



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

May 4, 2009

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

**Re: NERC Notice of Penalty regarding Escanaba Municipal Electric Utility, FERC  
Docket No. NP09-\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>1</sup> regarding Escanaba Municipal Electric Utility (Escanaba), NERC Registry ID NCR00982,<sup>2</sup> 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)).<sup>3</sup>

As a result of Escanaba's self-certification, Midwest Reliability Organization (MRO) found Escanaba in violation of CIP-001-1, Requirements (R) 1, R2, R3 and R4 for failure to have a written procedure for dealing with possible sabotage events that includes: recognition of sabotage events, communicating information on sabotage events, response guidelines for operating personnel and lists of communications contacts. This Notice of Penalty is being filed with the Commission because, based on information from MRO, Escanaba does not dispute the violations of CIP-001-1 R1, R2, R3 and R4 and the proposed penalty of \$0 to be assessed to Escanaba. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers MRO200700023, MRO200700024, MRO200700025 and MRO200700026 are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP.

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<sup>1</sup> *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 (2008). *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).

<sup>2</sup> Midwest Reliability Organization confirmed that Escanaba Municipal Electric Utility was included on the NERC Compliance Registry as a Load-Serving Entity, among other things, and was subject to the requirements of NERC Reliability Standard CIP-001-1.

<sup>3</sup> See 18 C.F.R § 39.7(c)(2).

### Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on April 16, 2008, by MRO, and the Supplemental Record Information letter issued by MRO to Escanaba on November 12, 2008. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (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 Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
MRO	Escanaba Municipal Electric Utility	NOC-59	MRO200700023	CIP-001-1	1	Medium	0
MRO	Escanaba Municipal Electric Utility	NOC-59	MRO200700024	CIP-001-1	2	Medium	0
MRO	Escanaba Municipal Electric Utility	NOC-59	MRO200700025	CIP-001-1	3	Medium	0
MRO	Escanaba Municipal Electric Utility	NOC-59	MRO200700026	CIP-001-1	4	Medium	0

In summary, CIP-001-1 R1 requires Escanaba to 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” Violation Risk Factor (VRF). Escanaba reported in their November 2, 2007 self-certification that it did not have a written procedure for the recognition of sabotage events. Even though there was not a written procedure in place, Escanaba stated and MRO verified with Escanaba staff that personnel were experienced and had been instructed to report to management or to plant operators any instances of sabotage.

CIP-001-1 R2 requires Escanaba to have procedures for the communication of information concerning sabotage events to appropriate parties in the Interconnection. CIP-001-1 R2 has a “Medium” VRF. In the self-certification, Escanaba stated that it did not have a written procedure for the communication of information concerning sabotage events. Even though there was not a written procedure in place, Escanaba stated that personnel were experienced and had been instructed to report any evidence of sabotage to management or to plant operators who would then contact appropriate persons in the Interconnection.

CIP-001-1 R3 requires Escanaba to provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events. CIP-001-1 R3 has a “Medium” VRF. In the self-certification, Escanaba stated that it did not have written sabotage report guidelines for operators. Even though there was not a written procedure in place, Escanaba stated that operators were instructed to contact management and the appropriate local authorities upon discovery of any sabotage event.

CIP-001-1 R4 requires Escanaba to establish communication contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances. CIP-001-1 R4 has a “Medium” VRF. In the self-certification, Escanaba stated that it had not established communication contacts as specified in the Requirement.

MRO reviewed Escanaba’s self-certification and determined Escanaba violated CIP-001-1 R1, R2, R3 and R4.

On January 31, 2008, Escanaba submitted its written procedure that was developed and implemented in accordance with Reliability Standard CIP-001-1. The written procedure included the following information: for compliance with Requirement 1, the plan included the recognition and awareness of sabotage events; for compliance with Requirement 2, the plan included communicating information on sabotage events; for compliance with Requirement 3, the plan included sabotage response guidelines with personnel contact information; and for compliance with Requirement 4, the plan included lists of communications contacts for local FBI offices. The duration of the subject violations was from June 18, 2007, when the standard became enforceable, through January 31, 2008<sup>4</sup> when Escanaba successfully completed its Mitigation Plan, trained its employees, and showed full compliance with the CIP-001-1 Reliability Standard.

