL. FAC-003-1 R2 has a "High" VRF and a "Severe" VSL.

WECC conducted an off-site audit of URE's compliance with, among other Reliability Standards, FAC-003-1. At the audit, URE provided its Transmission Vegetation Management Program (TVMP), as well as a training sign-in sheet. The Audit Team then submitted to URE its Data Request No. 3, requesting documentation to demonstrate URE's compliance with FAC-003-1 R1 prior to the date of the TVMP. In its response to the Audit Team's Data Request No. 3, URE provided a bulletin, a design guide, and a checklist. The Audit Team determined that these documents did not constitute a formal TVMP as required by FAC-003-1 R1 because the documents did not contain elements the Standard lists for a formal TVMP. At the audit, the Audit Team also requested URE's annual plan for vegetation management to demonstrate compliance with FAC-003-1 R2. According to the Audit Team, URE did not have a published annual vegetation management plan prior to the date of its TVMP. The Audit Team referred the matter to WECC Enforcement.

WECC Enforcement determined that URE had a violation of FAC-003-1 R1 and R2 for failing to have a formal TVMP as required by the Standard and for not having an annual plan for vegetation management as required by the Standard.

WECC determined the duration of the violations to be from the date the Standard became enforceable through when URE created a formal TVMP as required by the Standard.

WECC determined that these violations posed a minimal risk to the BPS and did not pose a serious or substantial risk to the reliability of the BPS because URE's service area is in the desert with no trees; accordingly, the probability of any vegetation outage is very low. In addition, URE only has a peak demand of less than 150 MW and less than 200 miles of 230 kV transmission lines. Furthermore, the WECC Audit Team confirmed that URE created a formal TVMP, which addressed all the elements of a

TVMP required by the Standard. URE's TVMP had been approved by URE's management and incorporated the necessary training of URE personnel. URE had also instituted an annual review of its TVMP to ensure it is complaint with the existing FAC-003-1, as well as future versions of the Standard. Accordingly, WECC determined that this violation posed a minimal risk to the BPS.

WECC201102843 PRC-023-1 R1

The purpose statement of Reliability Standard PRC-023-1 provides: "Protective relay settings shall not limit transmission loadability; not interfere with system operators' ability to take remedial action to protect system reliability and; be set to reliably detect all fault conditions and protect the electrical network from these faults."

PRC-023-1 R1 provides:

> R1. Each Transmission Owner, Generator Owner, and Distribution Provider shall use any one of the following criteria (R1.1 through R1.13) for any specific circuit terminal to prevent its phase protective relay settings from limiting transmission system loadability while maintaining reliable protection of the Bulk Electric System for all fault conditions. Each Transmission Owner, Generator Owner, and Distribution Provider shall evaluate relay loadability at 0.85 per unit voltage and a power factor angle of 30 degrees: [Violation Risk Factor: High] [Mitigation Time Horizon: Long Term Planning].
>
> > R1.1. Set transmission line relays so they do not operate at or below 150 percent of the highest seasonal Facility Rating of a circuit, for the available defined loading duration nearest 4 hours (expressed in amperes).
> >
> > R1.2. Set transmission line relays so they do not operate at or below 115 percent of the highest seasonal 15-minute Facility Rating[9] of a circuit (expressed in amperes).
> >
> > R1.3. Set transmission line relays so they do not operate at or below 115 percent of the maximum theoretical power transfer capability (using a 90-degree angle between the sending-end and receiving-end voltages and either reactance or complex impedance) of the circuit (expressed in amperes) using one of the following to perform the power transfer calculation:

[9] When a 15-minute rating has been calculated and published for use in real-time operations, the 15-minute rating can be used to establish the loadability requirement for the protective relays.

R1.3.1. An infinite source (zero source impedance) with a 1.00 per unit bus voltage at each end of the line.

R1.3.2. An impedance at each end of the line, which reflects the actual system source impedance with a 1.05 per unit voltage behind each source impedance.

R1.4. Set transmission line relays on series compensated transmission lines so they do not operate at or below the maximum power transfer capability of the line, determined as the greater of:

- 115 percent of the highest emergency rating of the series capacitor.

