



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

December 30, 2009

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

**Re: NERC Notice of Penalty regarding Avista Corporation  
FERC Docket No. NP10-\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>1</sup> regarding Avista Corporation (Avista), NERC Registry ID NCR05020,<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>

During the period July 9, 2007 through July 11, 2007, the WECC Audit team conducted an on-site Compliance Audit, pursuant to the NERC Rules of Procedure, of Avista at Avista's headquarters in Spokane, Washington. WECC's Audit team identified potential violations by Avista of:

- 1) EOP-005-1 Requirement (R) 1 for failing, as a Transmission Operator, to have in its restoration plans the necessary operating instructions and specific procedures for synchronizing areas of Avista's system that could be separated in the event of outage/shutdown;
- 2) PER-002-0 R3, specifically of R3.1, as a Transmission Operator and as a Balancing Authority, for its training program's lack of reference to the knowledge and competencies needed to apply standards, procedures and requirements during normal, emergency, and

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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). See 18 C.F.R. § 39.7(c)(2).

<sup>2</sup> Western Electricity Coordinating Council (WECC) confirmed that Avista was included on the NERC Compliance Registry as a Balancing Authority (BA), Distribution Provider (DP), Generator Operator (GOP), Generator Owner (GO), Load Serving Entity, Planning Authority (PA), Purchasing-Selling Entity, Resource Planner, Transmission Operator (TOP), Transmission Owner (TO), Transmission Planner (TP) and Transmission Service Provider on June 17, 2007. As a BA and TOP Avista is subject to the requirements of NERC Reliability Standard EOP-005-1 and PER-002-0; as a DP, GO and TO Avista is subject to the requirements of PRC-005-1; as a PA and TP Avista is subject to the requirements of TPL-002-0 and TPL-003-0; as a GOP and GO Avista is subject to the requirements of VAR-002-1; and as a GOP Avista is subject to the requirements of VAR-STD-002a-1.

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

- restoration conditions for the Transmission Operator and Balancing Authority operating positions, and R3.4, for the training program's lack of documentation that the training staff had competent knowledge of system operations and instructional capabilities;
- 3) PRC-005-1 R2 for failing to provide documentation of testing both transmission and generation relays on the schedule required by Avista's maintenance and testing program;
  - 4) TPL-002-0 R1.2 for failing to address stability studies for the loss of a single Bulk Power System (BPS) element for the longer-term planning horizon (years 6 through 10) in its annual assessment plan under Category B contingencies; and
  - 5) TPL-003-0 R1.2 for failing to address stability studies for the loss of two or more BPS elements for the longer-term planning horizon (years 6 through 10) in its annual assessment plan under Category C contingencies.

On November 13, 2007, Avista self-reported violations of Regional Standard VAR-STD-002a-1 WR1 as a Generator Operator for failing to have the Automatic Voltage Regulator (AVR) in service and capable to operate in automatic voltage control mode at all times. On September 18, 2008, Avista self-reported violations of VAR-002-1<sup>4</sup> R1 and R3 for failing, as a Generator Operator, to notify the Transmission Operator that the AVR at Avista's generation plant had been taken out of service for 12 minutes on September 9, 2008.

This Notice of Penalty is being filed with the Commission because, based on information from WECC, WECC and Avista have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in WECC's determination and findings of the enforceable alleged violations of EOP-005-1 R1, PER-002-0 R3, PRC-005-1 R2, TPL-002-0 R1.2, TPL-003-0 R1.2, VAR-STD-002a-1 WR1, and VAR-002-1 R1 and R3. Pursuant to the Settlement Agreement, Avista neither admits nor denies the alleged violations of EOP-005-1 R1, PER-002-0 R3, PRC-005-1 R2, TPL-002-0 R1.2, TPL-003-0 R1.2, VAR-STD-002a-1 WR1, and VAR-002-1 R1 and R3, but has agreed to the proposed penalty of thirty thousand dollars (\$30,000) to be assessed to Avista, in addition to other remedies and mitigation actions to mitigate the instant violations and ensure future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the alleged violations identified as NERC Violation Tracking Identification Numbers WECC200700423, WECC200700419, WECC200700417, WECC200700418, WECC200700420, WECC200700469, WECC200801031 and WECC200801032, respective to the listing above, are being filed in accordance with the NERC Rules of Procedure and the CMEP.

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<sup>4</sup> VAR-002-1a was approved by the Commission and became enforceable on August 27, 2008. VAR-002-1.1a was approved by the Commission and became enforceable on May 13, 2009. The interpretation and subsequent errata provide clarity regarding the responsibilities of a registered entity. These do not change the meaning or language of the NERC Reliability Standard and its requirements. VAR-002-1 was enforceable from June 18, 2007 through August 27, 2008; VAR-002-1a was enforceable from August 27, 2008 through May 13, 2009 and VAR-002-1.1a is enforceable from May 13, 2009 through the present. For consistency in this filing, the original standard number, VAR-002-1, as reported in the supporting documentation is used throughout.

### Statement of Findings Underlying the Alleged Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on April 27, 2009 by and between WECC and Avista which is included as Attachment c. 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 alleged violation of a Reliability Standard resolved by the Settlement Agreement, and as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Avista Corporation	NOC-203	WECC200700423	EOP-005-1	1	Medium	30,000
			WECC200700419	PER-002-0	3	High	
			WECC200700417	PRC-005-1	2	Lower <sup>5</sup>	
			WECC200700418	TPL-002-0	1.2	Medium <sup>6</sup>	
			WECC200700420	TPL-003-0	1.2	Medium <sup>7</sup>	
			WECC200801031	VAR-002-1	1	Medium	
			WECC200801032	VAR-002-1	3	Medium	
WECC200700469	VAR-STD-002a-1	WR1	N/A				

#### EOP-005-1

The purpose of Reliability Standard EOP-005-1 is to ensure plans, procedures, and resources are available to restore the electric system to a normal condition in the event of a partial or total shut down of the system.

R1 requires each Transmission Operator, such as Avista, to have a restoration plan to reestablish its electric system in a stable and orderly manner in the event of a partial or total shutdown of its system, including necessary operating instructions and procedures to cover emergency conditions, and the loss of vital telecommunications channels. Each Transmission Operator shall include the

<sup>5</sup> PRC-005-1 R2 is designated a Lower VRF but the sub-requirements are High. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a “High” VRF. In the Commission’s June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 “High” VRF as filed. Therefore, the “High” VRF was in effect from June 26, 2007.

<sup>6</sup> TPL-002-0 R1 is designated a “High” VRF and its sub-requirements have “Medium” VRF. When NERC filed VRFs it originally assigned TPL-002-0 R1 a Medium VRF. The Commission approved the VRF as filed; however, it directed NERC to submit modifications. NERC submitted the modified High VRF and on August 6, 2007, the Commission approved the modified High VRF. Therefore, the Medium VRF for TPL-002-0 R1 was in effect from June 18, 2007 until August 6, 2007 when the High VRF became effective.

<sup>7</sup> TPL-003-0 R1 is designated a “High” VRF and its sub-requirements have “Medium” VRF.

applicable elements listed in Attachment 1-EOP-005 in developing a restoration plan. EOP-005-1 R1 has a “Medium” Violation Risk Factor (VRF).

During the Audit, WECC’s Audit Team found that the Avista Restoration Plans included all the required elements except the necessary operating instructions and procedures for synchronizing areas of the system that have become separated. Specifically, the Audit team reviewed *Avista Utilities Transmission Operations Restoration Guidelines* (undated), *Cabinet Gorge HED Black Start Test Report* (undated), *Avista Corporation Letter* (dated June 14, 2007), *Draft Notes: Northwest Power Pool Steering Committee*, and *Restoration Guidelines Western Interconnected Electric Systems* (revision date July 6, 2007) and found that such documentation referenced reestablishing the interconnection but lacked specific procedures for synchronizing the area of the system that had been separated. WECC’s Enforcement Staff (WECC Staff) reviewed Avista’s Restoration Plan<sup>8</sup> and confirmed the Audit Team’s findings regarding the lack of the restoration procedures.

WECC determined the duration of the violation to be from June 18, 2007, the date that the Reliability Standard became enforceable until August 17, 2007, when Avista completed its Mitigation Plan for this violation.

According to the Settlement Agreement, this violation did not create a serious or substantial risk to the bulk power system because Avista’s operators participate in training at least twice a year including black start restoration simulation exercises and that synchronization is discussed thoroughly in these exercises.

#### PER-002-0

The purpose of Reliability Standard PER-002-0 is to have each Transmission Operator and Balancing Authority, such as Avista, provide their personnel with a coordinated training program that will ensure reliable system operation.

R3 requires the Transmission Operator and Balancing Authority, such as Avista, to provide a training program for the personnel identified in Requirement R2, that meets the following criteria: R3.1. A set of training program objectives must be defined, based on NERC and Regional Entity standards, entity operating procedures, and applicable regulatory requirements. These objectives shall reference the knowledge and competencies needed to apply those standards, procedures, and requirements to normal, emergency, and restoration conditions for the Transmission Operator and Balancing Authority operating positions. R3.4. Training staff must be identified, and the staff must be competent in both knowledge of system operations and instructional capabilities. PER-002-0 R3 has a “High” VRF, R3.1 has a “Medium” VRF and R3.4 has a “Lower” VRF.

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<sup>8</sup> Avista Utilities Transmission Operations Restoration Guidelines, See “Transmission Grid and load restoration for Avista – North,” Avista page 1, 4, Section V, Item 4; “Transmission Grid and load restoration for Avista – South,” Avista page 17, Item 5; from “Avista Utilities Transmission Operations Restoration Guidelines.”

During the Audit, WECC reviewed Avista's operator training program documents and alleged Avista was non-compliant with sub-requirements R3.1 and R3.4. With respect to R3.1, the training program documents listed the training objectives for system operators. However, the objectives did not reference the knowledge and competencies needed to apply the standards, procedures, and requirements during normal, emergency, and restoration conditions for the Transmission Operator and Balancing Authority operating positions, as required by the standard. With respect to R3.4, the Avista training program documents identified Avista training staff; however, the documentation and evidence did not demonstrate that the training staff had competent knowledge of system operations and instructional capabilities as required by the standard. WECC Staff reviewed Avista's document titled *Avista Training Objectives and Competencies* and confirmed the Audit team's findings regarding the lack of description as to the knowledge and competencies needed to apply the requirements, and regarding the lack of personnel listing which confirmed the training staff's knowledge and instructional capabilities.

WECC determined the duration of the violation to be from June 18, 2007, the date that the Reliability Standard became enforceable until October 10, 2007, when Avista completed its Mitigation Plan for this violation. According to the Settlement Agreement, this violation did not create a serious or substantial risk to the bulk power system because the violation was a documentation issue only.

#### PRC-005-1

The purpose of Reliability Standard PRC-005-1 is to ensure all transmission and generation Protection Systems<sup>9</sup> affecting the reliability of the BPS are maintained and tested.

R2. Each Transmission Owner and any Distribution Provider, such as Avista, 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 Entity 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; and R2.2. Date each Protection System device was last tested/maintained. PRC-005-1 R2 has a "Lower" VRF, but its sub-requirements, R2.1 and R2.2, each have a "High" VRF.

During the Audit, WECC reviewed Avista's relay maintenance and testing program documents, and its associated maintenance records. WECC's Audit Team found that Avista had five hundred twenty-two (522)<sup>10</sup> relays that were behind schedule for maintenance and testing.<sup>11</sup> This represents 37% of Avista's transmission and generation protective relay system. WECC Staff reviewed Avista's *115 Relays Pick a Substat, 230 Relays Pick a Substat, and Gen Relay*

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<sup>9</sup> *The NERC Glossary of Terms Used in Reliability Standards*, updated April 20, 2009, defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

<sup>10</sup> The Settlement Agreement incorrectly states 422 untested relays.

<sup>11</sup> Avista provided data in the completion evidence for over 1,400 protective devices; these devices had various testing intervals.

*Pick a Station*' maintenance and testing documents and confirmed the Audit team's findings regarding the slippage in Avista's testing schedule.

WECC determined the duration of the violation to be from June 18, 2007, the date that the Reliability Standard became enforceable until November 19, 2007, when Avista completed its Mitigation Plan for this violation.

#### TPL-002-0

The purpose of Reliability Standard TPL-002-0 is that system simulations and associated assessments are needed periodically to ensure that reliable systems are developed that meet specified performance requirements with sufficient lead time, and continue to be modified or upgraded as necessary to meet present and future system needs.

R1. The Planning Authority and Transmission Planner shall each demonstrate through a valid assessment that its portion of the interconnected transmission system is planned such that the Network can be operated to supply projected customer demands and projected Firm (non-recallable reserved) Transmission Services, at all demand levels over the range of forecast system demands, under the contingency conditions as defined in Category B (Event resulting in the loss of a single element) of Table I (included in the Reliability Standard). To be valid, the Planning Authority and Transmission Planner assessments shall, among other things,:

R1.2. Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons. TPL-002-0 R1 has a "High" VRF, but R1.2 has a "Medium" VRF.

During the Audit, WECC found that Avista's assessment for 2007 did not address all of the studies required for the longer-term planning horizon (years 6 through 10). Through interviews with Avista personnel, the Audit team confirmed that Avista had run both steady-state and dynamic studies for the near-term period, but had run only steady-state studies for the longer-term period. WECC Staff reviewed Avista's assessment documents titled *Avista Corporation Documentation for 2006* (dated September 15, 2006), *Avista Corporation Documentation for 2005* (dated September 15, 2005), *Power World Simulator 12.0 Summary Screen* (dated June 12, 2007), *Study Results 07 Heavy Summer High Idaho to Northwest (N-1 and N-2)* (dated September 15, 2006), *2007 Summer Operating Studies Report* (dated May 1, 2007), *Stability Studies* (dated October 23, 2006), and *Base Case Checklists* (undated), and confirmed the Audit team's findings regarding the lack of dynamic studies for the longer term period.