Section 4.2.2 of the NERC Sanction Guidelines states that:

If the actual or foreseen impact of the violation is judged to be inconsequential by NERC or the regional entity and the violation is the first incidence of violation of the requirement in question by the violator, NERC or the regional entity may at its discretion: (i) set the Base Penalty Amount to a value it deems appropriate within the initial value range set above pursuant to Section 4.1, or (ii) *excuse the penalty for the violation (i.e. set the Base Penalty Amount to 0\$).*<sup>5</sup>

MRO considered the following mitigating factors set forth in Appendix 4B to the NERC Rules of Procedure (Sanction Guidelines) with respect to the facts and circumstances of the referenced violation: (1) Escanaba had processes in place to comply with the violations of CIP-001-1 R1, R2 and R3, which MRO verified with Escanaba staff, and that Escanaba was only missing the documented procedures; and (2) Escanaba is a small municipal electric utility with only two generating units of 12.5 MW each; (3) Escanaba self-certified its non-compliance with Reliability Standard CIP-001-1 and worked cooperatively with MRO to gain a better understanding of its obligations for compliance with mandatory Reliability Standards; and (4) Escanaba submitted and completed a Mitigation Plan to restore compliance and prevent recurrence of the violations.

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<sup>4</sup> Although the Mitigation Plan was not submitted until January 31, 2008 (but it was authorized for submittal on or before February 7, 2008), the “Suspicious Events & Sabotage Response Communication and Reporting” policy was approved on December 13, 2007. However, it was not implemented until January 31, 2008 after training was provided to the employees.

<sup>5</sup> See NERC Sanction Guidelines (emphasis added).

Furthermore, MRO determined that there were no aggravating factors that would have increased the penalty after the Base Penalty Amount was set to zero. In particular, Escanaba was cooperative in the violation investigation. There was no repetitive violation, no negative relevant compliance history, no applicable compliance directives, no evidence of any attempt by Escanaba to conceal the violations, no evidence that the violations were intentional, and no aggravating extenuating circumstances that would have led MRO to recommend a penalty beyond zero dollars.

### **Status of Mitigation Plan<sup>6</sup>**

Escanaba's Mitigation Plan to address the referenced violations was submitted to MRO on February 7, 2008, accepted by MRO on March 14, 2008 and approved by NERC on March 18, 2008. The Mitigation Plan for the violations listed is designated as MIT-07-0446 and was submitted as non-public information to FERC on March 18, 2008 in accordance with FERC orders. Escanaba identified in its Mitigation Plan that it did not have a written procedure in place for dealing with possible sabotage events.

Escanaba undertook the following actions to correct the violations of the Requirements of CIP-001-1 Reliability Standard. Upon this discovery, Escanaba requested and received a similar procedure from Wisconsin Public Service Corporation (WPSC)<sup>7</sup> and in December 2007 modified it to meet Escanaba's needs. Escanaba also contacted the local FBI office to verify the correct phone numbers for reporting of sabotage events. After the Sabotage Response Communications and Reporting procedure was approved by the Electrical Superintendent, Escanaba trained plant personnel in the Sabotage Reporting procedures and all employees signed off on the training. After completing the Mitigation Plan, Escanaba stated it has a better awareness of NERC standards and expectations and it has begun to pursue assistance in looking at future standards being published. Escanaba is also working with WPSC to stay on top of existing and future standards which will help to prevent future occurrence of the violations.