- 115 percent of the maximum power transfer capability of the circuit (expressed in amperes), calculated in accordance with R1.3, using the full line inductive reactance.

R1.5. Set transmission line relays on weak source systems so they do not operate at or below 170 percent of the maximum end-of-line three-phase fault magnitude (expressed in amperes).

R1.6. Set transmission line relays applied on transmission lines connected to generation stations remote to load so they do not operate at or below 230 percent of the aggregated generation nameplate capability.

R1.7. Set transmission line relays applied at the load center terminal, remote from generation stations, so they do not operate at or below 115 percent of the maximum current flow from the load to the generation source under any system configuration.

R1.8. Set transmission line relays applied on the bulk system-end of transmission lines that serve load remote to the system so they do not operate at or below 115 percent of the maximum current flow from the system to the load under any system configuration.

R1.9. Set transmission line relays applied on the load-end of transmission lines that serve load remote to the bulk system so they do not operate at or below

115 percent of the maximum current flow from the load to the system under any system configuration.

R1.10. Set transformer fault protection relays and transmission line relays on transmission lines terminated only with a transformer so that they do not operate at or below the greater of:

- 150 percent of the applicable maximum transformer nameplate rating (expressed in amperes), including the forced cooled ratings corresponding to all installed supplemental cooling equipment.

- 115 percent of the highest operator established emergency transformer rating.

R1.11. For transformer overload protection relays that do not comply with R1.10 set the relays according to one of the following:

- Set the relays to allow the transformer to be operated at an overload level of at least 150 percent of the maximum applicable nameplate rating, or 115 percent of the highest operator established emergency transformer rating, whichever is greater. The protection must allow this overload for at least 15 minutes to allow for the operator to take controlled action to relieve the overload.

- Install supervision for the relays using either a top oil or simulated winding hot spot temperature element. The setting should be no less than 100° C for the top oil or 140° C for the winding hot spot temperature.[10]

R1.12. When the desired transmission line capability is limited by the requirement to adequately protect the transmission line, set the transmission line distance relays to a maximum of 125 percent of the apparent impedance (at the impedance angle of the transmission line) subject to the following constraints:

[10] IEEE standard C57.115, Table 3, specifies that transformers are to be designed to withstand a winding hot spot temperature of 180 degrees C, and cautions that bubble formation may occur above 140 degrees C.

R1.12.1. Set the maximum torque angle (MTA) to 90 degrees or the highest supported by the manufacturer.

R1.12.2. Evaluate the relay loadability in amperes at the relay trip point at 0.85 per unit voltage and a power factor angle of 30 degrees.

R1.12.3. Include a relay setting component of 87 percent of the current calculated in R1.12.2 in the Facility Rating determination for the circuit.

R1.13. Where other situations present practical limitations on circuit capability, set the phase protection relays so they do not operate at or below 115 percent of such limitations.

PRC-023-1 R1 has a "High" VRF and a "Severe" VSL.

WECC performed an off-site audit of URE's compliance with, among other Reliability Standards, PRC-023-1. During a review of the evidence, the Audit Team concluded that URE had not provided evidence that it evaluated relay loadability at 0.85 per unit voltage and a power factor angle of 30 degrees. The Audit Team then held an interview with URE personnel to discuss the lack of evidence. At the interview, the Audit Team requested that URE provide evidence that it evaluated relay loadability at 0.85 per unit voltage and a power factor angle of 30 degrees but, according to the Audit Team, URE was unable to provide the requested evidence. Accordingly, the Audit Team concluded that URE was in violation of PRC-023-1 R1 and referred the matter to WECC Enforcement. WECC Enforcement concurred in this conclusion.