WECC determined the duration of the violation to be from June 18, 2007, the date that the Reliability Standard became enforceable until September 30, 2007, when Avista completed its Mitigation Plan for this violation.

#### TPL-003-0

The purpose of Reliability Standard TPL-003-0 is that system simulations and associated assessments are needed periodically to ensure that reliable systems are developed that meet specified performance requirements, with sufficient lead time and continue to be modified or upgraded as necessary to meet present and future System needs.

R1. The Planning Authority and Transmission Planner shall each demonstrate through a valid assessment that its portion of the interconnected transmission system is planned such that the Network can be operated to supply projected customer demands and projected Firm (non-recallable reserved) Transmission Services, at all demand levels over the range of forecast system demands, under the contingency conditions as defined in Category C (Event(s) resulting in the loss of two or more (multiple) elements) of Table I (included in the Reliability Standard). The controlled interruption of customer Demand, the planned removable of generators, or the Curtailment of firm (non-recallable reserved) power transfers maybe necessary to meet this standard. To be valid, the Planning Authority and Transmission Planner assessments shall, among other things,; R1.2. Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons. TPL-003-0 R1 has a “High” VRF, but R1.2 has a “Medium” VRF.

During the Audit, WECC found that Avista’s assessment for 2007 did not address all of the studies required for the longer-term planning horizon (years 6 through 10). Through interviews with Avista personnel, the Audit team confirmed that Avista had run both steady-state and dynamic studies for the near-term period, but had run only steady-state studies for the longer-term period. WECC Staff reviewed Avista’s assessment documents titled *Avista Corporation Documentation for 2006* (dated September 15, 2006), *Avista Corporation Documentation for 2005* (dated September 15, 2005), *Power World Simulator 12.0 Summary Screen* (dated June 12, 2007), *Study Results 07 Heavy Summer High Idaho to Northwest (N-1 and N-2)* (dated September 15, 2006), *2007 Summer Operating Studies Report* (dated May 1, 2007), *Stability Studies* (dated October 23, 2006), and *Base Case Checklists* (undated), and confirmed the Audit team’s findings regarding the lack of dynamic studies for the longer term period.

WECC determined the duration of the violation to be from June 18, 2007, the date that the Reliability Standard became enforceable until September 30, 2007, when Avista completed its Mitigation Plan for this violation.

#### VAR-002-1

The purpose of Reliability Standard VAR-002-1 is to ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.

R1. The Generator Operator shall operate each generator connected to the interconnected transmission system in the automatic voltage control mode (AVR in service and controlling voltage) unless the Generator Operator has notified the Transmission Operator. VAR-002-1 has a “Medium” VRF.

R3. Each Generator Operator shall notify its associated Transmission Operator as soon as practical, but within 30 minutes of any of the following: R3.1. A status or capability change on any generator Reactive Power resource, including the status

of each AVR and power system stabilizer and the expected duration of the change in status or capability. R3.2. A status or capability change on any other Reactive Power resources under the Generator Operator's control and the expected duration of the change in status or capability. VAR-002-1 has a "Medium" VRF.

On September 18, 2008, Avista self-reported a violation of VAR-002-1 R1 and R3 because the AVR at its generation plant had been taken out of service on July 17, 2008 for 12 minutes in order to investigate any potential problems. Upon review of the internal procedures, it was determined that the Transmission Operator was not notified of the AVR outage. WECC Staff reviewed Avista's internal correspondence and confirmed the violation regarding the lack of outage advice being provided to the Transmission Operator.

WECC determined that the violation occurred on July 17, 2008, the date that the event occurred and ended on September 9, 2008, when Avista completed its Mitigation Plan for this violation.

#### VAR-STD-002a-1

The purpose of Regional Reliability Standard VAR-STD-002a-1 to ensure that automatic voltage control equipment on synchronous generators shall be kept in service at all times, unless one of the exemptions listed in Section C (Measures) applies, with outages coordinated to minimize the number out of service at any one time. All synchronous generators with automatic voltage control equipment shall normally be operated in voltage control mode and set to respond effectively to voltage deviations.

WR1. Automatic voltage control equipment on synchronous generators shall be kept in service at all times, unless one of the exemptions listed in Section C (Measures) applies, with outages coordinated to minimize the number out of service at any one time. All synchronous generators with automatic voltage control equipment shall normally be operated in voltage control mode and set to respond effectively to voltage deviations.

On November 13, 2007, Avista self-reported a violation of VAR-STD-002a-1, WR1, after discovering, through testing, that the AVR at the Boulder Park Generating Station did not have the capability to operate in the voltage control mode. Avista further stated in its Self-Report that the total output of the Boulder Generating Station is 30.8 MVA. The facility is comprised of six 5.134 MVA units. These are designed as peaking plants, and are not typically designed with voltage control capability, due to having multiple units connected to the same bus at the Boulder Substation. The AVR has been in service since the generating facility was energized in 2002, but had been operating in a VAR control mode.

WECC determined the duration of the violation to be from June 18, 2007, the date that the Reliability Standard became enforceable until July 7, 2008, when Avista completed its Mitigation Plan for this violation.



### WECC Basis for Determination of Penalty

WECC has assessed a penalty of thirty thousand dollars (\$30,000) for the referenced alleged violations. WECC Staff and WECC's convened Hearing Panel considered the following factors to determine and approve, respectively, the agreed penalty amount:

1. The enforcement proceedings for these alleged violations were one of the first to advance through WECC after the Reliability Standards became mandatory and represents relatively early violations;
2. The Regional Entity, WECC, and the Registered Entity, Avista, were new to the requirements established by FERC Order No. 693;
3. Some of the violations were documentation only issues, as discussed above;
4. Some of the violations were self-reported, as discussed above;
5. Avista did not have any prior violations of these, or any other Reliability Standards; and
6. Because the Avista system is surrounded by the Bonneville Power Administration system, it did not appear likely that these alleged violations placed the bulk power system at serious risk.

After consideration of these and the above factors, WECC determined that, in this instance, the penalty amount of thirty thousand dollars (\$30,000) is appropriate and bears a reasonable relation to the seriousness and duration of the alleged violations.

### **Status of Mitigation Plan<sup>12</sup>**

#### EOP-005-1 R1

Avista's Mitigation Plan to address the alleged violation of EOP-005-1 R1 was submitted to WECC on July 18, 2007 and accepted by WECC on October 2, 2007. It was received by NERC on April 7, 2008, and approved by NERC on April 21, 2008. The Mitigation Plan for this alleged violation is designated as MIT-07-0549 and was submitted as non-public information to FERC on April 21, 2008 in accordance with FERC orders.

Avista's Mitigation Plan required it to provide documentation of a restoration plan that included all the required elements, including the necessary operating instructions and procedures for synchronizing areas of the system that had become separated.

On September 4, 2007 Avista certified that its Mitigation Plan was completed as of August 17, 2007 and submitted its *Utilities Transmission Operations Restoration Guidelines* as evidence of completion.

On May 1, 2008, after reviewing Avista's evidence of completion, WECC verified the Mitigation Plan was completed and determined that Avista was compliant with EOP-005-1 R1 as of August 17, 2007.

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<sup>12</sup> See 18 C.F.R § 39.7(d)(7).

### PER-002-0 R3

Avista's Mitigation Plan to address the alleged violation of PER-002-0 R3 (specifically R3.1 and R3.4) was submitted to WECC on July 18, 2007 and accepted by WECC on October 2, 2007. It was received by NERC on March 26, 2008, and approved by NERC on August 28, 2008. The Mitigation Plan for this alleged violation is designated as MIT-07-0515 and was submitted as non-public information to FERC on August 28, 2008 in accordance with FERC orders.

For its alleged violation of R3.1, Avista's Mitigation Plan required it to document the knowledge and competencies required for each objective. For the alleged violation of R3.4, Avista's Mitigation Plan required it to add the required documentation to its training program.

On October 15, 2007, Avista certified the alleged violation of R3.4 was mitigated as of July 18, 2007 and the alleged violation of R3.1 was mitigated and the plan completed as of October 10, 2007. Avista submitted its *Avista Training Objectives and Competencies PER-002-0* dated October 15, 2007 as evidence of completion of R3.1, and a file titled *PER-002-0 R3 Training Staff* with its Mitigation Plan as evidence of its completion of R3.4.

On April 16, 2008, WECC reviewed Avista's submitted evidence and on May 1, 2008 verified the Mitigation Plan was completed and Avista was compliant with PER-002-0 R3 as of October 10, 2007.

### PRC-005-1 R2

Avista's Mitigation Plan to address the alleged violation of PRC-005-1 R2 was submitted to WECC on July 18, 2007 and accepted by WECC on October 2, 2007. It was received by NERC on March 26, 2008, and approved by NERC on August 28, 2008. The Mitigation Plan for this alleged violation is designated as MIT-07-0514 and was submitted as non-public information to FERC on August 28, 2008 in accordance with FERC orders. Avista's Mitigation Plan required it to complete its testing for its Protection Systems by December 31, 2007.<sup>13</sup>

On December 12, 2007, Avista certified<sup>14</sup> its Mitigation Plan was completed as of November 19, 2007 and submitted three spreadsheets *Gen\_Relays\_Pick\_a\_Station* (dated 12/12/2007), *115 kV\_Relays\_Pick\_a\_Substat* (dated 12/12/2007), and *230 kV\_Relays\_Pick\_a\_Substat* (dated 12/12/2007) as evidence of its completion.

On May 1, 2008, after reviewing Avista's evidence of completion, WECC verified the Mitigation Plan was completed and Avista was compliant with PRC-005-1 R2 as of November 19, 2007.

### TPL-002-0 R1.2

Avista's Mitigation Plan to address the alleged violation of TPL-002-0 R1.2 was submitted to WECC on July 18, 2007 and accepted by WECC on October 2, 2007. It was received by NERC

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<sup>13</sup> Avista's Mitigation Plan incorrectly states that all relays would be tested by December 31, 2006, instead of December 31, 2007.

<sup>14</sup> Avista's Certification of Completion of the Mitigation Plan incorrectly states the standard as PRC-005-2.

on March 26, 2008, and approved by NERC on August 28, 2008. The Mitigation Plan for this alleged violation is designated as MIT-07-0514 and was submitted as non-public information to FERC on August 28, 2008 in accordance with FERC orders.

Avista's Mitigation Plan required it to create longer term transient voltage and stability study cases covering critical system conditions, including high West of Hatwai flows, high Idaho to Northwest flows, heavy summer loading, and heavy winter loading. The cases will model all firm transfers, for both existing and planned facilities, reactive power resources, existing and planned protection schemes, existing and planned control devices, and any planned outage of the bulk power system.

On October 12, 2007 Avista certified its Mitigation Plan was completed as of September 30, 2007 and submitted its *TPL-002 Requirements Long Term Voltage Stability Studies, Stability Study Plots*, and Avista's *Rationale for 1 Year and 10 Year Study Case Selection* as evidence of completion.

On May 1, 2008, WECC reviewed Avista's submitted evidence, verified the Mitigation Plan was completed and Avista was compliant with TPL-002-0 R1.2 as of September 30, 2007.

#### TPL-003-0 R1.2

Avista's Mitigation Plan to address the alleged violation of TPL-003-0 R1.2 was submitted to WECC on July 18, 2007 and accepted by WECC on October 2, 2007. It was received by NERC on March 26, 2008, and approved by NERC on August 28, 2008. The Mitigation Plan for this alleged violation is designated as MIT-07-0514 and was submitted as non-public information to FERC on August 28, 2008 in accordance with FERC orders.

Avista's Mitigation Plan required it to create longer term transient voltage and stability study cases covering critical system conditions, including high West of Hatwai flows, high Idaho to Northwest flows, heavy summer loading, and heavy winter loading. The cases will model all firm transfers, for both existing and planned facilities, reactive power resources, existing and planned protection schemes, existing and planned control devices, and any planned outage of the bulk power system.

On October 12, 2007 Avista certified the plan completed as of September 30, 2007 and submitted its *TPL-003 Requirements Longer Term Transient Voltage and Stability Studies* and 22 additional attachments as evidence of its completion.

On May 1, 2008, WECC reviewed Avista's submitted evidence, verified the Mitigation Plan was completed and determined that Avista was compliant with TPL-003-0 R1.2 as of September 30, 2007.

#### VAR-002-1 R1 and R3

Avista's Mitigation Plan to address the alleged violation of VAR-002-1 R1 and R3 was submitted to WECC on September 18, 2008 and accepted by WECC on October 2, 2008. After additional information was submitted to NERC to June 3, 2009, it was approved by NERC on June 9, 2009. The Mitigation Plan for this alleged violation is designated as MIT-08-1148 and

was submitted as non-public information to FERC on June 9, 2009 in accordance with FERC orders.

On September 18, 2008 Avista certified the violation of VAR-002-1 R1 and R3 was mitigated as of September 9, 2008 and submitted its updated training procedures as evidence of its completion. The evidence also included a September 12, 2008 *AVR Out of Service Memorandum*, which stated that Avista had conducted individual meetings with the personnel involved to review this incident and discuss the appropriate actions the personnel should take in this type of situation.

On October 2, 2008 WECC reviewed Avista's submitted evidence and on October 7, 2008, verified the Mitigation Plan was completed and was compliant with VAR-002-1 R1 and R3.

#### VAR-STD-002a-1 WR1

Avista's Mitigation Plan to address the alleged violation of VAR-STD-002a-1 WR1 was submitted to WECC on November 30, 2007 and accepted by WECC on December 19, 2007. After additional information was submitted to NERC to June 3, 2009, it was approved by NERC on June 9, 2009. The Mitigation Plan for this alleged violation is designated as MIT-08-1148 and was submitted as non-public information to FERC on June 9, 2009 in accordance with FERC orders.