Escanaba certified to MRO February 7, 2008 that its Mitigation Plan was completed on January 31, 2008. On March 14, 2008, MRO reviewed the program document and written policy entitled "Suspicious Events & Sabotage Response Communications and Reporting" Escanaba submitted in support of its Certification of Completion and determined that Escanaba was compliant with the Requirements of CIP-001-1 and that the Mitigation Plan was timely completed.

### **Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed<sup>8</sup>**

#### **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 Guidance Order,<sup>9</sup> the NERC BOTCC reviewed

<sup>6</sup> See 18 C.F.R § 39.7(d)(7).

<sup>7</sup> WPSC is a sister company to Upper Peninsula Power Company (UPPCO). Escanaba Municipal Electric Utility is under the umbrella of UPPCO.

<sup>8</sup> See 18 C.F.R § 39.7(d)(4).

<sup>9</sup> *Guidance on Filing Reliability Notices of Penalty*, 124 FERC ¶ 61,015 (2008).

the NOCV and supporting documentation on January 9, 2009. The NERC BOTCC affirmed MRO's findings and determination to impose a zero dollar (\$0) financial penalty against Escanaba, based upon the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

In reaching this determination, the NERC BOTCC considered the following factors: (1) Escanaba had a undocumented plan in place to address sabotage reporting but it did not include the written requirements of CIP-001-1 R1, R2, R3 and R4; (2) Escanaba is a small municipal electric utility with only two generating units of 12.5 MW each; (3) Escanaba self-certified its non-compliance with Reliability Standard CIP-001-1 and worked cooperatively with MRO; (4) Escanaba has completed a Mitigation Plan to restore compliance and prevent recurrence of the violations; (5) there were no aggravating factors that would have led MRO to recommend a different penalty; (6) Escanaba was cooperative in the violation investigation; (7) there was no repetitive violation; (8) there was no negative relevant compliance history; (9) there were no applicable compliance directives; (10) there was no evidence of any attempt by Escanaba to conceal the violations; and (11) there was no evidence that the violations were intentional.

Therefore, NERC believes that the proposed zero dollar (\$0) financial penalty is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the thirty (30) day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

#### **Attachments Included as Part of this Notice of Penalty**

The attachments included as part of this Notice of Penalty are the following documents and material:

- a) Escanaba Self-Certification documents, dated November 2, 2007, included as Attachment a;
- b) Escanaba's response to the Notice of Alleged Violation and Proposed Penalty or Sanction, date stamped January 29, 2008, included as Attachment b;
- c) Mitigation Plan designated as MIT-07-0446 included as Attachment c;
- d) Escanaba's Certification of Completion of the Mitigation Plan, dated February 7, 2008, included as Attachment d;
- e) Verification statement of MRO Regarding Completion of Mitigation Plan, dated March 14, 2008, included as Attachment e.

#### **A Form of Notice Suitable for Publication<sup>10</sup>**

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

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<sup>10</sup> 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:

Rick Sergel  
President and Chief Executive Officer  
David N. Cook\*  
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  
Phone: 651-855-1731  
Email: dp.skaar@midwestreliability.org

Sara E. Patrick\*  
Director of Regulatory Affairs and Enforcement  
Midwest Reliability Organization  
2774 Cleveland Avenue North  
Roseville, MN 55113  
Phone: 651-855-1708  
Email: se.patrick@midwestreliability.org

Rebecca J. Michael\*  
Assistant General Counsel  
Holly A. Hawkins\*  
Attorney  
North American Electric Reliability  
Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, D.C. 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net  
holly.hawkins@nerc.net

For EMEU:

Mike Furmanski\*  
Electrical Superintendent  
Escanaba Municipal Electric Utility  
1711 Sheridan Road  
Escanaba, MI 49829  
Phone: 906-786-0061  
Email: MFurmanski@escanaba.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.