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

WECC determined that this violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS because although URE has three interconnections with neighboring transmission owners and failure to evaluate its relays at the required levels as required by PRC-023-1 R1 may result in a trip under abnormal conditions affecting these interconnections, the load loss would likely be limited to URE's system and would have minimal impact on the remaining portions of the BPS. In addition, URE only has less than 200 miles of 230 kV transmission lines and a peak demand of less than 150 MW. Accordingly, WECC determined that this violation posed a minimal risk to the BPS.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of sixty thousand dollars ($60,000) for the referenced violations. In reaching this determination, WECC considered the following factors:

1. URE does not have any critical assets;
2. URE took voluntary corrective action to remediate these violations;
3. URE self-reported some of the violations but did not receive credit as it reported during its self-certification period;
4. There were no aggravating factors warranting a penalty higher than the determined amount;
5. URE did not have repeat violations of these Standards or any relevant negative compliance history;
6. URE was cooperative throughout the process;
7. URE did not fail to complete any applicable compliance directives;
8. There was no evidence of any attempt by URE to conceal the violation; and
9. There was no evidence that URE's violation was intentional.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of sixty thousand dollars ($60,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Status of Mitigation Plans[11]

WECCMIT004844, WECCMIT004845, WECCMIT004846 and WECCMIT004847 CIP-002-1 R1, R2, R3 and R4

URE's Mitigation Plans to address its violations of CIP-002-1 R1, R2, R3 and R4 were submitted to WECC on January 19, 2011 with a proposed completion date of January 27, 2011. The Mitigation Plans were accepted by WECC on February 17, 2011 and approved by NERC on March 30, 2011. The Mitigation Plans for these violations are respectively designated as WECCMIT004844, WECCMIT004845,

[11] *See* 18 C.F.R § 39.7(d)(7).

WECCMIT004846 and WECCMIT004847 were submitted as non-public information to FERC on January 9, 2012[12] in accordance with FERC orders.

URE's Mitigation Plans required URE to:

1. Develop and implement a formal risk-based assessment methodology; and
2. By utilizing the risk-based assessment methodology, URE will identify any Critical Assets and CCAs and document those assets in separate lists as required by the Standard.

URE certified that the above Mitigation Plan requirements for WECCMIT004844, WECCMIT004845 and WECCMIT004846 were completed. As evidence of completion of its Mitigation Plans, URE submitted the following:

1. URE's control center Critical Asset identification methodology; and
2. URE's substation Critical Asset identification methodology.

URE certified that the above Mitigation Plan requirements for WECCMIT004847 were completed. As evidence of completion of its Mitigation Plans, URE submitted its Critical Assent Identification Methodology, Critical Asset list and the CCA list.

After reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plans were completed.

WECC201102417 CIP-003-1 R2

URE's Mitigation Plan to address its violation of CIP-003-1 R2 was submitted to WECC on February 17, 2011 with a proposed completion date of January 19, 2011. The Mitigation Plan was accepted by WECC on March 9, 2011 and approved by NERC on April 28, 2011. The Mitigation Plan for this violation is designated as MIT-09-3536 and was submitted as non-public information to FERC on May 2, 2011 in accordance with FERC orders.

URE's Mitigation Plan required URE to assign a senior manager responsible for implementation of CIP-002 through CIP-009 and document the process.

URE certified that the above Mitigation Plan requirement was completed. As evidence of completion of its Mitigation Plan, URE submitted to WECC its CIP-003 procedure demonstrating its compliance with CIP-003 R2.

[12] Due to administrative error, NERC did not timely submit the subject Mitigation Plans to the Commission.

After reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plan was completed.

WECC201102444 FAC-008-1 R1

URE's Mitigation Plan to address its violation of FAC-008-1 R1 was submitted to WECC on January 24, 2011 with a proposed completion date of April 15, 2011. The Mitigation Plan was accepted by WECC on May 26, 2011 and approved by NERC on July 11, 2011. The Mitigation Plan for this violation is designated as MIT-07-3826 and was submitted as non-public information to FERC on July 14, 2011 in accordance with FERC orders.

URE's Mitigation Plan required URE to:

1. Formalize and document existing rating methodologies to fully address all requirements and sub-requirements of FAC-008-1;
2. Incorporate documents, which were approved by URE's management, into the training of affected URE personnel, and
3. Institute an annual review of documents developed to ensure that it continues to address the requirements of the existing Standard and future revisions of the Standard.

URE certified that the above Mitigation Plan requirements were completed. As evidence of completion of its Mitigation Plan, URE submitted a copy of its Facilities Ratings Methodology.

After reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plan was completed.

