

133 FERC ¶ 62,037
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

In Reply Refer To:
Office of Enforcement
Docket No. NP10-140-000
October 8, 2010

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Ladies and Gentlemen:

1. On July 6, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty in Docket No. NP10-140-000 (Notice) pursuant to section 39.7(c) of the Commission's regulations.¹ On August 5, 2010, pursuant to delegated authority,² I extended the time period for the Commission's

¹ 18 C.F.R. § 39.7(c) (2010). NERC filed this notice together with twenty-three other Notices of Penalty in Docket Nos. NP10-119-000 through NP10-142-000.

² 18 C.F.R. §§ 375.311(u) and (v).

consideration of this Notice for the purpose of directing NERC and RFC to provide information bearing on this consideration.³

2. NERC and RFC provided additional information in the form of data responses. These responses have raised two concerns for the Office of Enforcement staff (staff). Specifically, staff is concerned that: (1) the registered entity may not be adequately monitoring access to its Critical Cyber Assets (CCAs), as required by Reliability Standard CIP-004-1; and (2) the registered entity may not be in compliance with many of the requirements of the CIP Reliability Standards, standards aimed to address vulnerabilities of critical infrastructures affecting the Bulk-Power System.

3. Specifically, NERC's and RFC's data responses raise concerns that the CIP-004-1 violations described in the Notice are not isolated instances, but reflect ongoing problems with the registered entity's method of tracking and monitoring access to CCAs.

4. In addition to the violations described in the Notice, staff learned from its participation in a previous spot check of the registered entity and from NERC of at least ten additional alleged violations, including four other CIP-004-1 violations, two violations of CIP-007-1, and one violation each of CIP-002-1, CIP-003-1, CIP-006-1, and CIP-008-1. This record reflects serious problems with the registered entity's compliance with the CIP Reliability Standards. In approving the penalty in the Notice, NERC listed as a factor that RFC "reported that [the registered entity] had established a high-quality compliance program."⁴ The record before staff, however, raises questions about the registered entity's compliance program. Staff would like more information on how the registered entity's compliance program works to ensure compliance with all of the requirements of the CIP Reliability Standards.

5. Given these concerns, pursuant to authority delegated to me in sections 375.311(u) and (v) of the Commission's regulations,⁵ I am further extending the time period for the Commission's consideration of Docket No. NP10-140-000 and directing NERC and RFC to provide more information addressing concerns raised by their first set of data responses. Specifically, I am directing NERC and RFC to

³ Letter Order from Norman C. Bay to NERC and RFC, August 5, 2010, 132 FERC ¶ 62,097 (2010).

⁴ Notice of Penalty in Docket No. NP10-140-000.

⁵ 18 C.F.R. §§ 375.311(u) and (v).

respond to staff's concerns by detailing the steps the registered entity is taking currently, and what it is committed to do in the future, to comply with all forty-three requirements of the CIP Reliability Standards, including CIP requirements not at issue in the Notice that have the greatest effect on system reliability.

6. Therefore, in order to afford additional time for consideration of this Notice, an extended time period until November 22, 2010, is hereby ordered for the limited purpose of further consideration of the Notice. If no further action is taken by the Commission by that date, the penalty will be deemed affirmed by operation of law. To facilitate this consideration, I direct NERC and RFC to file responses to our concerns, as described above, by October 22, 2010. As appropriate, NERC and RFC may seek non-public treatment of information in the responses pursuant to sections 388.112 and 388.113 of the Commission's regulations.⁶

7. If you have any questions, please contact Jeremy Medovoy at (202)-502-6768.

Sincerely,

Norman C. Bay
Director
Office of Enforcement

⁶ 18 C.F.R. §§ 388.112, 388.113.

Document Content(s)

NP10-140-000 Del.DOC.....1-3