**Conclusion**

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

Respectfully submitted,

Rick Sergel  
President and Chief Executive Officer  
David N. Cook  
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

Rebecca J. Michael  
Rebecca J. Michael  
Assistant General Counsel  
Holly A. Hawkins  
Attorney  
North American Electric Reliability  
Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, D.C. 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net  
holly.hawkins@nerc.net

cc: Escanaba Municipal Electric Utility  
Midwest Reliability Organization

Attachments

**Attachment a**

**Self-Certification Worksheets of Escanaba  
Municipal Electric Utility, dated November 2,  
2007**



**Compliance Data Management System**  
**2007 Self-Certification Worksheet**  
*Escanaba Municipal Electric Utility*

<u>STANDARD</u>	CIP-001-1 R1	Sabotage Reporting		
<u>RESPONSIBLE FOR COMPLYING</u>	Yes		<u>RECEIVED_DATE</u>	11/02/2007
	<u>DUE DATE</u>	10/24/2007	<u>COMPLIANCE LEVEL</u>	NC Level 1
	<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT\_RESPONSIBLE\_REASON

MEMBER\_COMMENTS

The City of Escanaba does not have a written procedure for the recognition of sabotage events. The City does have experienced personnel that are instructed to report to management or to plant operators if they notice any instances of sabotage.

MEMBER\_CONTACT

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\*\*\*\*\* End of Report \*\*\*\*\*

**Compliance Data Management System**  
**2007 Self-Certification Worksheet**  
*Escanaba Municipal Electric Utility*

<u>STANDARD</u>	CIP-001-1 R2	Sabotage Reporting		
<u>RESPONSIBLE FOR COMPLYING</u>	Yes		<u>RECEIVED_DATE</u>	11/02/2007
	<u>DUE DATE</u>	10/24/2007	<u>COMPLIANCE LEVEL</u>	NC Level 1
	<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT\_RESPONSIBLE\_REASON

MEMBER\_COMMENTS

The City of Escanaba does not have a written procedure for the communication of sabotage events. The City does however have experienced personnel that are instructed to report any evidence of sabotage to management or plant operators who will then contact appropriate parties in the Interconnection.

MEMBER\_CONTACT

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\*\*\*\*\* End of Report \*\*\*\*\*

**Compliance Data Management System**  
**2007 Self-Certification Worksheet**  
*Escanaba Municipal Electric Utility*

<u>STANDARD</u>	CIP-001-1 R3	Sabotage Reporting		
<u>RESPONSIBLE FOR COMPLYING</u>	Yes		<u>RECEIVED_DATE</u>	11/02/2007
	<u>DUE DATE</u>	10/24/2007	<u>COMPLIANCE LEVEL</u>	NC Level 3
	<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT RESPONSIBLE REASON

MEMBER COMMENTS

The City of Escanaba does not have written sabotage report guidelines for operators. The City has, however, instructed operators to contact management and the appropriate local authorities upon discovery of any sabotage event.

MEMBER CONTACT

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\*\*\*\*\* End of Report \*\*\*\*\*

**Compliance Data Management System**  
**2007 Self-Certification Worksheet**  
*Escanaba Municipal Electric Utility*

<u>STANDARD</u>	CIP-001-1 R4	Sabotage Reporting		
<u>RESPONSIBLE FOR COMPLYING</u>	Yes		<u>RECEIVED_DATE</u>	11/02/2007
	<u>DUE DATE</u>	10/24/2007	<u>COMPLIANCE LEVEL</u>	NC Level 1
	<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT\_RESPONSIBLE\_REASON

MEMBER\_COMMENTS

The City of Escanaba has not established communication contacts as specified in requirement 4.