WECC201102408 PRC-005-1 R1

URE's Mitigation Plan to address its violation of PRC-005-1 R1 was submitted to WECC on January 24, 2011 with a proposed completion date of May 16, 2011. The Mitigation Plan was accepted by WECC on March 11, 2011 and approved by NERC on April 28, 2011. The Mitigation Plan for this violation is designated as MIT-07-3534 and was submitted as non-public information to FERC on May 2, 2011 in accordance with FERC orders.

URE's Mitigation Plan required URE to:

1. Formalize and document existing protection system maintenance and testing activities that fully address all requirements and sub-requirements of PRC-005-1;
2. Incorporate documents, which were approved by URE's management, into the training of affected URE personnel;

3. Institute an annual review of documents developed to ensure that it continues to address the requirements of the existing Standard and future revisions of the Standard; and
4. Identify and locate all maintenance and testing records back before June 18, 2007 or perform maintenance and testing activities as described in the revised procedure.

URE certified that the above Mitigation Plan requirements were completed. As evidence of completion of its Mitigation Plan, URE submitted its Protection System Maintenance and Testing program document.

After reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plan was completed.

WECC201102429 PRC-005-1 R2

URE's Mitigation Plan to address its violation of PRC-005-1 R2 was submitted to WECC on April 21, 2011 with a proposed completion date of June 24, 2011.[13] The Mitigation Plan was accepted by WECC on May 25, 2011 and approved by NERC on July 11, 2011. The Mitigation Plan for this violation is designated as MIT-07-3825 and was submitted as non-public information to FERC on July 14, 2011 in accordance with FERC orders.

URE's Mitigation Plan required URE to:

1. Formalize and document existing protective system maintenance and testing activities that will fully address all requirements and sub-requirements of PRC-005-1;
2. Incorporate documents, which were approved by URE's management, into the training of affected URE personnel;
3. Institute an annual review of the documents developed to ensure that they remain meet the requirements of the existing Standard and future revisions of the Standard; and
4. Identify and locate all maintenance and testing records back to before June 18, 2007, or perform maintenance and testing activities as described in the revised procedure.

URE certified that the above Mitigation Plan requirements were completed. As evidence of completion of its Mitigation Plan, URE submitted a spreadsheet with the list of devices, demonstrating performance of the required maintenance and testing.

[13] On June 16, 2011, URE submitted a revised Mitigation Plan and requested a Mitigation Plan extension from June 24, 2011 to July 29, 2011. On July 29, 2011, WECC accepted URE's Mitigation Plan extension request.

After reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plan was completed.

WECC201102703 CIP-001-1 R1

URE's Mitigation Plan to address its violation of CIP-001-1 R1 was submitted to WECC on January 24, 2011 with a proposed completion date of April 15, 2011. The Mitigation Plan was accepted by WECC on May 16, 2011 and approved by NERC on June 29, 2011. The Mitigation Plan for this violation is designated as MIT-11-3762 and was submitted as non-public information to FERC on June 29, 2011 in accordance with FERC orders.

URE's Mitigation Plan required URE to:

1. Revise existing sabotage reporting procedure documents to fully align with the requirements of CIP-001-1;
2. Replace existing documents with revised documents and be incorporated into the training of affected URE personnel; and
3. Institute an annual review of the documents developed to ensure that they meet the requirements of existing Standard and future revisions of the Standard.

URE certified that the above Mitigation Plan requirements were completed. As evidence of completion of its Mitigation Plan, URE submitted its guideline document for Sabotage recognition and reporting.

After reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plan was completed.

WECC201102702 CIP-001-1 R2

URE's Mitigation Plan to address its violation of CIP-001-1 R2 was submitted to WECC on January 24, 2011 with a proposed completion date of April 15, 2011. The Mitigation Plan was accepted by WECC on May 19, 2011 and approved by NERC on June 29, 2011. The Mitigation Plan for this violation is designated as MIT-11-3761 and was submitted as non-public information to FERC on June 29, 2011 in accordance with FERC orders.

URE's Mitigation Plan required URE to:

1. Revise existing sabotage reporting procedure documents to fully align with the requirements of CIP-001-1;
2. Replace existing documents with revised documents and be incorporated into the training of affected URE personnel; and

3. Institute an annual review of the documents developed to ensure that they meet the requirements of the existing Standard and future revisions of the Standard.