Avista's Mitigation Plan required it to coordinate with the supplier to evaluate possible options. This included determining if the existing hardware can be reconfigured with a voltage control mode. Avista stated that there was a voltage droop mode available and it was to explore this operating mode for compliance with the standard. If this operating mode also failed to meet the standard, Avista would initiate a project to replace the AVRs with units that have a voltage control mode. After conducting the testing, Avista determined that it needed to change the settings on the AVR at the Boulder Park Generating Station to become compliant with the standard.

On September 18, 2008 Avista certified the violation of VAR-STD-002a-1 WR1 was mitigated as of July 7, 2008 and submitted an interoffice memo (dated July 7, 2008) and included guidelines for the AVR units, *NERC/WECC Voltage Regulation/Speed Governing Reporting Form*, *NERC Reliability Related Standard Operating Procedures*, and *AVR Operating Guidelines*, as evidence of its completion.

On October 7, 2008, WECC verified the "voltage droop" mode of the AVR responded to voltage deviations in accordance with this Regional Standard. WECC further verified Avista requires (1) notification of a system operator and (2) appropriate personnel actions necessary when the voltage regulators are removed from the "voltage droop" mode to remain compliant with VAR-STD-002a-1 WR1. Subsequently WECC verified Avista's Mitigation Plan was completed and Avista was compliant with VAR-STD-002a-1 WR1 as of July 7, 2008.

## **Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed<sup>15</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>16</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on November 9, 2009. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty of thirty thousand dollars (\$30,000) against Avista, based upon WECC's findings and determinations, the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violations at issue.

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

- (1) The alleged violations of EOP-005-1, PER-002-0, PRC-005-1, TPL-002-0, and TPL-003-0 were discovered by audit, confirmed and mitigated in 2007;
- (2) The alleged violations of VAR-002-1 and VAR-STD-002a-1 were self-reported;
- (3) There was no serious or substantial risk to the bulk power system as discussed above;
- (4) The referenced alleged violations are the first violations for Avista of this, or any other NERC Reliability Standards;
- (5) There was no misrepresentation or concealment of facts evident; and
- (6) WECC reported that Avista was cooperative throughout the entire violation enforcement process.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed thirty thousand dollar (\$30,000) penalty is appropriate for the violation and circumstances in question, and consistent with NERC's goal to promote and ensure reliability of the bulk power system.

Pursuant to Order No. 693, 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.

### **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) Avista's Self-report violation of VAR-002-1 R1 and R3 dated September 18, 2008, included as Attachment a;

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<sup>15</sup> See 18 C.F.R § 39.7(d)(4).

<sup>16</sup> *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

- b) Avista's Self-report violation of VAR-STD-002a-1 WR1 dated November 13, 2007, included as Attachment b;
- c) WECC Audit Report, Public Version Screen Shot, showing date of July 11, 2007, included as Attachment c;
- d) Settlement Agreement by and between Avista and WECC, April 27, 2009, included as Attachment d;

#### Mitigation Plans

- e) Mitigation Plan designated as MIT-07-0549 for Avista's audit-discovered violation of EOP-005-1 R1, submitted July 18, 2007, included as Attachment e;
- f) Mitigation Plan designated as MIT-07-0515 for Avista's audit-discovered violation of PER-002-0 R3, submitted July 18, 2007, included as Attachment f;
- g) Mitigation Plan designated as MIT-07-1513 for Avista's audit-discovered violation of PRC-005-1 R2, submitted July 18, 2007, included as Attachment g;
- h) Mitigation Plan designated as MIT-07-1514 for Avista's audit-discovered violation of TPL-002-0 R1.2, submitted July 18, 2007, included as Attachment h;
- i) Mitigation Plan designated as MIT-07-1516 for Avista's audit-discovered violation of TPL-003-0 R1.2, submitted July 18, 2007, included as Attachment i;
- j) Mitigation Plan designated as MIT-08-1148 for Avista's self-reported violation of VAR-002-1 R1 and R3 submitted September 18, 2008 and Certification of Completion of Mitigation Plan, included as Attachment j;
- k) Mitigation Plan designated as MIT-07-0576 for Avista's self-reported violation of VAR-STD-002a-1 WR1, submitted November 30, 2007, included as Attachment k;

#### Certification of Completion Forms

- l) Avista's Certification of Completion of Mitigation Plan MIT-07-0549 for Avista's audit-discovered violation of EOP-005-1 R1, dated September 4, 2007, included as Attachment l;
- m) Avista's Certification of Completion of Mitigation Plan MIT-07-0515 for Avista's audit-discovered violation of PER-002-0 R3, dated October 15, 2007, included as Attachment m;
- n) Avista's Certification of Completion of Mitigation Plan MIT-07-1513 for Avista's audit-discovered violation of PRC-005-1 R2, dated December 12, 2007, included as Attachment n;
- o) Avista's Certification of Completion of Mitigation Plan MIT-07-1514 for Avista's audit-discovered violation of TPL-002-0 R1.2, dated October 12, 2007, included as Attachment o;
- p) Avista's Certification of Completion of Mitigation Plan MIT-07-1516 for Avista's audit-discovered violation of TPL-003-0 R1.2, dated October 12, 2007, included as Attachment p;
- q) Avista's Certification of Completion of Mitigation Plan MIT-07-0576 for Avista's self-reported violation of VAR-STD-002a-1 WR1, dated September 18, 2008, included as Attachment q;

Verification of Completion Forms

- r) WECC's Verification of Completion of Mitigation Plans for EOP-005-1 R1, PER-002-0 R3, PRC-005-1 R2, TPL-002-0 R1.2, and TPL-003-0 R1.2, dated May 1, 2008, included as Attachment r;<sup>17</sup>
- s) WECC's Verification of Completion of Mitigation Plan MIT-08-1148 for Avista's self-reported violation of VAR-002-1 R1 and R3, dated October 7, 2008 included as Attachment s; and
- t) WECC's Verification of Completion of Mitigation Plan MIT-07-0576 for Avista's self-reported violation of VAR-STD-002a-1 WR1, dated October 2, 2008, included as Attachment t.

**A Form of Notice Suitable for Publication**<sup>18</sup>

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

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<sup>17</sup> The Verification document lists additional standards that were not addressed in this filing and will be addressed separately.

<sup>18</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:

<p>David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J.08540-5721 (609) 452-8060 (609) 452-9550 – facsimile david.cook@nerc.net</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>Erin McClatchey* Reliability Compliance Manager Avista Corporation 1411 East Mission Ave Spokane, WA 99202 (509) 495-2818 (509) 495-8542 – facsimile erin.mcclatchey@avistacorp.com</p>	<p>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</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p> <p>Steven Goodwill* Associate General Counsel Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p>
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\*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,

David N. Cook  
Vice President and General Counsel  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, N.J. 08540-5721  
(609) 452-8060  
(609) 452-9550 – facsimile  
david.cook@nerc.net

/s/ 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: Avista Corporation  
Western Electricity Coordinating Council

Attachments

## **Attachment a**

### **Avista's Self-report violation of VAR-002-1 R1 and R3 dated September 18, 2008**



**CONFIDENTIAL**

## **Compliance Violation Self-Reporting Form**

Please complete an **individual** Self-Reporting Form for each NERC Reliability Standard that indicates any level(s) of non-compliance and return to [Compliance@WECC.biz](mailto:Compliance@WECC.biz)

Registered Entity Name: Avista Corporation

Contact Name: Crystal Musselman

Contact Phone: 509-495-4083

Contact email: [crystal.musselman@avistacorp.com](mailto:crystal.musselman@avistacorp.com)

Date noncompliance was discovered: 9/9/2008

Date noncompliance was reported: 9/18/2008

Standard Title: Generator Operation for Maintaining Network Voltage Schedules

Standard Number: VAR-002-1

Requirement Number(s)<sup>1</sup>: **R1 & R3**

How was the noncompliance found? (e.g. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

The incident was identified in an internal audit of events. A report was faxed from the plant to the Chief Generation Engineer regarding unusual readings at the plant. This report indicated that the AVR had been taken out of service for 12 minutes in order to troubleshoot. The Chief Generation Engineer, was following up to see if internal procedures were followed. Upon review of the internal procedures, it was determined that the TO was not notified of the AVR outage.

**\*Submit a Mitigation Plan in conjunction with this form to show that corrective steps are being taken within ten (10) business days. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

Describe the reliability impact of this non-compliance:

<sup>1</sup> Violations are on a per requirement basis.

Expected date of Mitigation Plan submittal:

## **Attachment b**

**Avista's Self-report violation of VAR-STD-002a-1  
WR1 dated November 13, 2007**

## Compliance Self-Reporting Form

Registered Entity Name: Avista Corporation

Contact Name: Crystal Musselman

Contact Phone: 509-495-4083

Contact email: crystal.musselman@avistacorp.com

Date of assessment of Reliability Standard: 11/02/2007

Date assessment of Reliability Standard was reported: 11/13/07

Standard Title: Automatic Voltage Regulators

Standard Number: VAR-STD-002a-1

Requirement / Measure Number(s): **WR1**

How was the reliability standard assessed? (e.g. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

Plant testing required to meet MOD-012 and MOD-025

A completed Mitigation Plan is submitted in conjunction with this form.

A completed mitigation will be submitted within ten (10) business days.

(If a mitigation plan is not being submitted with this form please complete the following)

Describe why additional steps are needed:

Avista discovered, through recent testing, that the AVR's at the Boulder Park Generating Station does not have the capability to operate in a voltage control mode. The total output of the Boulder Generating Station is 30.8 MVA. The facility is comprised of 6 - 5.1 MVA units and was quickly put into service in April, 2002 to meet high energy demands during the western energy crisis. As with similar types of generating facilities, these are designed as peaking plants and typically are not designed with voltage control capability due to having multiple units connected to the same bus. The AVR has been in service since the generating facility was energized but has been operating in a VAR control mode. It also has a Power Factor control mode, but that mode has not been selected.

At this time Avista needs to coordinate with the supplier to evaluate possible control changes. Avista is aware of the time line in the standard that establishes 60 days to return the AVR to normal service. After the evaluation is complete a definitive plan will be developed to resolve this issue and submitted to WECC for approval, consistent with the VAR-STD-002a-1 standard.

Describe the reliability impact of the current state of compliance:

System studies have been performed for the upcoming winter operating season with the Boulder Park Generating Station operating in a non-voltage control mode and there are no impacts to the reliability of the BES.

Expected date of Mitigation Plan submittal: 11/30/2007


**Attachment c**

**WECC Audit Report, Public Version Screen Shot,  
showing date of July 11, 2007**



# WECC COMPLIANCE AUDIT DETERMINATION SUMMARY

WECC Compliance Database
Post June 18th Violations



**WECC**  
Western Electricity Coordinating Council

Compliance and Registration Database  
**Post Violations Tracking and Reporting**

Region:  Violation Date:  WECC ID:

Entity:  Acronym:  Registry ID:  NERC violation ID:

Standard:

Disposition
Final Record
Mitigation Plan
RAD and RAD Appeal
Internal Notes
Pre-June 18

Initial Notice
NAVAPS
Proposed Sanction Penalty
Contested Hearing

Requirement:  Repeat Alleged Violation?

Initial Determination by Region:

Reporting Method:

On Site Audit  Off Site Audit

Deemed Date:

Violation Level:

Violation Risk Factor:

Alleged Violation Time:

Alleged Violation End Date:

**Violation Description:**  
R3.1 The objectives may not include sufficient information regarding the knowledge and competencies required for each objective.  
R3.4 Training staff identified, but may be missing evidence that the staff has the required competencies in the knowledge of system operations and

Regional Contact Person:

Applicable Functions:

Regional Determination of Impact to BPS:

**Detailed Description of Potential Impact to BPS:**  
The reliability impact is minimal. This is a documentation issue.


ID sent to Entity:

**Additional Comments**

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# WECC COMPLIANCE AUDIT DETERMINATION SUMMARY

WECC Compliance Database
Post June 18th Violations



Compliance and Registration Database

**Post Violations Tracking and Reporting**

**Region:** WECC   
 **Violation Date:** 7/11/2007   
 **WECC ID:** AVA\_WECC2007425  
**Entity:** Avista Corporation   
 **Acronym:** AVA   
 **Registry ID:** NCR05020   
 **NERC violation ID:** WECC200700417  
**Standard:** PRC-005-1   
 Transmission and Generation Protection System Maintenance and Testing

**Disposition**

**Final Record**

**Mitigation Plan**

**RAD and RAD Appeal**

**Internal Notes**

**Pre-June 18**

**Initial Notice**

**NAVAPS**

**Proposed Sanction Penalty**

**Contested Hearing**

**Requirement:** 2   
 Repeat Alleged Violation?   
**Initial Determination by Region:** 7/11/2007  
**Reporting Method:** Compliance Audit  
**On Site Audit:**    
 Off Site Audit   
**Deemed Date:** 7/11/2007  
**Violation Level:** UNC - Level 2  
**Violation Risk Factor:** LOWER  
**Alleged Violation Time:**  
**Alleged Violation End Date:**  
**Violation Description:**  
 Maintenance and testing is behind schedule for the generator protection systems and also for the transmission protection systems on the 115 kV lines. The transmission protection systems are on schedule for all the 230 kV transmission.  
**Regional Contact Person:** O'Donnell, Phil


**Applicable Functions:** GO, TO, DP  
**Regional Determination of Impact to BPS:**  
**Detailed Description of Potential Impact to BPS:**  
 The reliability impact is minimal. Most of the relays are electromechanical that are behind schedule and there are multiple relays per line terminal that provide an inherent backup.  
**ID sent to Entity:** 8/21/2007  
**Additional Comments:**

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# WECC COMPLIANCE AUDIT DETERMINATION SUMMARY

WECC Compliance Database

Post June 18th Violations



Western Electricity Coordinating Council

Compliance and Registration Database

Post Violations Tracking and Reporting

Region: WECC	Violation Date: 7/11/2007	WECC ID: AVA_WECC2007426			
Entity: Avista Corporation	Acronym: AVA	Registry ID: NCR05020	NERC violation ID: WECC200700418		
Standard: IPL-002-0 System Performance Following Loss of a Single BES Element					