MEMBER\_CONTACT

## **Attachment b**

**Escanaba Municipal Electric Utility's Response to  
the Notice of Alleged Violation and Proposed  
Penalty or Sanction, date stamped January 29,  
2008**

Mr. Dan Schoenecker  
Enforcement and Mitigation Manager  
Midwest Reliability Organization  
2774 Cleveland Ave N  
Roseville, MN 55113

COMPLIANCE OFFICE

RECEIVED  
JAN 29 2008

Dear Mr. Schoenecker:

COMPLIANCE OFFICE

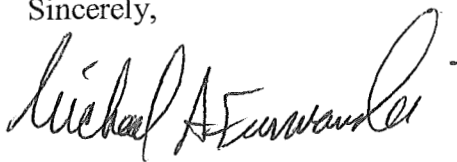
This letter is the Escanaba Municipal Electric Utility's (EMEUE) response to your Notice of Alleged Violation and Proposed Penalty or Sanction, dated December 31, 2007. Your letter references NERC Violation Tracking Identification Numbers: MRO200700023, MRO200700024, MRO200700025, and MRO200700026. EMEUE agrees with the Alleged Violations and the proposed penalty or sanction, and agrees to submit and implement a mitigation plan to correct the violation and its underlying causes.

In order to comply with CMEP Section 6.2, the required information of EMEUE's mitigation plan has been aligned with the numbered requirements as can be found below:

- (1) EMEUE's point of contact for the Mitigation Plan is Michael Furmanski, Electrical Superintendent for Escanaba Municipal Electric Utility.
- (2) EMEUE's Mitigation Plan will correct the violations of Reliability Standards R1, R2, R3, and R4 of Standard CIP-001-1.
- (3) The cause of these violations was the fact that EMEUE did not have written procedures in place by the deadline for this standard.
- (4) EMEUE's action plan to correct the violations is to implement a written procedure for Standard CIP-001-1.
- (5) EMEUE considers this violation mitigated and there will not be a recurrence of this violation.
- (6) EMEUE does not anticipate this Mitigation Plan to have any impact on the bulk power system reliability.
- (7) This Mitigation Plan will be completely implemented by January 31, 2008.
- (8) Not Applicable due to Mitigation Plan being completed.
- (9) No other applicable information at this time.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Michael Furmanski". The signature is written in a cursive style with a large, looping initial "M".

Michael Furmanski  
Electric Superintendent  
Escanaba Municipal Electric Utility  
1711 Sheridan Road  
Escanaba, MI 49829  
Ph (906) 786-0061  
Fx (906) 786-0791  
Email: [mfurmanski@escanaba.org](mailto:mfurmanski@escanaba.org)

## **Attachment c**

**Mitigation Plan designated as MIT-07-0446**





# Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: January 31, 2008

If the mitigation described in this plan has already been completed:

- Check this box  and
- Provide the Date of Completion of the Mitigation Plan: January 31, 2008

## **Section A: Compliance Notices**

- Section 6.2 of the NERC CMEP<sup>1</sup> sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
  - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
  - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
  - (3) The cause of the Alleged or Confirmed Violation(s).
  - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
  - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
  - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
  - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
  - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
  - (9) Any other information deemed necessary or appropriate.
  - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- This submittal form may be used to provide a required Mitigation Plan for review and approval by MRO and NERC.

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<sup>1</sup> "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



- The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- This Mitigation Plan form may be used to address one or more related violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is approved by MRO and NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- MRO or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

## **Section B: Registered Entity Information**

B.1 Identify your organization:

Company Name: Escanaba Municipal Electric Utility  
Company Address: 1711 Sheridan Road, Escanaba, MI 49829  
NERC Compliance Registry ID *[if known]*:

B.2 Identify the individual in your organization who will serve as the Contact to MRO regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to MRO regarding this Mitigation Plan.

Name: Gerald Pirkola  
Title: Superintendent Regional Generation - South Mi  
Email: gpirkola@uppco.com  
Phone: 906-786-2321

## **Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan**

This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

C.1 Standard: CIP-001-1  
*[Identify by Standard Acronym (e.g. FAC-001-1)]*



C.2 Requirement(s) violated and violation dates:  
*[Enter information in the following Table]*

NERC Violation ID # [if known]	MRO Violation ID # [if known ]	Requirement Violated (e.g. R3.2)	Violation Date <sup>(*)</sup>
MRO 2007000 23		R1	10/24/2007
MRO 2007000 24		R2	10/24/2007
MRO 2007000 25		R3	10/24/2007
MRO 2007000 26		R4	10/24/2007

(\*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by MRO. Questions regarding the date to use should be directed to the MRO.

