

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

OFFICE OF ELECTRIC RELIABILITY

North American Electric Reliability Corporation  
Docket Nos. RR08-6-002  
RR07-014-003

February 27, 2009

North American Electric Reliability Corporation  
1120 G Street, N.W., Suite 990  
Washington, DC 2005-3801

Attention: Rebecca J. Michael, Assistant General Counsel

Reference: Request for data regarding NERC's December 15, 2008 Compliance Filing  
on the NERC 2009 Business Plan and Budget

Dear Ms. Michael:

1. On December 15, 2008, the North American Electric Reliability Corporation (NERC) submitted a compliance filing in the above captioned dockets to comply with the Commission's order issued on October 16, 2008, in *N. Am. Elec. Reliability Corp.*, 125 FERC ¶ 61,056 (2008).

2. Among other things, NERC's compliance filing responds to the Commission's directive that NERC reconsider its decision to discontinue funding of the Reliability Readiness Evaluation and Improvement Program (Readiness Evaluation Program). NERC discusses how it reached the decision to discontinue the program. In particular, NERC states that the decision to discontinue the Readiness Evaluation Program "resulted from the extensive analysis of the continued value and need for the program. . . ."<sup>1</sup> NERC explains that the NERC Board tasked the Finance and Audit Committee to evaluate the Readiness Evaluation Program, and the NERC Operating Committee, at the direction of the NERC Finance and Audit Committee, formed a task force to consider the issue.<sup>2</sup> Further, according to NERC's compliance filing, "the NERC Operating

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<sup>1</sup> NERC Compliance Filing at 22.

<sup>2</sup> *Id.* at 24.

Committee report to the [Financial Audit Committee] concluded, ‘although the readiness evaluation program filled an important role in enhancing the industry’s reliability following the August 14, 2003 blackout, the Operating Committee believes that many of [its] functions have become redundant within the new ERO and compliance environment.’”<sup>3</sup>

3. In order to assist Staff with its analysis of this filing, please respond to the following questions or requests for data.<sup>4</sup>

Request No. 1: Provide the NERC Operating Committee report to the Financial Audit Committee quoted at page 27 of the NERC compliance filing.

Request No. 2: Please identify which of the many functions of the Reliability Readiness Evaluation Program have become redundant within the new ERO and compliance environment and identify which of the functions have not become redundant.<sup>5</sup> For those you have identified as being redundant, specify how each is now redundant in regard to one or more other programs.

Request No. 3: Provide task force (and NERC Operating Committee) evaluation materials including but not limited to, data collected, official and non-official reports, testimony, or other decisional materials which were used to support NERC’s determination that the value of the Readiness Evaluation Program is diminishing, “has become redundant with the new ERO and compliance environment,” and should not be continued.

Request No. 4: NERC states that the readiness evaluations have resulted in 3,200 recommendations that have been or currently are being implemented by the evaluated entities.<sup>6</sup> With regard to this statement:

- a. Describe how NERC tracks the implementation of the recommendations.
- b. State whether entities are required to implement recommendations within a specified time period. If affirmative, please describe. Also, identify when NERC expects all entities to fully implement outstanding reliability readiness recommendations if the program is not continued.

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<sup>3</sup> *Id.* at 27.

<sup>4</sup> 18 C.F.R. §375.314(b)(3)(iii) (2008).

<sup>5</sup> *Id.* at 22, 27.

<sup>6</sup> Compliance Filing at 28.

- c. Describe how the recommendations are shared with the other applicable entities on the Bulk-Power System and how NERC determines system-wide implementation.
  - d. What is NERC's plan to monitor any such recommendations that have not been implemented?
4. File your responses in accordance with the provisions of the Commission's Rules of Practice and Procedure. In particular, Rule 2010, 18 CFR § 385.2010 (2008), requires that you serve a copy of the response to each person whose name appears on the official service list for this proceeding. You are also directed to submit a form of notice amendment to your filing pursuant to section 35.3, 18 C.F.R. § 35.3 (2008), of the Commission's regulations.
5. Please file a complete response within 15 days of the date of issuance of this request. If certain information cannot be provided within this time frame, please indicate which items will be delayed and provide a projected filing date. File all responses under oath (Rule 2005, 18 C.F.R. § 385.2005 (2008)) by an authorized representative of NERC, and include the name, position, and telephone number of the respondent to each item.
6. You may electronically submit your response using the Commission's eFiling system at <http://www.ferc.gov/docs-filing/efiling.asp> (on the "General" menu, select "Response to Data Request"). Further, please send an electronic version of your response to Mary Agnes Nimis of my staff at [MaryAgnes.Nimis@ferc.gov](mailto:MaryAgnes.Nimis@ferc.gov).
7. If you are unable to submit the response via the eFiling system, send an original, three paper copies, and a CD containing the entire response, via courier or express courier service to:

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
Office of Electric Reliability  
888 First Street, N.E.  
Washington D.C. 20426

A fourth paper copy should be sent to:

Federal Energy Regulatory Commission  
Attention: Ms. Mary Agnes Nimis  
Office of Electric Reliability  
888 First Street, N.E.  
Room 92-61  
Washington, D.C. 20426

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8. Failure to respond to this letter within the time period specified may result in a further order rejecting your filing.

Sincerely,

Joseph H. McClelland, Director  
Office of Electric Reliability

Document Content(s)

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