Disposition	Final Record	Mitigation Plan	RAD and RAD Appeal
Initial Notice	NAVAPS	Proposed Sanction Penalty	Contested Hearing

<p>Requirement: 1 <input type="checkbox"/> Repeat Alleged Violation?</p> <p>Initial Determination by Region: 7/11/2007</p> <p>Reporting Method: Compliance Audit</p> <p>On Site Audit <input checked="" type="checkbox"/> Off Site Audit <input type="checkbox"/></p> <p>Deemed Date: 7/11/2007</p> <p>Violation Level: UNC - Level 2</p> <p>Violation Risk Factor: HIGH</p> <p>Alleged Violation Time:</p> <p>Alleged Violation End Date:</p> <p><b>Violation Description:</b> Transient voltage and stability studies showing system performance following Category B of Table 1 may not have been performed on longer-term (years six through ten) cases.</p> <p>Regional Contact Person: Look, Jay</p>	<p>Applicable Functions: BA, TP</p> <p>Regional Determination of Impact to BPS:</p> <p><b>Detailed Description of Potential Impact to BPS:</b> Minimal. Transient voltage and stability studies for the longer-term have no immediate reliability impact on the interconnection.</p> <p>ID sent to Entity: 8/21/2007</p> <p><b>Additional Comments</b></p>
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# WECC COMPLIANCE AUDIT DETERMINATION SUMMARY

WECC Compliance Database
Post June 18th Violations



Compliance and Registration Database

**Post Violations Tracking and Reporting**

**Region:** WECC   
 **Violation Date:** 7/11/2007   
 **WECC ID:** AVA\_WECC2007428  
**Entity:** Avista Corporation   
 **Acronym:** AVA   
 **Registry ID:** NCR05020   
 **NERC violation ID:** WECC200700420  
**Standard:** IPL-003-0   
 System Performance Following Loss of Two or More BES Elements

**Disposition**

**Initial Notice**

**Mitigation Plan**

**NAVAPS**

**RAD and RAD Appeal**

**Proposed Sanction Penalty**

**Internal Notes**

**Pre-June 18**

**Contested Hearing**


**Requirement:** 1   
 Repeat Alleged Violation?   
**Initial Determination by Region:** 7/11/2007  
**Reporting Method:** Compliance Audit  
**On Site Audit:**    
 Off Site Audit   
**Deemed Date:** 7/11/2007  
**Violation Level:** UNC - Level 1  
**Violation Risk Factor:** HIGH  
**Alleged Violation Time:**  
**Alleged Violation End Date:**  
**Violation Description:**  
 Transient voltage and stability studies showing system performance following Category C of Table 1 may not have been performed on longer-term (years six through ten) cases.  
**Regional Contact Person:** Look, Jay

**Applicable Functions:** PA, TP  
**Regional Determination of Impact to BPS:**  
**Detailed Description of Potential Impact to BPS:**  
 Minimal. Transient voltage and stability studies for the longer-term have no immediate reliability impact on the interconnection.  
**ID sent to Entity:** 8/21/2007  
**Additional Comments:**

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# WECC COMPLIANCE AUDIT DETERMINATION SUMMARY

WECC Compliance Database
Post June 18th Violations



Compliance and Registration Database  
**Post Violations Tracking and Reporting**

**Region:** WECC    **Violation Date:** 7/11/2007    **WECC ID:** AVA\_WECC2007431  
**Entity:** Avista Corporation    **Acronym:** AVA    **Registry ID:** NCR05020    **NERC violation ID:** WECC200700423  
**Standard:** EOP-005-1    System Restoration Plans

**Disposition**

**Final Record**

**Mitigation Plan**

**RAD and RAD Appeal**

**Internal Notes**

**Pre-June 18**

**Initial Notice**

**NAVAPS**

**Proposed Sanction Penalty**

**Contested Hearing**

**Requirement:** 1    **Repeat Alleged Violation?**   
**Initial Determination by Region:** 7/11/2007  
**Reporting Method:** Compliance Audit  
**On Site Audit:**     **Off Site Audit:**   
**Deemed Date:** 7/11/2007  
**Violation Level:** UNC - Level 2  
**Violation Risk Factor:** MEDIUM  
**Alleged Violation Time:** \_\_\_\_\_  
**Alleged Violation End Date:** \_\_\_\_\_  
**Violation Description:**  
 Restoration plan may not include a discussion of synchronizing after islanding.  
**Regional Contact Person:** Wells, Mike

**Applicable Functions:** BA, TOP  
**Regional Determination of Impact to BPS:** \_\_\_\_\_  
**Detailed Description of Potential Impact to BPS:**  
 The reliability impact is minimal, resynchronization is not discussed in the AVA specific restoration plan. AVA is part of the NWPP restoration plan that covers all of the Northwest when synchronization is an issue this plan will be in place to provide the operators actions needed to reconnect to other northwest entities.  
**ID sent to Entity:** 8/21/2007  
**Additional Comments:**

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## **Attachment d**

# **Settlement Agreement by and between Avista and WECC, April 27, 2009**



**SETTLEMENT AGREEMENT  
BETWEEN  
WESTERN ELECTRICITY COORDINATING COUNCIL  
AND  
AVISTA CORPORATION  
DATED APRIL 27, 2008**

**I. INTRODUCTION**

The Western Electricity Coordinating Council ("WECC") and Avista Corporation ("Avista") (sometimes each referred to as a "Party," and collectively as the "Parties"), enter into this Settlement Agreement ("Agreement") to resolve alleged and potential violations, including:

EOP-005-1 R1	System Restoration Plans;
PER-002-0 R3	Operating Personnel Training;
PRC-005-1 R2	Transmission and Generation Protection
	System Maintenance and Testing;
TPL-002-0 R1	System Performance Following Loss of a Single Bulk
	Electric System Element;
TPL-003-0 R1	System Performance Following Loss of Two or
	More Bulk Electric System Elements;
VAR-002-1 R1/R3	Generator Operation for Maintaining Network Voltage
	Schedules; and,
VAR-STD-002a-1 WR1	Automatic Voltage Regulators;

If approved by the WECC Hearing Panel, this Agreement will supersede and replace in its entirety the settlement agreement previously entered into by the Parties on November 10, 2008 ("November 10 Settlement Agreement"). Upon approval of this Agreement by the WECC Hearing Panel, the November 10 Settlement Agreement shall be void.

**II. STIPULATION**

The Parties enter into this Agreement and agree to the stipulations outlined below in order to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein, and all violations alleged in the Notices of Alleged Violation and Proposed Penalty or Sanction ("NAVAPS") issued by WECC on May 7, 2008 and July 14, 2008 ("July 14 NAVAPS"), and Avista's self reports for VAR-STD-002a-1, WR1 submitted on November 13, 2007 and VAR-002-1, R1/R3 submitted on September 18, 2008. The Parties agree that this Agreement is in the best interest of the Parties and in the best interest of protecting the reliability of the Bulk Power System ("BPS"). The

facts stipulated herein are stipulated solely for the purpose of resolving, between WECC and Avista, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. Except, however, nothing in this Agreement shall limit or prevent WECC from evaluating Avista for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action may include assessing penalties against Avista for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure. Avista and WECC hereby stipulate and agree to the following.

#### **A. Background**

Avista, a Washington corporation, is an investor-owned utility engaged in energy production, electric transmission, and electric distribution in eastern Washington and northern Idaho. Avista is also engaged in other energy-related businesses. Its corporate headquarters are located at 1411 East Mission Avenue, Spokane, Washington 99202.

Avista owns and operates a 230kV system comprised of 685.09 miles of line; a 115kV system with a total of 1,526.91 miles of line; and a 60kV system with a total of 0.35 miles of line.

On June 17, 2007, Avista was registered on the NERC Compliance Registry as a Transmission Operator, Balancing Authority, Planning Authority, Transmission Planner, Generator Owner, Generator Operator, Load-Serving Entity, Purchasing-Selling Entity, Transmission Service Provider, Transmission Owner, Resource Planner, and Distribution Provider.

On July 9-11, 2007, WECC conducted an on-site compliance audit ("July 2007 Compliance Audit") of Avista, pursuant to the NERC Rules of Procedure, at Avista's Headquarters in Spokane, Washington. The WECC Compliance Department reviewed forty-one (41) NERC Reliability Standards and related requirements from the 2007 NERC Implementation Plan.

#### **B. Alleged Violations**

Through this settlement, the Parties have agreed to resolve Avista's alleged and potential violations of the NERC Reliability Standards outlined below.<sup>1</sup>

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<sup>1</sup> In addition to the potential and alleged violations specifically addressed in this section, prior to June 18, 2007, Avista submitted Mitigation Plans for potential violations of EOP-008-0 R1, FAC-009-1 R1, MOD-012-0 R1, MOD-025-1 R3, PRC-STD-005-1 WR1, and VAR-001-1 R6 ("pre-June 18, 2007 potential violations"). Avista has fully completed the Mitigation Plans for each of the pre-June 18, 2007 potential violations and WECC has determined that each of these potential violations is fully mitigated. For the

(continued)



1. Alleged Violation of NERC Reliability Standard EOP-005-1 R1 - System Restoration Plans

The NERC Reliability Standard for System Restoration Plans is intended to "ensure that plans, procedures, and resources are available to restore the electric system to a normal condition in the event of a partial or total shut down of the system." *EOP-005-1*. Requirement 1 of this Standard states:

R1. Each Transmission Operator shall have a restoration plan to reestablish its electric system in a stable and orderly manner in the event of a partial or total shutdown of its system, including necessary operating instructions and procedures to cover emergency conditions, and the loss of vital telecommunications channels. Each Transmission Operator shall include the applicable elements listed in Attachment 1-EOP-005 in developing a restoration plan. *Id.*

(a) WECC Findings

WECC's July 2007 Compliance Audit found that the Avista restoration plans included all the required elements except the necessary operating instructions and procedures for synchronizing areas of the system that have become separated (Element 4). Specifically, WECC reviewed Avista's documentation and found that such documentation referenced reestablishing the interconnection but lacked specific procedures for synchronizing the area of the system that had been separated.<sup>2</sup>

On July 18, 2007, WECC received Avista's Mitigation Plan. WECC accepted this Mitigation Plan on October 2, 2007. Avista's Mitigation Plan included an estimated Completion Date of September 1, 2007. On September 4, 2007, Avista submitted a Mitigation Plan Completion Form. Avista provided to WECC its *Utilities Transmission Operations Restoration Guidelines*. WECC reviewed the Mitigation Plan Completion Form and Avista's *Utilities Transmission Operations Restoration Guidelines*. Avista revised its procedures, specifically its *Utilities Transmission Operations Restoration Guidelines*, to include necessary operating instructions and procedures to cover emergency conditions, including the loss of vital telecommunications channels with

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avoidance of doubt, the Parties agree that the pre-June 18, 2007 potential violations are also fully and finally resolved.

<sup>2</sup> Avista Utilities Transmission Operations Restoration Guidelines, See "Transmission Grid and load restoration for Avista – North", Avista page 1, 4, Section V, Item 4; "Transmission Grid and load restoration for Avista – South", Avista page 17, Item 5; from "Avista Utilities Transmission Operations Restoration Guidelines."

instructions and procedures for synchronizing areas of the system that have become separated. Avista completed its Mitigation Plan on August 17, 2007.

(b) Avista's Response

In its August 12, 2008 response to WECC's July 14, 2008 NAVAPS, Avista did not contest its alleged violation of EOP-005-1 R1, but reiterated Avista's violation posed no significant risk to the BPS, and that any deficiency was promptly corrected. Avista noted that its operators participate in training at least twice a year including black start restoration simulation exercises, and that synchronization is discussed thoroughly in these exercises.

(c) Resolution of the Parties

Following review of Avista's Mitigation Plan and settlement discussions between the Parties, the Parties have agreed that WECC shall assess a penalty of \$0 against Avista for its alleged violation of NERC Reliability Standard EOP-005-1, R1.

2. Alleged Violation of NERC Reliability Standard PER-002-0 – Operating Personnel Training

The NERC Reliability Standard for Operating Personnel Training requires each Transmission Operator and Balancing Authority to provide personnel with a coordinated training program that will ensure reliable system operation. *PER-002-0*. Requirement 3 of this Standard states, in pertinent part:

R3. For personnel identified in Requirement R2, the Transmission Operator and Balancing Authority shall provide a training program meeting the following criteria:

R3.1. A set of training program objectives must be defined, based on NERC and Regional Reliability Organization standards, entity operating procedures, and applicable regulatory requirements. These objectives shall reference the knowledge and competencies needed to apply those standards, procedures, and requirements to normal, emergency, and restoration conditions for the Transmission Operator and Balancing Authority operating positions...

R3.4. Training staff must be identified, and the staff must be competent in both knowledge of system operations and instructional capabilities. *Id.*

(a) WECC Findings

As a result of the July 2007 Compliance Audit, the WECC Audit Team reviewed Avista's operator training program documents and determined Avista was non-compliant with sub-requirements R3.1 and R3.4. With respect to R3.1, the training program documents listed the training objectives for system operators. However, the objectives

did not reference the knowledge and competencies needed to apply the standards, procedures, and requirements during normal, emergency, and restoration conditions for the Transmission Operator and Balancing Authority operating positions, as required by the standard. With respect to R3.4, the Avista training program documents identified Avista training staff; however, the documentation and evidence did not demonstrate that the training staff had competent knowledge of system operations and instructional capabilities as required by the standard.