C.3 Identify the cause of the violation(s) identified above:

EMEU did not have a written procedure for dealing with possible sabotage events.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

## **Section D: Details of Proposed Mitigation Plan**

### **Mitigation Plan Contents**

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

November 2007 - Upon discovery that EMEU did not have a written procedure, Gerald Pirkola, Superintendent Regional Generation - South MI of Upper Peninsula Power Company (UPPCO) requested and received a similar procedure from Wisconsin Public Service Corporation (WPSC) a sister company to UPPCO.



December 2007 - The WPSC procedure was modified to meet UPPCO's and EMEU's needs. The local FBI office was contacted to verify the correct phone numbers for reporting of sabotage events.

January 15, 2008 - The new Sabotage Response Communications and Reporting procedure was submitted to Mike Furmanski, Electrical Superintendent for City of Escanaba Electric Department for his comment and approval.

January 22 -30, 2008 - Plant personnel were trained in the Sabotage Reporting procedures and all employee's signed off on the training.

January 31, 2008 - The Sabotage Response Communications and Reporting procedure was implemented

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

**Check this box  and proceed to Section E of this form if the mitigation as described in this plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.**

**Mitigation Plan Timeline and Milestones**

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)

(\* Note: Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]

**Additional Relevant Information (Optional)**

D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:



[Provide your response here; additional detailed information may be provided as an attachment as necessary]



## **Section E: Interim and Future Reliability Risk**

*Check this box  and proceed and respond to Part E.2 and E.3, below, if the mitigation as described in this plan, as set forth in Part D.1, has already been completed.*

### **Abatement of Interim BPS Reliability Risk**

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

### **Prevention of Future BPS Reliability Risk**

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

Completion of this mitigation plan will minimize the probability of further violations because it gave us a better awareness of the NERC standards and expectations. We have already begun to pursue assistance in looking at future standards being published. Also, because we have been in verbal communications with Riaz Islam of MRO, future communications will be more comfortable to initiate when there are any questions.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

Gerald Pirkola of UPPCO is currently seeking assistance from the sister company WPSC to stay on top of existing and future reliability standards.



WPSC has personnel dedicated to these standards. If WPSC cannot afford the time to allot to UPPCO, then an independent consultant will be secured to provide assistance. Our goal is to secure an agreement with either WPSC or an independent consultant by March 31, 2008.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]



## Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to [mco@midwestreliability.org](mailto:mco@midwestreliability.org) for acceptance by MRO and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
  1. I am the Electrical Superintendent of the City of Escanaba Electric Department.
  2. I am qualified to sign this Mitigation Plan on behalf of Escanaba Municipal Electric Utility (EMEU).
  3. I have read and understand EMEU's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
  4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
  5. EMEU agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by MRO and approved by NERC.

Authorized Individual Signature

Name (Print): Michael Furmanski  
Title: Electrical Superintendent  
Date: February 7, 2008

*This signature page must be submitted to the MRO.  
It can be scanned and sent electronically to [mco@midwestreliability.org](mailto:mco@midwestreliability.org),  
or printed and faxed to: MRO Compliance Office at 651.855.1712.*





## **Section G: Comments and Additional Information**

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Please direct any questions regarding completion of this form to:

Riaz Islam  
Midwest Reliability Organization  
Tel: 651-855-1734  
e-mail: [r.islam@midwestreliability.org](mailto:r.islam@midwestreliability.org)

## **Attachment d**

# **Escanaba's Certification of Completion of the Mitigation Plan, dated February 7, 2008**



1711 Sheridan Road • Escanaba, MI 49829 • 906-786-0061 • Fax 906-786-0791

February 7, 2008

Mr. Dan Schoenecker  
Enforcement and Mitigation Manager  
Midwest Reliability Organization  
2774 Cleveland Ave N  
Roseville, MN 55113

Dear Mr. Schoenecker:

This letter is in response to the Escanaba Municipal Electric Utility's (EMEU) Mitigation Plan responding to NERC Violation Tracking Identification Numbers MRO200700023, MRO200700024, MRO200700025, and MRO200700026.