URE certified that the above Mitigation Plan requirements were completed. As evidence of completion of its Mitigation Plan, URE submitted its guideline for Sabotage recognition and reporting.

After reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plan was completed and that URE met the requirements of CIP-001-1 R2.

WECC201102842 FAC-003-1 R1

URE's Mitigation Plan to address its violation of FAC-003-1 R1 was submitted to WECC on September 27, 2011 with a proposed completion date of April 14, 2011. The Mitigation Plan was accepted by WECC on January 31, 2012 and approved by NERC on February 28, 2012. The Mitigation Plan for this violation is designated as WECCMIT006095 and was submitted as non-public information to FERC on February 28, 2012 in accordance with FERC orders.

URE's Mitigation Plan required URE to implement a formal TVMP that included objectives, practices, approved procedures, and work specifications in compliance with FAC-003-1.

URE certified that the above Mitigation Plan requirements were completed. As evidence of completion of its Mitigation Plan, URE submitted its TVMP document.

After reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plan was completed.

WECC201102699 FAC-003-1 R2

URE's Mitigation Plan to address its violation of FAC-003-1 R2 was submitted to WECC on January 24, 2011 with a proposed completion date of April 15, 2011. The Mitigation Plan was accepted by WECC on May 26, 2011 and approved by NERC on July 8, 2011. The Mitigation Plan for this violation is designated as MIT-11-3806 and was submitted as non-public information to FERC on July 13, 2011 in accordance with FERC orders.

URE's Mitigation Plan required URE to:

1. Formalize existing vegetation management procedures that will fully address all requirements and sub-requirements of FAC-003-1;

2. Incorporate documents, which were approved by URE's management, into the training of affected URE personnel; and

3. Institute an annual review of the documents developed to ensure they meet the requirements of the Standard and future revisions of the Standard.

URE certified that the above Mitigation Plan requirements were completed. As evidence of completion of its Mitigation Plan, URE submitted its annual TVMP program and plan.

After reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plan was completed.

WECC201102843 PRC-023-01 R1
URE's Mitigation Plan to address its violation of PRC-023-01 R1 was submitted to WECC on October 10, 2011 with a proposed completion date of November 30, 2011. The Mitigation Plan was accepted by WECC on December 12, 2011 and approved by NERC on December 21, 2011. The Mitigation Plan for this violation is designated as WECCMIT006096 and was submitted as non-public information to FERC on December 22, 2011 in accordance with FERC orders.

URE's Mitigation Plan required URE to review all transmission system relay settings to fully document acceptable relay performance at 0.85 per unit and a power factor of 30 degrees to meet the requirements of PRC-023.

URE certified that the above Mitigation Plan requirements were completed. As evidence of completion of its Mitigation Plan, URE submitted the following documents:

1. URE NERC loadability; and
2. URE NERC loadability studies.

A reviewing URE's submitted evidence, WECC verified that URE's Mitigation Plan was completed.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed[14]

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,[15] the

[14] *See* 18 C.F.R. § 39.7(d)(4).
[15] *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

NERC BOTCC reviewed the Settlement Agreement and supporting documentation on March 12, 2012. The NERC BOTCC approved the Settlement Agreement, including WECC's assessment of a sixty thousand dollar ($60,000) financial penalty against 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:[16]

1. The violations constituted URE's first occurrence of violations of the subject NERC Reliability Standards;
2. WECC 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. WECC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above; and
5. WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of sixty thousand dollars ($60,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

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

Request for Confidential Treatment

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

¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

[16] URE did not receive credit for having a compliance program because it was not reviewed by WECC.

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 Notice of Penalty are the following documents:

a) Settlement Agreement by and between WECC and URE executed December 5, 2011, included as Attachment a;

b) Record documents for the violation of CIP-002-1 R1, R2, R3 and R4, included as Attachment b:

   1. URE's self-certification document;
   2. URE's Mitigation Plans designated as WECCMIT004844, WECCMIT004845, WECCMIT004846 and WECCMIT004847;
   3. URE's Certification of Mitigation Plan Completion for CIP-002-1 R1;
   4. URE's Certification of Mitigation Plan Completion for CIP-002-1 R2;
   5. URE's Certification of Mitigation Plan Completion for CIP-002-1 R3;
   6. URE's Certification of Mitigation Plan Completion for CIP-002-1 R4; and
   7. WECC's Verification of Mitigation Plan Completion.

c) Record documents for the violation of CIP-003-1 R2, included as Attachment c:

   1. URE's self-certification document;
   2. URE's Mitigation Plan designated as MIT-09-3536;
   3. URE's Certification of Mitigation Plan Completion; and
   4. WECC's Verification of Mitigation Plan Completion.

d) Record documents for the violation of FAC-008-1 R1, included as Attachment d:

1. URE's self-certification document;
2. URE's Mitigation Plan designated as MIT-07-3826;
3. URE's Certification of Mitigation Plan Completion; and
4. WECC's Verification of Mitigation Plan Completion.

e) Record documents for the violation of PRC-005-1 R1 and R2, included as Attachment e:

1. URE's self-certification document;
2. URE's Mitigation Plan for PRC-005-1 R1 designated as MIT-07-3534;
3. URE's Mitigation Plan for PRC-005-1 R2 designated as MIT-07-3825;
4. URE's Revised Mitigation Plan for PRC-005-1 R2 designated as MIT-07-3825;
5. URE's Certification of Mitigation Plan Completion for PRC-005-1 R1;
6. URE's Certification of Mitigation Plan Completion for PRC-005-1 R2;
7. WECC's Verification of Mitigation Plan Completion for PRC-005-1 R1; and
8. WECC's Verification of Mitigation Plan Completion for PRC-005-1 R2.

f) Record documents for the violation of CIP-001-1 R1 and R2, included as Attachment f:

1. URE's self-certification document;
2. URE's Mitigation Plan for CIP-001-1 R1 designated as MIT-11-3762;
3. URE's Mitigation Plan for CIP-001-1 R2 designated as MIT-11-3761;
4. URE's Certification of Mitigation Plan Completion for CIP-001-1 R1;
5. URE's Certification of Mitigation Plan Completion for CIP-001-1 R2; and
6. WECC's Verification of Mitigation Plan Completion.

g) Record documents for the violation of FAC-003-1 R1, included as Attachment g:

1. URE's source document;
2. URE's Mitigation Plan designated as WECCMIT006095;
3. URE's Certification of Mitigation Plan Completion; and
4. WECC's Verification of Mitigation Plan Completion.

h) Record documents for the violation of FAC-003-1 R2, included as Attachment h:

1. URE's source document;
2. URE's Mitigation Plan designated as MIT-11-3806;
3. URE's Certification of Mitigation Plan Completion; and
4. WECC's Verification of Mitigation Plan Completion.

i) Record documents for the violation of PRC-023-1 R1, included as Attachment i:

1. URE's source document;
2. URE's Mitigation Plan designated as WECCMIT006096;
3. URE's Certification of Mitigation Plan Completion; and
4. WECC's Verification of Mitigation Plan Completion.

A Form of Notice Suitable for Publication[17]

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

[17] *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 North American Electric Reliability Corporation 3353 Peachtree Road NE Suite 600, North Tower Atlanta, GA 30326-1001 (404) 446-2560 David N. Cook* Senior Vice President and General Counsel North American Electric Reliability Corporation 1325 G Street N.W., Suite 600 Washington, D.C. 20005 david.cook@nerc.net Mark Maher* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (360) 713-9598 (801) 582-3918 – facsimile Mark@wecc.biz Constance White* Vice President of Compliance Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6855 (801) 883-6894 – facsimile CWhite@wecc.biz	Rebecca J. Michael* Associate General Counsel for Corporate and Regulatory Matters Davis Smith* Attorney North American Electric Reliability Corporation 1325 G Street, N.W. Suite 600 Washington, DC 20005 rebecca.michael@nerc.net davis.smith@nerc.net Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz

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

Conclusion

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

Respectfully submitted,

/s/ Rebecca J. Michael

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Attachments