On July 18, 2007, WECC received Avista's PER-002-0 R3 Mitigation Plan. WECC accepted this Mitigation Plan on October 2, 2007. Avista's Mitigation Plan included an estimated Completion Date of October 15, 2007. Avista submitted its Mitigation Plan Completion Form on October 15, 2007, including a document titled *Avista Training Objectives and Competencies*. WECC reviewed the Mitigation Plan Completion Form and associated *Avista Training Objectives and Competencies*. *Training Objectives and Competencies* included reference to the knowledge and competencies needed to apply the standards, procedures, and requirements during normal, emergency, and restoration conditions for the appropriate operating positions. WECC verified Avista completed its Mitigation Plan and was compliant with this Standard on October 10, 2007.

#### (b) Avista's Response

In its August 12, 2008 Response to WECC's July 14, 2008 NAVAPS, Avista did not contest its alleged violation of PER-002-0 R3, but reiterated Avista's violation was a documentation issue, posed no significant risk to reliability of the BPS and that any deficiency was promptly corrected.

#### (c) Resolution of the Parties

Following review of Avista's Mitigation Plan, and settlement discussions between the Parties, the Parties have agreed that WECC shall assess a penalty of \$0 against Avista for its alleged violation of NERC Reliability Standard PER-002-0 R3.

### 3. Alleged Violation of NERC Reliability Standard PRC-005-1 – Transmission and Generation Protection System Maintenance and Testing

The NERC Reliability Standard for Transmission and Generation Protection System Maintenance and Testing is intended to "ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested." *PRC-005-1*. Requirement 2 of this standard states:

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. *Id.*

(a) WECC Findings

WECC's July 11, 2007 Compliance Audit reviewed Avista's relay maintenance and testing program documents, and its associated maintenance records. WECC found that the required interval for maintenance and testing for all relays is clearly identified in Avista's program documents. However, in its review the WECC Audit Team found that Avista has four hundred twenty-two (422) protective devices that were behind schedule for maintenance and testing.

On July 18, 2007, Avista submitted a Mitigation Plan for the alleged violation of PRC-005-1. WECC accepted this Mitigation Plan on October 2, 2007. Avista's Mitigation Plan included an estimated Completion Date of December 31, 2007. On December 14, 2007, WECC received Avista's Mitigation Plan Completion Form for this violation. Avista certified this Mitigation Plan was completed on November 19, 2007. On March 3, 2008, WECC reviewed this Mitigation Plan and associated evidence. Avista provided three documents to WECC as supporting evidence of its Mitigation Plan Completion Form:

1. *115 Relays Pick a Substat*
2. *230 Relays Pick a Substat, and*
3. *Gen Relays Pick a Station*

These documents collectively demonstrated the last date each protective device was tested, the date each device was next scheduled for testing, and Avista's testing intervals. Therefore these documents demonstrated Avista's Protection System was up to date and in compliance with this Standard. Accordingly, WECC accepted the Mitigation Plan Completion Form on March 3, 2008, and verified Avista was compliant with this Standard on November 19, 2007.

(b) Avista's Response

In Avista's August 12, 2008 Response to WECC's July 14, 2008 NAVAPS, Avista noted Avista revised its Transmission Maintenance and Inspection Plan ("TMIP") on June 7, 2007, to include the 115 kV and generation components. Avista asserted that, prior to the June 18, 2007 effective date of the reliability standards, including PRC-005-1, R2, there was no mandatory requirement that Avista test any of the subject relays or

components. Under Avista's TMIP, as revised on June 7, 2007, Avista is required to conduct the testing of such components on either a four-year or eight-year cycle. Nevertheless, Avista scheduled the relay testing and maintenance so that it would complete the testing and maintenance on such 115 kV and generation components prior to December 31, 2007.

(c) Resolution of the Parties

Following WECC's review of Avista's Mitigation Plan and settlement discussions between the Parties, the Parties agreed that Avista will pay a penalty of \$20,000 for its alleged violation of NERC Reliability Standard PRC-005-1 R2.

4. Alleged Violation of NERC Reliability Standard TPL-002-0 – System Performance Following Loss of a Single Bulk Electric System Element

In order to ensure that reliable systems are developed to meet performance requirements with sufficient lead time the NERC Reliability Standard for "System Performance Following Loss of a Single Bulk Electric System Element" requires Planning Authorities and Transmission Planners to periodically complete system simulations and associated assessments. *TPL-002-0*. Requirement 1 of this Standard states, in pertinent part:

R1. The Planning Authority and Transmission Planner shall each demonstrate through a valid assessment that its portion of the interconnected transmission system is planned such that the Network can be operated to supply projected customer demands and projected Firm (nonrecallable reserved) Transmission Services, at all demand levels over the range of forecast system demands, under the contingency conditions as defined in Category B of Table I. To be valid, the Planning Authority and Transmission Planner assessments shall: ...R1.2. Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons. *Id.*

(a) WECC Findings

WECC's July 2007 Compliance Audit found that while R1.2 requires the annual assessment address studies for near-term (years 1-5) and longer-term (years 6-10) planning horizons, Avista's assessment for 2007 did not address the longer-term planning horizon (years 6-10). Through interviews with Avista personnel, the on-site audit team confirmed that Avista had run both steady-state and dynamic studies for the near-term period, but had run only steady-state studies for the longer-term period. As of WECC's July 2007 Compliance Audit, stability studies for the longer-term planning horizon had not been run.

WECC received Avista's Mitigation Plan on July 18, 2007. WECC accepted the Mitigation Plan on October 2, 2007. Avista's Mitigation Plan included an estimated completion date of October 30, 2007. Avista submitted a Mitigation Plan Completion Form on October 12, 2007. In its Completion Form, Avista certified completion of its Mitigation Plan on September 30, 2007. WECC reviewed Avista's Mitigation Plan Completion Form on February 29, 2008. Specifically, WECC reviewed Avista's *TPL-002 Requirements Long Term Voltage Stability Studies, Stability Study Plots, and Avista's Rationale for 1 Year and 10 Year Study Case Selection*. These documents showed Avista completed transient stability studies and demonstrated Avista studied the longer-term planning horizon. Therefore, Avista proved compliance with this Standard and WECC accordingly accepted the Mitigation Plan Completion Form on February 29, 2008.

(b) Avista's Response

In its August 12, 2008 Response to WECC's July 14, 2008 NAVAPS, Avista did not contest its alleged violation of TPL-002-0 R1, but reiterated its violation was minor, posed no significant risk to the BPS, and that any deficiency was promptly corrected.

(c) Resolution of the Parties

Following WECC's review of Avista's Mitigation Plan and settlement discussions between the Parties, the Parties agreed Avista will pay a monetary penalty of \$2,500 for its alleged violation of NERC Reliability Standard TPL-002-0 R1.

5. Alleged Violation of NERC Reliability Standard TPL-003-0 – System Performance Following Loss of Two or More Bulk Electric System Elements

In order to ensure that reliable systems are developed to meet performance requirements with sufficient lead time, the NERC Reliability Standard for System Performance Following Loss of Two or More Bulk Electric System Elements requires Planning Authorities and Transmission Planners to periodically complete system simulations and associated assessments. *TPL-003-0*, Requirement 1 states, in pertinent part:

R1. The Planning Authority and Transmission Planner shall each demonstrate through a valid assessment that its portion of the interconnected transmission systems is planned such that the network can be operated to supply projected customer demands and projected Firm (nonrecallable reserved) Transmission Services, at all demand Levels over the range of forecast system demands, under the contingency conditions as defined in Category C of Table I (attached). The controlled interruption of customer Demand, the planned removal of generators, or the Curtailment of firm (non-recallable reserved) power transfers may be

necessary to meet this standard. To be valid, the Planning Authority and Transmission Planner assessments shall:

R1.1. Be made annually.

R1.2. Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons.

(a) WECC Findings

WECC's July 2007 Compliance Audit found that while R1.2 requires the annual assessment address studies for near-term (years 1-5) and longer-term (years 6-10) planning horizons, Avista's assessment for 2007 did not address the longer-term planning horizon (years 6-10). Through interviews with Avista personnel, the on-site audit team confirmed that Avista had run both steady-state and dynamic studies for the near-term period but only ran steady state studies for the longer-term period. As of WECC's July 2007 Compliance Audit, stability studies for the longer-term planning horizon had not been run.

WECC received Avista's Mitigation Plan on July 18, 2008. WECC accepted the Mitigation Plan on October 2, 2007. Avista's Mitigation Plan included an estimated completion date of October 30, 2007. On October 12, 2007, Avista certified it completed its Mitigation Plan on September 30, 2007. On March 3, 2008, WECC reviewed Avista's Mitigation Plan Completion Form and its supporting evidence. WECC reviewed Avista's *TPL-003 Requirements Longer Term Transient Voltage and Stability Studies* and 22 attachments to Avista's Mitigation Plan Completion Form. WECC reviewed these documents and verified that Avista's system performance meets Category C contingencies in the longer-term planning horizon with both power flow studies and stability studies performed. Avista specifically showed evidence that it had completed stability studies to meet the appropriate contingencies in the longer-term planning horizon and accordingly show compliance with TPL-003-0, Requirement 1. Therefore, WECC verified Avista was compliant with this Standard and further confirmed Avista's certified completion date of September 30, 2007.

(b) Avista's Response

In its August 12, 2008 Response to WECC's July 14, 2008 NAVAPS, Avista did not contest its alleged violation of TPL-003-0 R1, but reiterated its alleged violation was minor, posed inconsequential risk to the reliability of the BPS, and that any deficiency was promptly corrected.

(c) Resolution of the Parties

Following review of Avista's Mitigation Plan and settlement discussions between the Parties, the Parties have agreed Avista will pay a penalty of \$2,500 for its alleged violation of NERC Reliability Standard TPL-003-0 R1.

6. Alleged Violation of NERC Reliability Standard VAR-002-1 R1/R3 – Voltage and Reactive Control

The NERC Reliability Standard for Voltage and Reactive Control applies to Generator Owners and Generator Operators and states that its purpose is to “ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.”

VAR-002-1. Requirements 1 and 3 of this Standard state, respectively:

R1. The Generator Operator shall operate each generator connected to the interconnected transmission system in the automatic voltage control mode (automatic voltage regulator in service and controlling voltage) unless the Generator Operator has notified the Transmission Operator. *Id.*

R3. Each Generator Operator shall notify its associated Transmission Operator as soon as practical, but within 30 minutes of any of the following:

R3.1. A status or capability change on any generator Reactive Power resource, including the status of each automatic voltage regulator and power system stabilizer and the expected duration of the change in status or capability.

R3.2. A status or capability change on any other Reactive Power resources under the Generator Operator’s control and the expected duration of the change in status or capability. *Id.*

(a) Avista's Self-Report

In its Compliance Violation Self Report dated September 18, 2008, Avista reported that the potential violation was identified as part of an internal audit. A report was faxed from an Avista generation plant to Avista's Chief Generation Engineer regarding unusual readings at the plant. This report indicated that the Automatic Voltage Regulators (“AVR”) had been taken out of service for 12 minutes in order to investigate any potential problems. The Chief Generation Engineer was following up to verify that internal procedures were followed. Upon review of the internal procedures, it was determined that the Transmission Operator was not notified of the AVR outage, as required by R1 and R3 of this Standard.

(b) The Resolution of the Parties

On September 18, 2008, Avista submitted a completed Mitigation Plan with respect to VAR-002-1 R1 and R3. As a part of this Agreement, WECC reviewed this Mitigation



Plan on an expedited basis, and accepted it on October 7, 2008. Avista conducted an internal review and updated its training procedures to clarify for its personnel appropriate actions necessary to remain compliant with VAR-002-1. This potential violation resulted from a single removal of an AVR from automatic voltage control mode. The potential violation was of short duration, lasting 12 minutes. Therefore, in Settlement of the Parties' dispute, WECC and Avista agreed this potential violation posed no substantial risk to reliability of the BPS. Furthermore this potential violation was self reported and Avista demonstrated active engagement of senior management in detecting, investigating, and mitigating the potential violation. Management took steps, by setting up training, to prevent recurrence of such a violation. The Parties agree Avista acted accordingly when this potential violation occurred. As such, the Parties agreed that there shall be no monetary penalty assessed against Avista for its potential violation of NERC Reliability Standard VAR-002-1 R1 and R3.

#### 7. Regional Standard VAR-STD-002a-1 – Automatic Voltage Regulators

WECC Regional Standard VAR-STD-002a-1 is intended "to ensure that automatic voltage control equipment on synchronous generators shall be kept in service at all times, unless one of the exemptions listed in Section C (Measures) applies, with outages coordinated to minimize the number out of service at any one time. All synchronous generators with automatic voltage control equipment shall normally be operated in voltage control mode and set to respond effectively to voltage deviations." According to VAR-STD-002a-1, this criterion applies

to all Generator Operators of synchronous generating units equipped with Automatic Voltage Regulators (AVR) within the Western Interconnection. The criterion shall be applied after a synchronous generator has achieved commercial operation. The criterion shall be applied on a generator-by-generator basis (a Responsible Entity can be subject to a separate sanction for each non-compliant synchronous generator). This criterion shall not be applicable to any synchronous generator for any calendar quarter in which such synchronous generator is in service for less than five percent of all hours in such quarter (the owners of the synchronous generator shall still be subject to the data reporting requirements for such quarter). *Id.*

The Requirements and Measures for this standard state:

##### B. Requirements

WR1. Automatic voltage control equipment on synchronous generators shall be kept in service at all times, unless one of the exemptions listed in Section C (Measures) applies, with outages coordinated to minimize the number out of service at any one time. All synchronous generators with

automatic voltage control equipment shall normally be operated in voltage control mode and set to respond effectively to voltage deviations.

### C. Measures

WM1. Each synchronous generating unit equipped with AVR shall have the AVR in service when the unit is on line with the following exceptions:

a) Maintenance and testing, maximum of seven calendar days per quarter.  
b) AVR exhibits instability due to nonstandard transmission line configuration.

c) AVR does not operate properly due to a failed component in the AVR or resulting from a change in adjacent equipment, whether it is control oriented or physical equipment that defines system response. If these changes are outside the control of the owner and result in an operating condition that is unsuitable for operation of an AVR, an exception shall be granted until the operating condition is once again suitable, but in no event shall the period of operation without AVR exceed 60 days, AVR must be repaired and returned to service within 60 calendar days per incident from time of failure (Source: AVR and PSS 60 Day Exclusion). If, during this 60 day period, the decision is made to replace the excitation system, 1/ the excitation system, including AVR, must be back in service within one year of commitment to replace.

If more than 60 days are needed to repair an AVR or more than one year is needed to replace an excitation system due to the length of time needed to obtain parts, an extension will be granted upon receipt of documentation by the Regional Entity. Such documentation shall include notice of the need for replacement or repair, the expected time required for the Entity's procurement process, plus the manufacturer delivery time, plus 30 days for installation or if an outage is required for installation the date of the next scheduled outage, and the expected completion date of the work. The total amount of time shall not exceed one year for repair of the AVR or fifteen months for replacement of the excitation system.

Responsible Entities shall provide the Regional Entity such documentation as soon as practicable, but no later than the deadline for responding to the initial non-compliance notification letter issued by the Regional Entity. Once repairs are complete, the Regional Entity shall be notified with the next quarterly report of the time the AVR is back in service. *Id.*

#### (a) Avista's Self-Report

Avista submitted a Self Report for VAR-STD-002a-1, WR1 on November 13, 2007, after discovering, through testing, that the AVR at the Boulder Park Generating Station did not have the capability to operate in the voltage control mode as required by VAR-STD-

002a-1 WR1. Avista further stated in its Self Report of this potential violation that the total output of the Boulder Generating Station is 30.8 MVA. The facility is comprised of six 5.134 MVA units. These are designed as peaking plants, and are not typically designed with voltage control capability, due to having multiple units connected to the same bus at the Boulder Substation. The AVR has been in service since the generating facility was energized in 2002, but had been operating in a VAR control mode.

Avista submitted a Mitigation Plan on November 30, 2007. In this Mitigation Plan, Avista stated it had three options to become compliant with this Standard: (i) retrofit existing hardware to interface with voltage control mode; (ii) evaluate "voltage droop mode" as an operating mode; and, (iii) replace the AVRs with units having a voltage control mode. This Mitigation Plan had an expected completion date of March 30, 2009, including intermediate milestones. On December 19, 2007, WECC accepted Avista's Mitigation Plan. On September 18, 2008, Avista submitted a Mitigation Plan Completion Form and certified it had mitigated this potential violation on July 7, 2008. With this Completion Form, Avista submitted an interoffice memo (dated July 7, 2008) including guidelines for the AVR units, *NERC/WECC Voltage Regulation/Speed Governing Reporting Form*, *NERC Reliability Related Standard Operating Procedures*, and *AVR Operating Guidelines*. On October 2, 2008, WECC reviewed the Mitigation Plan Completion Form and associated documentation. WECC verified the "voltage droop mode" of the AVR responded to voltage deviations in accordance with this Standard. WECC further verified Avista requires notification of a system operator when the voltage regulators are removed from the "voltage droop mode." Therefore, WECC verified compliance with this Standard.

#### (b) The Resolution of the Parties

As a part of this Agreement, WECC reviewed the Mitigation Plan on an expedited basis, and accepted it on October 7, 2008. WECC found that Avista is compliant with this standard as of July 7, 2008; however, the Parties agree automatic voltage control is important because the Boulder Park Generating Station is a peaking station with generation capability required to meet Avista's system load requirements. Therefore, the Parties agreed that WECC shall assess a penalty of \$5,000 to Avista for its potential violation of WECC regional standard VAR-STD-002a-1 WR1.

### **III. PARTIES' SEPARATE REPRESENTATIONS**

#### **A. Statement of WECC and Summary of Findings**

As a result of WECC's July 2007 Compliance Audit and two Avista self-reports, WECC has established sufficient facts to reasonably support potential and alleged violations of NERC Reliability Standards EOP-005-1, R1; PER-002-0, R3; PRC-005-1, R2; TPL-002-0, R1; TPL-003-0, R1; VAR-002-1, R1/R3; and WECC Regional Standard VAR-STD-002a-1, WR1. Avista has completed the Mitigation Plans and WECC has accepted the

Mitigation Plans as completed and compliant with respect to all of the potential and alleged violations.

#### **B. Statement of Avista**

For purposes of this Agreement, Avista does not contest the facts set forth above. As agreed to by the Parties, these findings constitute a stipulation to potential and alleged violations of EOP-005-1, R1; PER-002-0, R3; PRC-005-1, R2; TPL-002-0, R1; TPL-003-0, R1; VAR-002-1, R1/R3; and VAR-STD-002a-1, WR1.

#### **IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS**

Avista has completed Mitigation Plans with respect to the potential violations that Avista submitted self-reports on prior to June 18, 2007 and the potential and alleged violations of Reliability Standards EOP-005-1, R1; PER-002-0, R3; PRC-005-1, R2; TPL-002-0, R1; TPL-003-0, R1; VAR-002-1, R1/R3; and VAR-STD-002a-1, WR1. WECC has accepted Avista's Mitigation Plans with respect to these standards.

In settlement of the Parties' dispute, and as discussed herein, the Parties hereby agree Avista shall pay a total monetary penalty of \$30,000 (US) to WECC ("Total Monetary Penalty"). The Parties agree that the Total Monetary Penalty bears a reasonable relation to the seriousness of the potential and alleged violations discussed herein and takes into consideration the efforts of Avista to remedy the potential and alleged violations in a timely manner. Avista will pay the Total Monetary Penalty via wire transfer or cashier's check to a WECC account that will be outlined in a Notice of Payment sent to Avista upon approval of this Agreement by final Order of the Federal Energy Regulatory Commission ("FERC"), or by operation of law after submission to FERC. Payment to WECC shall be made thirty days after the receipt of the Notice of Payment. WECC will notify NERC if the payment is not received.

Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Agreement, shall be deemed the same alleged violations that initiated this settlement, and/or additional violation(s), and may subject Avista to new or additional enforcement, penalty, or sanction actions in accordance with the NERC Rules of Procedure. If Avista does not make the monetary penalty payment above, at the times agreed by the Parties, then interest payable to WECC will begin to accrue pursuant to the FERC's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due.

#### **V. ADDITIONAL TERMS**

The signatories to the Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of WECC or

Avista has been made to induce the signatories or any other party to enter into the Agreement.

WECC shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify WECC and Avista of changes to the settlement that would result in approval. If NERC does not approve the settlement, NERC will provide specific written reasons for such rejection. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to FERC for FERC's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.

This Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the Parties.

WECC and Avista agree that this Agreement, when approved by NERC and FERC, shall represent a final settlement of all matters set forth herein, including the issues relating to the potential and alleged violations of Reliability Standards EOP-005-1, R1; PER-002-0, R3; PRC-005-1, R2; TPL-002-0, R1; TPL-003-0, R1; VAR-002-1 R1/R3 and VAR-STD-002a-1 WR1. WECC reserves all rights to initiate enforcement, penalty or sanction actions against Avista in accordance with the NERC Rules of Procedure in the event that Avista fails to comply with any Mitigation Plan and/or compliance program agreed to in this Agreement. In the event Avista fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Agreement, WECC will initiate enforcement, penalty, or sanction actions against Avista to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. Avista shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to execute and deliver the Agreement on such entity's behalf and does so intending that such entity shall be bound by the terms hereof.

The undersigned representative of each Party affirms that he or she has read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Agreement is entered into by such Party in express reliance on those representations; provided, however, that such affirmation by each Party's representative shall not apply to the other Party's statements of position set forth in this Agreement.

The Agreement may be signed in counterparts.

This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

Agreed to and accepted:

CBWhite  
Constance B. White  
Vice President of Compliance  
WECC

April 24, 2009  
Date

DKKopczynski  
Don Kopczynski  
Vice President, Transmission and  
Distribution Operations  
Avista Corporation

4/27/09  
Date

## **Attachment e**

**Mitigation Plan designated as MIT-07-0549 for  
Avista's audit-discovered violation of EOP-005-1  
R1, submitted July 18, 2007**



**CONFIDENTIAL**

**Mitigation Plan Form**

Please complete an **individual** Mitigation Plan for each NERC Reliability Standard that indicates any level of non-compliance and return to [Compliance@WECC.biz](mailto:Compliance@WECC.biz).

New  Revised

Registered Entity Name: Avista Corporation

Date noncompliance was discovered or reported: 7/11/07

Date Mitigation Plan submitted: 7/18/07

Standard Title: System Restoration Plans

Standard Number: EOP-005-1

Requirement Number(s)<sup>1</sup>: **R1**

Level of Noncompliance:  Level 1  Level 2  Level 3  Level 4  
 Level not specified

How was the noncompliance found? (i.e. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

During Compliance Audit

Provide an explanation of the potential noncompliance:

Restoration plan may not include a discussion of synchronizing after islanding.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

The reliability impact is minimal to none. This is a documentation issue.

Describe any mitigating factors for this non-compliance (include supporting documentation).

NONE

<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Form



Describe your detailed plan to become compliant.

Avista may have supporting documentation and we are reviewing documents to support this standard. If it is determined Avista is missing the appropriate documentation, Avista will add the missing statement to their SOP's.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

Avista is reviewing for compliance. If it is determined that Avista is not in compliance, the procedure for updating SOP's includes getting System Operator review. This action will be complete by September 1, 2007.

Comment [js1]: This date is acceptable.

Are additional documents or information attached:  Yes  No

Additional Notes or Comments:

Point of contact for questions regarding this Mitigation Plan:

Name: Crystal Musselman  
Title: Reliability Compliance Specialist  
Phone: 509-495-4083  
Email: crystal.musselman@avistacorp.com

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**For WECC Use Only:**

WECC ID Number:

NERC ID Number:

Date Mitigation Plan was received at WECC:

Date Mitigation Plan was accepted by WECC:

## **Attachment f**

**Mitigation Plan designated as MIT-07-0515 for  
Avista's audit-discovered violation of PER-002-0  
R3, submitted July 18, 2007**



**CONFIDENTIAL**

**Mitigation Plan Form**

Please complete an **individual** Mitigation Plan for each NERC Reliability Standard that indicates any level of non-compliance and return to [Compliance@WECC.biz](mailto:Compliance@WECC.biz).

New  Revised

Registered Entity Name: Avista Corporation

Date noncompliance was discovered or reported: 7/11/07

Date Mitigation Plan submitted: 7/18/07

Standard Title: Operator Personnel Training

Standard Number: PER-002-0

Requirement Number(s)<sup>1</sup>: **R3**

Level of Noncompliance:  Level 1  Level 2  Level 3  Level 4  
 Level not specified

How was the noncompliance found? (i.e. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

During Compliance Audit

Provide an explanation of the potential noncompliance:

R3.1 The objectives may not include sufficient information regarding the knowledge and competencies required for each objective.

R3.4 Training staff identified, but may be missing evidence that the staff has the required competencies in the knowledge of system operations and instructional capabilities.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

The reliability impact is minimal. This is a documentation issue.

Describe any mitigating factors for this non-compliance (include supporting documentation).

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<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Form

System operators receive adequate training and currently display the knowledge and competencies required for each objective.

Describe your detailed plan to become compliant.

R3.1 Avista will document the knowledge and competencies required for each objective.

R3.4 Avista added the required documentation to it's training program.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

R3.1 Avista will be compliant by October 15, 2007.

R3.4 Already completed. See attached file PER-002-0 R3 Training Staff

Are additional documents or information attached:  Yes  No

Additional Notes or Comments:

R3.4 Proof of documentation. **See attached file PER-002-0 R3 Training Staff**

Point of contact for questions regarding this Mitigation Plan:

Name: Crystal Musselman  
Title: Reliability Compliance Specialist  
Phone: 509-495-4083  
Email: crystal.musselman@avistacorp.com

---

**For WECC Use Only:**

WECC ID Number: AVA\_WECC2007427

NERC ID Number: WECC200700419

Date Mitigation Plan was received at WECC: 7/18/2007

Date Mitigation Plan was accepted by WECC: 8/29/2007

## **Attachment g**

**Mitigation Plan designated as MIT-07-1513 for  
Avista's audit-discovered violation of PRC-005-1  
R2, submitted July 18, 2007**



**CONFIDENTIAL**

**Mitigation Plan Form**

Please complete an **individual** Mitigation Plan for each NERC Reliability Standard that indicates any level of non-compliance and return to [Compliance@WECC.biz](mailto:Compliance@WECC.biz).

New  Revised

Registered Entity Name: Avista Corporation

Date noncompliance was discovered or reported: 7/11/07

Date Mitigation Plan submitted: 7/18/07

Standard Title: Transmission and Generation Protection System Maintenance and Testing

Standard Number: PRC-005-1-0

Requirement Number(s)<sup>1</sup>: **R2**

Level of Noncompliance:  Level 1  Level 2  Level 3  Level 4  
 Level not specified

How was the noncompliance found? (i.e. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

During Compliance Audit

Provide an explanation of the potential noncompliance:

Maintenance and testing of 115kV and Generators may not be on schedule.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

The reliability impact is minimal. Most of the relays are electromechanical that are behind schedule and there are multiple relays per line terminal that provide an inherent backup.

Describe any mitigating factors for this non-compliance (include supporting documentation).

---

<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Form

There are multiple relays per line terminal that provide an inherent backup.

Describe your detailed plan to become compliant.

Overtime has been approved for relay technicians to complete the work this year. Three crews were put together to perform the relay testing and as of today approximately 100 of the 500 have been tested.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

There are approximately 500 relays (115kV and Generation) that need to be tested. All relays will be tested prior to December 31, 2006.

Are additional documents or information attached:  Yes  No

Additional Notes or Comments:

The definition of the Bulk Electric System was changed in 2007 to include the 115 kV system. Avista will have the 115 kV relays tested by December 31, 2007.

Point of contact for questions regarding this Mitigation Plan:

Name: Crystal Musselman  
Title: Reliability Compliance Specialist  
Phone: 509-495-4083  
Email: crystal.musselman@avistacorp.com

---

**For WECC Use Only:**

WECC ID Number: AVA\_WECC2007425

NERC ID Number: WECC200700417

Date Mitigation Plan was received at WECC: 7/18/2007

Date Mitigation Plan was accepted by WECC: 8/29/2007

## **Attachment h**

**Mitigation Plan designated as MIT-07-1514 for  
Avista's audit-discovered violation of TPL-002-0  
R1.2, submitted July 18, 2007**





**CONFIDENTIAL**

**Mitigation Plan Form**

Please complete an **individual** Mitigation Plan for each NERC Reliability Standard that indicates any level of non-compliance and return to [Compliance@WECC.biz](mailto:Compliance@WECC.biz).

New  Revised

Registered Entity Name: Avista Corporation

Date noncompliance was discovered or reported: 7/11/2007

Date Mitigation Plan submitted: 7/18/2007

Standard Title: System Performance Following Loss of a Single Bulk Electric System Element (Category B)

Standard Number: TPL-002-0

Requirement Number(s)<sup>1</sup>: R1

Level of Noncompliance:  Level 1  Level 2  Level 3  Level 4  
 Level not specified

How was the noncompliance found? (i.e. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

During Compliance Audit

Provide an explanation of the potential noncompliance:

Transient voltage and stability studies showing system performance following Category B of Table 1 may not have been performed on longer-term (years six through ten) cases.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

Minimal: Transient voltage and stability studies for the longer-term have no immediate reliability impact on the interconnection.

Describe any mitigating factors for this non-compliance (include supporting documentation).

---

<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Form

Extensive transient voltage and stability studies have been conducted on Avista's and the surrounding bulk electric system for the near-term (years one through five). Any marginal system performance is known for the near-term and it is realized the issue will also exist in any longer-term study.

Describe your detailed plan to become compliant.

Longer term transient voltage and stability study cases will be created covering critical system conditions, which are high West of Hatwai flows, high Idaho to Northwest flows, heavy summer loading, and heavy winter loading. The cases will model all firm transfers, both existing and planned facilities, reactive power resources, existing and planned protection schemes, existing and planned control devices, and any planned outage of the bulk electric system.

Documentation of the study work and results showing system performance following Category B of Table 1 will be provided as evidence of compliance to WECC.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

All study work and results will be provided to WECC by October 30, 2007.

Are additional documents or information attached:  Yes  No

Additional Notes or Comments:

Point of contact for questions regarding this Mitigation Plan:

Name: Crystal Musselman  
Title: Reliability Compliance Specialist  
Phone: 509-495-4083  
Email: crystal.musselman@avistacorp.com

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**For WECC Use Only:**

WECC ID Number: AVA\_WECC2007426

NERC ID Number: WECC200700418

Date Mitigation Plan was received at WECC: 7/18/2007

Date Mitigation Plan was accepted by WECC: 8/29/2007

## **Attachment i**

**Mitigation Plan designated as MIT-07-1516 for  
Avista's audit-discovered violation of TPL-003-0  
R1.2, submitted July 18, 2007**



**CONFIDENTIAL**

**Mitigation Plan Form**

Please complete an **individual** Mitigation Plan for each NERC Reliability Standard that indicates any level of non-compliance and return to [Compliance@WECC.biz](mailto:Compliance@WECC.biz).

New  Revised

Registered Entity Name: Avista Corporation

Date noncompliance was discovered or reported: 7/11/2007

Date Mitigation Plan submitted: 7/18/2007

Standard Title: System Performance Following Loss of Two of More Bulk Electric System Element (Category C)

Standard Number: TPL-003-0

Requirement Number(s)<sup>1</sup>: R1

Level of Noncompliance:  Level 1  Level 2  Level 3  Level 4  
 Level not specified

How was the noncompliance found? (i.e. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

During Compliance Audit

Provide an explanation of the potential noncompliance:

Transient voltage and stability studies showing system performance following Category C of Table 1 may not have been performed on longer-term (years six through ten) cases.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

Minimal: Transient voltage and stability studies for the longer-term have no immediate reliability impact on the interconnection.

Describe any mitigating factors for this non-compliance (include supporting documentation).

---

<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Form

Extensive transient voltage and stability studies have been conducted on Avista's and the surrounding bulk electric system for the near-term (years one through five). Any marginal system performance is known for the near-term and it is realized the issue will also exist in any longer-term study.

Describe your detailed plan to become compliant.

Longer term transient voltage and stability study cases will be created covering critical system conditions, which are high West of Hatwai flows, high Idaho to Northwest flows, heavy summer loading, and heavy winter loading. The cases will model all firm transfers, both existing and planned facilities, reactive power resources, existing and planned protection schemes, existing and planned control devices, and any planned outage of the bulk electric system.

Documentation of the study work and results showing system performance following Category C of Table 1 will be provided as evidence of compliance to WECC.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

All study work and results will be provided to WECC by October 30, 2007.

Are additional documents or information attached:  Yes  No

Additional Notes or Comments:

Point of contact for questions regarding this Mitigation Plan:

Name: Crystal Musselman  
Title: Reliability Compliance Specialist  
Phone: 509-495-4083  
Email: crystal.musselman@avistacorp.com

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**For WECC Use Only:**

WECC ID Number: AVA\_WECC2007428

NERC ID Number: WECC200700420

Date Mitigation Plan was received at WECC: 7/18/2007

Date Mitigation Plan was accepted by WECC: 8/29/2007

## **Attachment j**

**Mitigation Plan designated as MIT-08-1148 for  
Avista's self-reported violation of VAR-002-1 R1  
and R3 submitted September 18, 2008 and  
Certification of Completion of Mitigation Plan**



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## Mitigation Plan Submittal Form

New  or Revised

Date this Mitigation Plan is being submitted: 9/18/2008

If this Mitigation Plan has already been completed:

- Check this box  and
- Provide the Date of Completion of the Mitigation Plan: September 9, 2008

### **Section A: Compliance Notices & Mitigation Plan Requirements**

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Appendix A and check this box  to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

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

- B.1 Identify your organization:

Registered Entity Name: Avista Corporation  
Registered Entity Address: 1411 E. Mission, Spokane, WA 99202  
NERC Compliance Registry ID: NCR 05020

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.<sup>1</sup>

Name: Crystal Musselman  
Title: Reliability Compliance Manager  
Email: crystal.musselman@avistacorp.com  
Phone: 509-495-4083

<sup>1</sup> A copy of the WECC CMEP is posted on WECC's website at <http://www.wecc.biz/documents/library/compliance/manuals/Att%20A%20-%20WECC%20CMEP.pdf>. Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



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**Section C: Identity of Alleged or Confirmed Reliability Standard Violations Associated with this Mitigation Plan**

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: VAR-002-1  
*[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]	WECC Violation ID # [if known ]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date <sup>(*)</sup> (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R1 & R3	Medium	9/9/2008	Internal Audit

(\*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use .

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

See the September 12, 2008 memo titled NERC Reliability Compliance Violation - Failure to Report AVR Out Of Service

*[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 alleged or confirmed violations associated with this Mitigation Plan:

There was no threat to the BPS during this 12 minute outage.

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





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## 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:

See the September 12, 2008 memo titled NERC Reliability Compliance Violation - Failure to Report AVR Out Of Service  
 [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 this Mitigation 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 alleged or confirmed violations associated with this Mitigation Plan corrected:
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)

(\* ) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.



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[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]



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

**Check this box  and proceed and respond to Part E.2, below, if this Mitigation 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 known, reasonably suspected 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 will incur further violations of the same or similar reliability standards requirements in the future:

Although an operating procedure exists for taking the AVR out of the voltage control mode, additional training was provided on 9/9/08 to the station operators on shift at Cabinet on the procedures for reporting AVR out of voltage control mode. All station operators receive training on operating procedures.

[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



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standards. If so, identify and describe any such action, including milestones and completion dates:

Continued training and internal review of procedures.  
[Provide your response here; additional detailed information may be provided as an attachment as necessary]



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## 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 WECC for acceptance by WECC 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 Senior Vice President, General Counsel and Chief Compliance Officer of Avista Corporation.
  2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Avista Corporation.
  3. I understand Avista Corporation's obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
  4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
  5. Avista Corporation agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

**Authorized Signature:**

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Marian Durkin

Title: Senior Vice President, General Counsel and Chief Compliance Office

Date: 9/18/08



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### **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.

Avista is filing this Mitigation Plan out of an abundance of caution. The AVR operates in Automatic Control mode and was only taken out of automatic control mode for a few minutes to try and determine the cause of the unusual plant readings. As soon as it was determined the AVR was not related to the unusual plant readings, the AVR was immediately put back in automatic control. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

### **Section H: WECC Contact and Instructions for Submission**

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: [mike@wecc.biz](mailto:mike@wecc.biz)

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the Compliance Manuals website as Manual 2.12:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>



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## **Attachment A – Compliance Notices & Mitigation Plan Requirements**

- I. Section 6.2 of the WECC CMEP 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.
  - (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.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



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- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.



## **Attachment k**

**Mitigation Plan designated as MIT-07-0576 for  
Avista's self-reported violation of VAR-STD-  
002a-1 WR1, submitted November 30, 2007**



## Mitigation Plan Submittal Form

New  or Revised

Date this Mitigation Plan is being submitted: 11/30/2007

If this Mitigation Plan has already been completed:

- Check this box  and
- Provide the Date of Completion of the Mitigation Plan: 03/30/2009

### **Section A: Compliance Notices & Mitigation Plan Requirements**

A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review the notices and check this box  to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

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

B.1 Identify your organization:

Company Name: Avista Corporation  
Company Address: 1411 East Mission Ave., MSC-16  
Spokane, WA 99202  
NERC Compliance Registry ID *[if known]*:

B.2 Identify the individual in your organization who will be the Entity Contact to WECC regarding this Mitigation Plan.

Name: Crystal Musselman  
Title: Reliability Compliance Specialist  
Email: crystal.musselman@avistacorp.com  
Phone: (509) 495-4083



**Section C: Identity of Potential Reliability Standard Compliance Issue(s) Associated with this Mitigation Plan**

This Mitigation Plan is associated with the following potential compliance issue(s) regarding the reliability standard listed below:

C.1 Standard: VAR-STD-002a-1  
*[Identify by Standard Acronym (e.g. FAC-001-1)]*

C.2 Requirement(s) associated with the potential compliance issues and relevant dates:  
*[Enter information in the following Table]*

NERC Violation ID # [if known]	WECC Violation ID # [if known ]	Requirement (e.g. R3.2)	Date <sup>(*)</sup> (MM/DD/YY)
		WR1	11/13/07

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

C.3 Identify the cause of the potential compliance issue(s) identified above:

Avista discovered, through recent testing, that the AVR's at the Boulder Park Generating Station do not have the capability to operate in a voltage control mode as required by the standard. It had been previously understood that these units did operate in voltage control.  
*[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 potential compliance issue(s) associated with this Mitigation Plan:

The total output of the Boulder Generating Station is 30.8 MVA. The facility is comprised of 6 - 5.1 MVA units and was quickly put into service in April, 2002 to meet high energy demands during the western energy



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crisis. As with similar types of generating facilities, these are designed as peaking plants and typically are not designed with voltage control capability due to having multiple units connected to the same bus. The AVR has been in service since the generating facility was energized but has been operating in a VAR control mode. It also has a Power Factor control mode, but that mode has not been selected.

A study was done by Avista's System Operations group to determine the overall impacts of operating these units in the VAR control mode to system reliability. These studies conclude that this plant does not impact the reliability of the system. A copy of this study is attached.



Boulder Park  
Generator Voltage

[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 potential compliance issue(s) identified above in Part C.2 of this form:

At this time Avista needs to coordinate with the supplier to evaluate possible options. This includes determining if the existing hardware can be reconfigured with a voltage control mode. Secondly, there is a voltage droop mode that is available, and we will explore this operating mode for compliance with the standard. If this operating mode also fails to meet the standard, Avista will initiate a project to replace the AVR's with units that have a voltage control mode.

Avista is aware of the time line in the standard that establishes 60 days to return the AVR to normal service. After the evaluation is complete a definitive plan will be developed to resolve this issue and submitted to WECC for approval, consistent with the VAR-STD-002a-1 standard.



[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 this Mitigation 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 potential compliance issue(s) associated with this Mitigation Plan are corrected:

The initial effort is expected to take more than the stated 60 days due to the Holiday Season and this mitigation plan is to serve as a formal request to WECC for an extension of this 60 day time. The evaluation of hardware options and the completion of the System Operations study are expected to be completed by January 31, 2008. Until that time, we will not have a specific determination of a course of action. It is anticipated that final resolution of this plan will be completed no later than March 30, of 2009.

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)
Evaluation of Options	January 31, 2008
Implementation of Selected Option	March 30, 2009

(\* ) 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:

This plant is a peaking plant is not operated as a base load facility, making the amount of time the plant operates without voltage control minimal. However, because it is a peaking station, the generation provided is important to meet system load requirements and there are no plants for the unit to be taken out of service due to this standard compliance issue.

When the plant operates, the station operator complies with any transmission request for reactive support and the AVR does respond to system problems voltage swings. It just operates in a VAR control mode.

[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 this Mitigation 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:

No higher risk elements or negative system impacts are known or anticipated as a result of this issue.

[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 potential compliance issue(s) of the same or similar Reliability Standards Requirements in the future:

This item is related to a specific plant equipment issue and does not have any bearing on any other elements in the system.

[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 potential compliance issue(s) of the same or similar Reliability 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:



*Western Electricity Coordinating Council*



No further actions are contemplated at this time.

[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 WECC for acceptance by WECC 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 Marian Durkin of Avista Corporation.
  2. I am qualified to sign this Mitigation Plan on behalf of Avista Corporation.
  3. I have read and understand Avista'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. Avista Corporation agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

**Authorized Entity Officer Signature: \_\_To be submitted on 12/3/07 due to travel.**\_\_\_\_\_

(Electronic signatures are acceptable; see CMEP)

Name (Print):Marian Durkin

Title: Sr. VP General Counsel and Chief Compliance Officer

Date: 11/30/2007



## **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:

Jim Stuart, Sr. Compliance Engineer

Email: [Jstuart@wecc.biz](mailto:Jstuart@wecc.biz)

Phone: (801) 883-6887



## **Attachment A – Compliance Notices & Mitigation Plan Requirements**

- I. Section 6.2 of the CMEP1 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.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.

---

<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.



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. 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.
- V. If the Mitigation Plan is approved by WECC 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.
- VI. WECC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

## **Attachment I**

**Avista's Certification of Completion of Mitigation  
Plan MIT-07-0549 for Avista's audit-discovered  
violation of EOP-005-1 R1, dated September 4,  
2007**



Western Electricity Coordinating Council

**CONFIDENTIAL**

### Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to [Compliance@WECC.biz](mailto:Compliance@WECC.biz) along with the supporting documentation / evidence that confirms full compliance and an Authorized Officer's signature.

Registered Entity Name: Avista Corporation

Standard Title: System Restoration Plans

Standard Number: EOP-005-1

Requirement Number(s)<sup>1</sup>: R1

Actual completion date of Mitigation Plan: August 17, 2007

**Please attach supporting documentation used to demonstrate compliance.**

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

Page 14-15 V.#5.a-d and V.#9.a & b., Page 18 VI.#5.a-c, Page 20 VII Paragraph 2 and #5, page 21 #11.

Additional Notes or Comments pertaining to this violation:

None

By endorsement of this document I attest that Avista Corporation is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Marian Durkin

Authorized Officer's Name: Marian Durkin

Authorized Officer's Title: Senior Vice President General Counsel and Chief Compliance Officer

Date: 9-4-07

<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Completion Form

## **Attachment m**

**Avista's Certification of Completion of Mitigation  
Plan MIT-07-0515 for Avista's audit-discovered  
violation of PER-002-0 R3, dated October 15, 2007**



Western Electricity Coordinating Council

CONFIDENTIAL

Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting documentation / evidence that confirms full compliance and an Authorized Officer's signature.

Registered Entity Name: Avista Corporation

Standard Title: Operator Personnel Training

Standard Number: PER-002-0

Requirement Number(s)<sup>1</sup>: R3

Actual completion date of Mitigation Plan: R3.4 on 7/18/07 and R3.1 on 10/10/07

**Please attach supporting documentation used to demonstrate compliance.**

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

R3.1 Entire Document

R3.4 Entire Document

Additional Notes or Comments pertaining to this violation:

These were both documentation issues and had no effect on the Bulk Electric System.

By endorsement of this document I attest that [insert company name] is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Marian Durkin

Authorized Officer's Name: Marian Durkin

Authorized Officer's Title: Senior Vice President, General Counsel and Chief Compliance Officer

Date: 10/15/2007

<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Completion Form



## **Attachment n**

# **Avista's Certification of Completion of Mitigation Plan MIT-07-1513 for Avista's audit-discovered violation of PRC-005-1 R2, dated December 12, 2007**



Western Electricity Coordinating Council

**CONFIDENTIAL**

**Mitigation Plan Completion Form**

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to [Compliance@WECC.biz](mailto:Compliance@WECC.biz) along with the supporting documentation / evidence that confirms full compliance and an Authorized Officer's signature.

Registered Entity Name: Avista Corporation

Standard Title: Transmission and Generation Protection System Maintenance and Testing

Standard Number: PRC-005-2

Requirement Number(s)<sup>1</sup>: R2

Actual completion date of Mitigation Plan: 11/19/2007

**Please attach supporting documentation used to demonstrate compliance.**

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

***Attached are three separate queries of our relay database where the relay test date is maintained. The queries are for 115kV relays, 230 kV relays and generator relays. Referring to the column labeled SYS\_RL\_NEXT\_TEST\_DATE of each query, the date listed provides the next test date for each relay. The information shows no relays left to test in 2007, verifying Avista to be in full compliance.***

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that [insert company name] is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Marian Durkin 12/12/07

Authorized Officer's Name: MARIAN DURKIN

Authorized Officer's Title: Senior Vice President, General Counsel and Chief Compliance Officer

<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Completion Form

## **Attachment o**

# **Avista's Certification of Completion of Mitigation Plan MIT-07-1514 for Avista's audit-discovered violation of TPL-002-0 R1.2, dated October 12, 2007**



**CONFIDENTIAL**

**Mitigation Plan Completion Form**

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting documentation / evidence that confirms full compliance and an Authorized Officer's signature.

Registered Entity Name: Avista Corporation

Standard Title: System Performance Following Loss of A Single Bulk Electric System Element (Category B)

Standard Number: TPL-002-0

Requirement Number(s)<sup>1</sup>: **R1**

Actual completion date of Mitigation Plan: September 30, 2007

**Please attach supporting documentation used to demonstrate compliance.**

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

See Attached Studies

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that [insert company name] is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Marian Durkin

Authorized Officer's Name: *Marian Durkin*

Authorized Officer's Title: *Senior Vice President, General Counsel and Chief Compliance Officer.*

Date: *10-12-07*

<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Completion Form

## **Attachment p**

**Avista's Certification of Completion of Mitigation  
Plan MIT-07-1516 for Avista's audit-discovered  
violation of TPL-003-0 R1.2, dated October 12,  
2007**



**CONFIDENTIAL**

**Mitigation Plan Completion Form**

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting documentation / evidence that confirms full compliance and an Authorized Officer's signature.

Registered Entity Name: Avista Corporation

Standard Title: System Performance Following Loss of Two or More Bulk Electric System Element (Category C)

Standard Number: TPL-003-0

Requirement Number(s)<sup>1</sup>: R1

Actual completion date of Mitigation Plan: September 30, 2007

**Please attach supporting documentation used to demonstrate compliance.**

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

See Attached Studies

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that [insert company name] is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Marian Durkin

Authorized Officer's Name: *Marian Durkin*

Authorized Officer's Title: *Senior Vice President General Counsel and Chief Compliance Officer.*

Date: *10-12-07*

<sup>1</sup> Violations are reported at the level of requirements, sub requirements are not necessary.  
WECC Compliance Monitoring and Enforcement Program  
Mitigation Plan Completion Form

## **Attachment q**

**Avista's Certification of Completion of Mitigation  
Plan MIT-07-0576 for Avista's self-reported  
violation of VAR-STD-002a-1 WR1, dated  
September 18, 2008**



Western Electricity Coordinating Council

**Mitigation Plan Completion Form**

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to [Compliance@WECC.biz](mailto:Compliance@WECC.biz) along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Avista Corp.

Standard Title: Automatic Voltage Regulators

Standard Number: VAR-STD-002a-1

Requirement Number(s): **WR1**

Actual completion date of Mitigation Plan: 7/7/08

Check this box  to indicate that you understand that the submittal of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

After testing, it was determined that we need to change the settings on the AVR at Boulder Park Generation station to become compliant with the standard. These directions are documented below.

Interoffice memo dated July 7, 2008; Boulder Park Generation Station; Voltage Control Operating Guidelines for units 1 through 6.

NERC/WECC Voltage Regulation/Speed Governing Reporting Form

June 30, 2008 IOC - NERC Reliability Related Standard Operating Procedures

Additional Notes or Comments pertaining to this violation:

None

By endorsement of this document I attest that Avista Corporation is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: \_\_\_\_\_



Authorized Officer's Name: Marian Durkin

Authorized Officer's Title: Senior Vice President, General Counsel and Chief Compliance Officer

Date: 9/18/08

## **Attachment r**

**WECC's Verification of Completion of Mitigation  
Plans for EOP-005-1 R1, PER-002-0 R3, PRC-  
005-1 R2, TPL-002-0 R1.2, and TPL-003-0 R1.2,  
dated May 1, 2008**



**STEVEN W. McCOY**  
Vice President and Director of Compliance

801.582.0353 ext. 6889  
smccoy@wecc.biz

May 1, 2008

Crystal Musselman  
Reliability Compliance Specialist  
Avista Corporation  
1411 E. Mission MSC-16, P.O. Box 3727  
Spokane, WA 99220

Subject: Mitigation Plan Completion Review(s)

Dear Crystal,

The Western Electricity Coordinating Council (WECC) received Mitigation Plan Completion Form(s) and supporting evidence for each violation listed in Table 1 of Attachment A. The table indicates which plans have been completed and which remain incomplete. Attachment A also includes audit notes that detail the findings supporting this conclusion.

Each compliance violation associated with the incomplete Mitigation Plan(s) is now subject to sanctions and penalties under the Energy Policy Act of 2005. You will be receiving a letter from the WECC Compliance Department outlining the next steps in the penalty and sanction process regarding such violation(s).

Please submit a revised Mitigation Plan by May 15, 2008, including new proposed completion dates, for each unmitigated violation identified in Attachment A. The Mitigation Plan template form can be found on the WECC Compliance Manuals webpage, as Manual 03.03:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>

Upon review, the WECC Compliance Department will provide written notice of its acceptance or rejection of the newly submitted Mitigation Plan.

If you have any questions or concerns, please contact Mike Wells at (801) 883.6884 or [mike@wecc.biz](mailto:mike@wecc.biz). Thanks for your assistance in this effort.

**CONFIDENTIAL**

Sincerely,

*Steve McCoy*

STEVEN W. McCOY  
WECC Vice President and  
Director of Compliance

SM:cm

Attachment

Cc: Scott Kinney, AVA

Lisa Milanes, WECC Manager of Compliance Administration

Tim Kucey, NERC Manager of Enforcement and Mitigation

Ed Ruck, NERC Regional Compliance Program Coordinator



**Registered Entity:** Avista Corporation

**Date:** May 1, 2008

	<b>Standard Number(s)</b>	<b>Requirement(s)*</b>	<b>Sufficient Evidence</b>	<b>Audit Findings</b>
1	EOP-003-1	R6	Yes	Compliant
2	EOP-005-1	R1	Yes	Compliant
3	EOP-005-1	R11	Yes	Compliant
4	EOP-009-0	R1	Yes	Compliant
5	EOP-009-0	R2	Yes	Compliant
6	PER-002-0	R3	Yes	Compliant
7	PRC-005-2	R2	Yes	Compliant
8	PRC-STD-005-1	WR1	Yes	Compliant
9	TPL-002-0	R1	Yes	Compliant
10	TPL-003-0	R1	Yes	Compliant
11	VAR-001-1	R6	Yes	Compliant

*\* Please note that multiple violations may be reported under one Standard, as indicated by the requirement(s) column.*

**Attachment s**

**WECC's Verification of Completion of Mitigation  
Plan MIT-08-1148 for Avista's self-reported  
violation of VAR-002-1 R1 and R3, dated October  
7, 2008**

**and**

**WECC's Verification of Completion of Mitigation  
Plan MIT-07-0576 for Avista's self-reported  
violation of VAR-STD-002a-1 WR1, dated  
October 7, 2008**

**CONFIDENTIAL**



**Bob Kiser**  
Manager of Audits and Investigations

360.980.2799  
bkiser@wecc.biz

October 7, 2008

Crystal Musselman  
Reliability Compliance Manager  
Avista Corporation  
1411 E. Mission MSC-16, P.O. Box 3727  
Spokane, Washington 99220

Subject: Mitigation Plan Completion Review(s)

Dear Crystal Musselman,

The Western Electricity Coordinating Council (WECC) received Mitigation Plan Completion Form(s) and supporting evidence for each violation listed in Table 1 of Attachment A. The table indicates which plans have been completed and which remain incomplete. Attachment A also includes audit notes that detail the findings supporting this conclusion.

Each compliance violation associated with the incomplete Mitigation Plan(s) is now subject to sanctions and penalties under the Energy Policy Act of 2005. You will be receiving a letter from the WECC Compliance Department outlining the next steps in the penalty and sanction process regarding such violation(s).

Please submit a revised Mitigation Plan by October 21, 2008, including new proposed completion dates, for each unmitigated violation identified in Attachment A. The Mitigation Plan template form can be found on the WECC Compliance Manuals webpage, as Manual 03.03:

<http://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>

Upon review, the WECC Compliance Department will provide written notice of its acceptance or rejection of the newly submitted Mitigation Plan.

If you have any questions or concerns, please contact Mike Wells at (801) 883.6884 or [mike@wecc.biz](mailto:mike@wecc.biz). Thanks for your assistance in this effort.

**CONFIDENTIAL**

Sincerely,

*Bob Kiser*

Bob Kiser  
Manager of Audits and  
Investigations

BK:gc

Attachment

Cc: Scott Kinney, AVA Chief Engineer, System Operations  
Lisa Milanes, WECC Manager of Compliance Administration  
Ed Ruck, NERC Regional Compliance Program Coordinator





*Western Electricity Coordinating Council*

**Registered Entity: Avista Corporation**

**Date: October 7, 2008**

	<b>Standard Number</b>	<b>Requirement</b>	<b>Completion Received by WECC</b>	<b>Sufficient Evidence</b>	<b>Review Status</b>
1	VAR-STD-002a-1	WR1	19-Sep-08	Yes	Compliant
2	VAR-002-1	1	18-Sep-08	Yes	Compliant
3	VAR-002-1	3	18-Sep-08	Yes	Compliant

**Attachment t**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Avista Corporation      Docket

No. NP10-\_\_\_\_-000

NOTICE OF FILING  
December 30, 2009

Take notice that on December 30, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Avista Corporation in the Western Electricity Coordinating Council 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