EMEU completed the Mitigation Plan on January 31, 2008. A written procedure has been developed and implemented in accordance with CIP-001-I – Sabotage Reporting requirement R1 – Recognition of sabotage events, R2 – Communicating information on sabotage events, R3 – Response guidelines for operating personnel, and R4 – Lists of communications contacts.

Please contact Mike Furmanski, City of Escanaba Electrical Superintendent (906-786-0061, [mfurmanski@escanaba.org](mailto:mfurmanski@escanaba.org)) or Gerald Pirkola, Upper Peninsula Power Company Superintendent – Regional Generation South MI (906-786-2321, [gpirkola@uppeco.com](mailto:gpirkola@uppeco.com)) if there is any additional follow up required in response to the Notice of Alleged Violation dated December 31, 2007.

Sincerely,

A handwritten signature in cursive script that reads "Mike Furmanski".

Mike Furmanski  
Electrical Superintendent  
City of Escanaba Electric  
1711 Sheridan Road  
Escanaba, MI 49829  
(906) 786-0061

**Attachment e**

**Midwest Reliability Organization's Notice of  
Verification of Completion of Mitigation Plan,  
dated March 14, 2008**

**From:** Riaz Islam  
**Sent:** Friday, March 14, 2008 4:02 PM  
**To:** 'pffulsher@wpsr.com'  
**Cc:** 'MFurmanski@escanaba.org'; mco@midwestreliability.org  
**Subject:** City of Escanaba - Verification Data – Post June 18 Mitigation Plans  
**Importance:** High

Hello Pat,

MRO compliance office has reviewed the verification data you provided earlier and validated the completion of the following Mitigation Plans.

- CIP-001-1 R1 (NERC ID - MRO200700023)
- CIP-001-1 R1 (NERC ID - MRO200700024)
- CIP-001-1 R3 (NERC ID - MRO200700025)
- CIP-001-1 R4 (NERC ID - MRO200700026)

We have closed these mitigation plans that you submitted via CDMS in 2008. We will also notify NERC of the completion of these mitigation plans. Thanks again for participating in the NERC/MRO Compliance Program.

Let me know if you have any questions. Thanks

Riaz Islam  
Engineer  
Midwest Reliability Organization (MRO)  
Roseville, MN 55113-1127  
(651)-855-1734

Central Facsimile (651) 855-1712

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**From:** Russ W. Mountjoy  
**Sent:** Thursday, March 13, 2008 8:39 AM  
**To:** Riaz Islam; Victoria A. Carey  
**Cc:** Dan R. Schoenecker; James D. Burley; Wayne W. Van Osdol  
**Subject:** City of Escanaba

Riaz and Victoria,

I have reviewed the documentation supplied by the City of Escanaba regarding violations MRO2007000023-26. I have determined the City of Escanaba is now compliant with CIP-001 R1-R4 regarding their sabotage reporting program.

*Russ Mountjoy*  
Principal Compliance Associate

Midwest Reliability Organization  
2774 Cleveland Ave N.  
Roseville, MN 55113-1127

(651) 855-1754 W  
(651) 366-1246 C  
[rw.mountjoy@midwestreliability.org](mailto:rw.mountjoy@midwestreliability.org)

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**Attachment f**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Escanaba Municipal Electric Utility

Docket No. NP09-\_\_\_\_-000

NOTICE OF FILING  
(May 4, 2009)

Take notice that on May 4, 2009, the North American Electric Reliability Corporation (NERC), filed a Notice of Penalty regarding Escanaba Municipal Electric Utility in the Midwest Reliability Organization region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary