

July 6, 2010

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

**Re: NERC Non-Public Notices of Penalty,
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty,¹ which includes one (1) Non-Public Exhibit pertaining to a NERC Registered Entity. The Notice of Penalty set forth in the Non-Public Exhibit contains, in whole or in part, violations of the CIP-002 through CIP-009 Reliability Standards. This filing is submitted 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)).²

The Non-Public Exhibit identifies the Reliability Standards at issue, the basis for the violation, the impact to reliability, and the ultimate disposition. A summary is set forth below:

NERC Violation ID*	Reliability Std.	Req. (R)	Approved VRF	Basis for Violation	Total Penalty (\$)
WECC200901682	CIP-004-1	2.3	Lower	Personnel for the Registered Entity received authorized cyber or authorized unescorted physical access to Critical Cyber Assets without receiving the requisite annual cyber security training.	7,000 ³

¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). *See also* 18 C.F.R. Part 39 (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).

² *See* 18 C.F.R § 39.7(c)(2).

³ On December 15, 2009, WECC issued a Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV). The Registered Entity did not submit a response to the NOCV.

				<p>Four personnel with authorized cyber or authorized unescorted physical access to Critical Cyber Assets did not receive timely annual cyber security training. The employees missed the scheduled training sessions in December 2008 and January 2009 and make-up sessions were not conducted within the annual timeframe.</p> <p>The Registered Entity mitigated this violation by training the affected personnel and improving its cyber security training documentation and tracking system.</p>
WECC200901681	CIP-004-1	3	Medium	<p>The Registered Entity did not complete a personnel risk assessment (PRA) for an employee within 30 days of the employee receiving authorized unescorted physical access to Critical Cyber Assets. A PRA was not conducted for one employee within 30 days of that employee being granted unescorted physical access to Critical Cyber Assets. According to the self-report, this specific employee was granted access to a control center, within the physical security perimeter.</p> <p>Access to the control center was granted on May 1, 2009 and the PRA was completed on June 15, 2009. Access was inadvertently granted due to a miscommunication between the Human Resources and Operations staff regarding the completion status of the individual's PRA. A written confirmation of the PRA completion was not provided to the designated authorized access grantor prior to the granting of access.</p> <p>The Registered Entity now requires written and signed confirmation of PRA completion and no longer allows verbal or e-mail confirmations of PRAs. Also, the Registered Entity modified its card-authorization access form to include additional approval signatures to verify the completion of the PRA.</p>

*Due to the confidential nature of the CIP-002 through CIP-009 violations, the Registered Entity's name is not identified.

Request for Confidential Treatment

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

confidential information exempt from the mandatory public disclosure requirements of the Freedom of Information Act, 5 U.S.C. 552, and should be withheld from public disclosure.

In accordance with the Commission's Rules of Practice and Procedure, 18 C.F.R. § 388.112, a non-public version of the information redacted from the public filing is being provided under separate cover.

Because certain of the attached documents are deemed "confidential" by NERC, Registered Entities and Regional Entities, NERC requests that the confidential, non-public information be provided special treatment in accordance with the above regulation.

Notices and Communications

Notices and communications with respect to this filing may be addressed to the following:

<p>Gerald W. Cauley President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, New Jersey 08540-5721 (609)452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Steven Goodwill* General Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p> <p>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>*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.</p>	<p>Rebecca J. Michael* Assistant General Counsel Holly A. Hawkins* Attorney V. Davis Smith* Attorney (admitted in IN; not admitted in D.C. or NJ) 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.haswkins@nerc.net davis.smith@nerc.net</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p>
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Conclusion

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

Respectfully submitted,

/s/ Rebecca J. Michael

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