



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

November 13, 2009

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

**Re: NERC Notice of Penalty regarding Lincoln County Power District No. 1
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Lincoln County Power District No. 1 (LNP), NERC Registry ID NCR05220,² 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)).³

As a result of an off-site Compliance Audit conducted on March 12, 2008 and March 13, 2008, Western Electricity Coordinating Council (WECC) identified a possible violation of CIP-001-1 Requirement (R) 4 for LNP's failure to establish communications contact with local Federal Bureau of Investigation (FBI) officials. This Notice of Penalty is being filed with the Commission because, based on information from WECC, WECC and LNP 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 violation of CIP-001-1 R4. Pursuant to the Settlement Agreement, LNP neither admits nor denies the alleged violation of CIP-001-1 R4, but LNP has agreed to the proposed penalty of two thousand dollars (\$2,000) to be assessed to LNP, in addition to other remedies and mitigation actions to mitigate the instant alleged violation and ensure future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the alleged violation identified as NERC Violation Tracking Identification Number WECC200800758 is being filed in accordance with NERC Rules of Procedure and the CMEP.

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).

² Western Electricity Coordinating Council confirmed that LNP was included on the NERC Compliance Registry as a Distribution Provider and Load Serving Entity (LSE) on June 17, 2007. As an LSE, LNP was subject to the requirements of NERC Reliability Standard CIP-001-1.

³ See 18 C.F.R. § 39.7(c)(2).

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement dated on June 22, 2009 and executed on June 23, 2009, by and between WECC and LNPd, which is included as Attachment b. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying each Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Lincoln County Power District No. 1	NOC-217	WECC200800758	CIP-001-1	4	Medium	\$2,000

The purpose of Reliability Standard CIP-001-1 is to ensure that disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies.

CIP-001-1 R4 requires each Load Serving Entity, such as LNPd, to establish communications contacts, as applicable, with local FBI officials or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances. CIP-001-1 R4 has a "Medium" Violation Risk Factor (VRF).

During WECC's off-site Compliance Audit conducted on March 12, 2008 and March 13, 2008, the Audit Team found that LNPd failed to establish contact with the FBI in the event of a sabotage event and instead relied on the Lincoln County Sheriff's Office to make contact with the FBI if or when a suspected sabotage event occurred. LNPd's procedure document, *Standard CIP-001-1, Sabotage Reporting*, dated June 1, 2007, failed to contain telephone numbers, location or a name associated with a local FBI office. Therefore, the Audit Team determined LNPd had a possible violation of CIP-001-1 R4 and forwarded its findings to WECC Enforcement for its review and consideration.

WECC Enforcement reviewed the audit findings and determined that LNPd's *Standard CIP-001-1, Sabotage Reporting* document, dated June 1, 2007, addressed coordination with local law enforcement officials only; the procedure for contacting FBI officials was determined by the Lincoln County Sheriff's Office. If a sabotage event occurred, the Sheriff's Office decided whether or not to contact the FBI. LNPd did not have an established communications contact with the FBI, and therefore, WECC Enforcement concluded that LNPd had an alleged violation of CIP-001-1 R4.

WECC determined the duration of alleged violation to be from June 18, 2007, the date the Reliability Standard became enforceable, until March 20, 2008, when LNPDP completed its Mitigation Plan.

WECC determined a two thousand dollar (\$2,000) penalty was appropriate for LNPDP based on the following mitigating factors: (1) this was LNPDP's first assessed non-compliance with any Reliability Standard; (2) LNPDP mitigated its non-compliance with CIP-001-1 R4, prior to WECC's review of LNPDP's Mitigation Plan; (3) LNPDP cooperated fully with WECC's Audit Staff and Enforcement Staff in the investigation process; (4) there was no serious or substantial risk to the bulk power system because LNPDP had procedures in place to contact the Lincoln County Sheriff's Office and then the Sheriff's Office would contact the FBI should a sabotage event occur. The Sheriff's Office's contact with the FBI, if made promptly, would ensure the reliability of the bulk power system, LNPDP did not have suspicion of, or knowledge of, a cyber security incident or act of sabotage that would have required LNPDP to contact the FBI. With the mitigation measures, LNPDP would now directly contact the FBI; (5) there were no aggravating factors warranting a higher payment amount; and (6) there was no evidence of any attempt by LNPDP to conceal the possible violation or evidence that it was intentional.

Status of Mitigation Plan⁴

LNPDP's Mitigation Plan, dated March 20, 2008, to address the alleged violation of CIP-001-1 R4 was submitted to WECC on March 24, 2008.⁵ The plan was accepted by WECC on May 26, 2009 and approved by NERC on July 23, 2009. The Mitigation Plan for this alleged violation is designated as MIT-08-1764 and was submitted as non-public information to FERC on July 23, 2009 in accordance with FERC orders.

On March 19, 2008, as required by its Mitigation Plan, LNPDP revised *Standard CIP-001-1, Sabotage Reporting* by explicitly mentioning FBI communication procedures and FBI contact information in section 1.5 and 2.7 of the document. The written procedures require LNPDP, specifically its Operations Manager, to contact the FBI if at any time sabotage has occurred, is suspected to have occurred, or when it is suspected that sabotage may occur in the future. On March 20, 2008, employee training on the updated sabotage reporting policy was completed.

On May 15, 2009, LNPDP certified⁶ to WECC that its Mitigation Plan was completed on March 20, 2008 and submitted supporting evidence.⁷ WECC reviewed the revised document, *Standard*

⁴ See 18 C.F.R § 39.7(d)(7).

⁵ LNPDP mailed its Mitigation Plan on March 21, 2008 via Federal Express; WECC received it on March 24, 2008.

⁶ LNPDP certified completion of the Mitigation Plan on March 20, 2008; additionally LNPDP certified it completed the actions in the Mitigation Plan on March 20, 2008. LNPDP submitted its MP and CMP to the WECC Compliance Member Portal on 5/15/2009.

⁷ LNPDP's Certification of Completion of its Mitigation Plan was signed on March 20, 2008; however, LNPDP did not submit its Certification of Completion to WECC until May 15, 2009. The Settlement Agreement incorrectly states that WECC received the supporting evidence on March 24, 2008. LNPDP appended training certification forms to its *Standard CIP-001-1, Sabotage Reporting*. The Training Certification Report noted the name of the instructor, the people in attendance, that each attendant completed the training and left with "satisfactory understanding of the material." The instructor signed and dated the training certification on March 20, 2008. LNPDP's Manager of Engineering and Projects conducted the training session.

CIP-001-1, Sabotage Reporting, dated March 20, 2008, and training documentation, which listed the name of the instructor, the names of the employees that attending the training and that each of those employees completed the training with a satisfactory understanding of the material. On June 15, 2009, WECC verified that LNPDP's Mitigation Plan was completed on March 20, 2008 and LNPDP was compliant with CIP-001-1 R4.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁸

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,⁹ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on September 11, 2009. The NERC BOTCC affirmed WECC's findings and determination to impose a two thousand dollar (\$2,000) financial penalty against LNPDP and other actions to promote prospective compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the alleged violation at issue.

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

- (1) LNPDP is a small non-profit entity that serves approximately 1,000 customers with a peak load of 15 MW;
- (2) there is no prior violation history for LNPDP of this Reliability Standard or a closely-related requirement;
- (3) there was no misrepresentation or evident concealment of facts;
- (4) LNPDP promptly corrected its alleged violation to become compliant with the Reliability Standard; and
- (5) LNPDP cooperated fully with WECC's Audit and Enforcement Staff in the investigation process.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed two thousand dollar (\$2,000) penalty amount 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 thirty (30) day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

⁸ See 18 C.F.R § 39.7(d)(4).

⁹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

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 and material:

- a) WECC's screenshot of the Audit determination, included as Attachment a;
- b) Settlement Agreement by and between LNPD and WECC executed June 23, 2009, included as Attachment b;
- c) LNPD's Mitigation Plan designated as MIT-08-1764 dated March 20, 2008, included as Attachment c;
- d) LNPD's Certification of Completion of the Mitigation Plan, dated March 20, 2008, included as Attachment d; and
- e) WECC's Verification of Completion of the Mitigation Plan, dated June 15, 2009, included as Attachment e.

A Form of Notice Suitable for Publication¹⁰

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

¹⁰ See 18 C.F.R § 39.7(d)(6).

Notices and Communications

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

Rick Sergel
President and Chief Executive Officer
David N. Cook*
Vice President and General Counsel
North American Electric Reliability Corporation
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Princeton, NJ 08540-5721
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(801) 883-6894 – facsimile
CLuras@wecc.biz

*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.

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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,

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David N. Cook
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cc: Lincoln County Power District No. 1
Western Electricity Coordinating Council

Attachments

Attachment a

WECC's screenshot of the Audit determination

Post June 18th Violations



Compliance and Registration Database
Post Violations Tracking and Reporting

Region: Violation Date: WECC ID:
 Entity: Acronym: Registry ID: MERC violation ID:
 Standard: Sabotage Reporting

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:

LNPD relies on the county sheriff to contact the FBI and has no established communication directly with FBI

Regional Contact Person: Applicable Functions: Regional Determination of Impact to BPS:

Detailed Description of Potential Impact to BPS:

Moderate Impact - Without proper contact with the FBI it would be difficult to be certain that appropriate personnel are aware of sabotage events.

ID sent to Entity:

Additional Comments

Close

Attachment b

Settlement Agreement by and between LNPD and WECC executed June 23, 2009

SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
LINCOLN COUNTY POWER DISTRICT NO. 1

Western Electricity Coordinating Council ("WECC") and Lincoln County Power District No. 1. ("LNP") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 22 day of June, 2009.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public assessment of LNP by WECC that resulted in certain WECC determinations and findings regarding one Alleged Violation of the following North American Electric Reliability Corporation ("NERC") Reliability Standard ("Reliability Standard"):

CIP-001-1 R4: *Sabotage Reporting*

B. LNP is a non-profit General Improvement District under the Nevada Revised Statutes. LNP serves approximately 1,000 customers in Lincoln County, Nevada and a portion of Clark County, Nevada. LNP operates under a five-member board of trustees. LNP owns and operates a 220-mile long 69-kV transmission system. On April 10, 2007, LNP was registered on the NERC Compliance Registry as a Distribution Provider and Load-Serving Entity.

C. WECC was formed on April 18, 2002 by the merger of the Western Systems Coordinating Council, Southwest Regional Transmission Association, and Western Regional Transmission Association. WECC is one of eight regional entities in the United States responsible for coordinating and promoting electric system reliability and enforcing the mandatory Reliability Standards created by NERC under the authority granted in Section 215 of the Federal Power Act. In addition, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members. WECC's region encompasses a vast area of nearly 1.8 million square miles extending from Canada to Mexico and including 14 western states. It is the largest and most diverse of the eight regional entities in the United States.

D. The Parties are entering into this Agreement to settle the disputed matters between them. It is in the Parties' and the public's best interests to resolve this matter efficiently without the delay and burden associated with a contested proceeding. Nothing contained in this Agreement shall be construed as an admission or waiver of either party's rights. Except, however, nothing in this Agreement shall limit or prevent WECC from evaluating LNP for subsequent violations of the same Reliability Standard addressed herein and taking enforcement

action, if necessary. Such enforcement action can include assessing penalties against LNPD for subsequent violations of the Reliability Standard addressed herein in accordance with NERC Rules of Procedure.

NOW, THEREFORE, in consideration of the terms set forth herein, including in the Recitals, WECC and LNPD hereby agree and stipulate to the following:

I. Representations of the Parties

For purposes of this Agreement, LNPD stipulates to the facts contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that LNPD has Confirmed Violations, as this term is defined in the WECC Compliance and Monitoring Enforcement Program (“CMEP”), of the Reliability Standards described below in detail.

II. Confirmed Violation

1. NERC Reliability Standard CIP-001-1, Requirement 4

CIP-001-1 R4: *Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall establish communications contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances.*

Violation Facts

LNPD is subject to this Standard because it was registered on the NERC Compliance Registry on April 10, 2007 as a Load Serving Entity. On March 12-13, 2008, WECC conducted an off-site Compliance Audit (“Audit”) of LNPD. The Audit Team reviewed LNPD’s *Standard CIP-001-1, Sabotage Reporting* document. According to this document, LNPD relied on the Lincoln County Sheriff’s Office to make contact with the FBI if or when a sabotage event occurs. The LNPD procedure did not contain telephone numbers for, location of, or a name associated with, a local FBI office. Therefore, the Audit Team determined LNPD had a possible violation of this Standard and forwarded its findings to the WECC Enforcement Department (“Enforcement”) for its review and consideration.

Enforcement reviewed the Audit findings. It determined that LNPD’s *Standard CIP-001-1, Sabotage Reporting* document addressed coordination with local law enforcement officials only; the procedure for contacting the FBI was determined by the Lincoln County Sheriff’s Office. If a sabotage event occurred, the Sheriff’s Office would decide whether or not to contact the FBI. LNPD did not have an established communications contact with the FBI and, thus, Enforcement concluded that LNPD had an Alleged Violation of CIP-001-1 Requirement 4.

Mitigation Activities

On March 21, 2008, LNPD submitted a mitigation plan and a completed mitigation plan concurrently by Federal Express, next day delivery. The package containing evidence arrived at WECC’s offices on Monday, March 24, 2008. The Federal Express tracking number for this package was 8629 2782 1295.

To mitigate this violation, LNPDP revised *Standard CIP-001-1, Sabotage Reporting* on March 19, 2008. Specifically, LNPDP modified sections 1.5 and 2.7 to specify an FBI contact and a procedure for contacting the FBI “at any time sabotage has occurred, is suspected to have occurred, or when it is suspected sabotage may occur in the future.” LNPDP’s Operations Manager is responsible for making the appropriate contact. On March 20, 2008, LNPDP trained its personnel on the revised sabotage reporting procedure.

WECC completed its review of this completed mitigation plan and by letter dated June 15, 2009 informed LNPDP that WECC has found this requirement to be fully mitigated.

III. Settlement Terms

A. Payment. To settle this matter, LNPDP hereby agrees to pay \$2,000 to WECC via wire transfer or cashier’s check. LNPDP shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to LNPDP upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission (“FERC”). LNPDP shall issue the payment to WECC no later than twenty days after receipt of the Notice of Payment Due.

The terms of this Agreement, including the agreed upon payment, are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Agreement, NERC will file a Notice of Penalty with FERC. If FERC approves the Agreement, NERC will post the Agreement publicly. If either NERC or FERC rejects the Agreement, then WECC will attempt to negotiate a revised settlement agreement with LNPDP that includes any changes to the Agreement specified by NERC or FERC. If the Parties cannot reach a settlement agreement, the CMEP governs the enforcement process.

B. Settlement Rationale. WECC’s determination of penalties in an enforcement action is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed “shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of such user, owner, or operator to remedy the violation in a timely manner.” Additionally, WECC considers the guidance provided by the NERC Sanction Guidelines and by FERC in Order No. 693 and in its July 3, 2008 Guidance Order on Reliability Notices of Penalty.

Specifically, to determine the penalty assessed herein, WECC considered the following factors: (1) the seriousness of the violation, including the applicable Violation Risk Factor (“VRF”) and Violation Severity Level, and the risk to the reliability of the bulk power system (“BPS”); (2) the violation’s duration; (3) the Registered Entity’s compliance history; (4) the Registered Entity’s self-reports and voluntary corrective action; (5) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (6) the quality of the Registered Entity’s compliance program; (7) any attempt by the Registered Entity to conceal the violation or any related information; (8) whether the violation was intentional; (9) any other relevant information or extenuating circumstances; and (10) the Registered Entity’s ability to pay a penalty.

The following VRF applies to LNPDP’s Confirmed Violation in accordance with NERC’s VRF Matrix dated February 3, 2009:

CIP-001-1 R4: Medium

In addition to the factors listed above, WECC considered several mitigating factors to reach an agreement with LNPDP regarding the payment amount. First, the Confirmed Violation addressed by this Agreement is LNPDP's first assessed noncompliance with the Reliability Standard. Second, although WECC is currently reviewing the completed mitigation plan, LNPDP took voluntary steps to mitigate the violation set forth herein. Fourth, LNPDP was cooperative throughout WECC's evaluation of LNPDP's compliance with the Reliability Standards and throughout the enforcement process. Fifth, the Confirmed Violation addressed herein posed minimal impact to the BPS and this violation did not cause a system disturbance.

In reaching this Agreement, WECC considered that there were no aggravating factors warranting a higher payment amount. Specifically, LNPDP did not have any negative compliance history. There was no failure by LNPDP to comply with applicable compliance directives, nor any evidence of an attempt by LNPDP to conceal a violation. Finally, there was no evidence that LNPDP's violations were intentional.

IV. Additional Terms

A. Authority. The undersigned representative of each party warrants that he or she is authorized to represent and bind the designated party.

B. Representations. The undersigned representative of each party affirms that he or she has read the Agreement, that all matters set forth in the Agreement are true and correct to the best of his or her knowledge, information, or belief, and that he or she understands that the Agreement is entered into by each party in express reliance on the representations set forth herein.

C. Review. Each party agrees that it has had the opportunity to consult with legal counsel regarding the Agreement and to review it carefully. Each party enters the Agreement voluntarily. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. No oral representations shall be considered a part of the Agreement.

E. Effective Date. The Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law.

F. Waiver of Right to Further Proceedings. LNPDP agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. LNPDP waives its right to further hearings and appeal, unless and only to the extent that LNPDP contends that any NERC or FERC action concerning the Agreement contains one or more material modifications to the Agreement.

G. Reservation of Rights. WECC reserves all of its rights to initiate enforcement, penalty, or sanction actions against LNPDP in accordance with the Agreement, the CMEP, and the NERC Rules of Procedure. In the event that LNPDP fails to comply with any of the terms of this

Agreement, WECC shall have the right to pursue enforcement, penalty, or sanction actions against LNPD up to the maximum penalty allowed by the NERC Rules of Procedure. LNPD shall retain all of its rights to defend against such enforcement actions in accordance with the CMEP and the NERC Rules of Procedure. Failure by WECC to enforce any provision hereof on occasion shall not constitute a waiver by WECC of its enforcement rights or be binding on WECC on any other occasion.

H. Amendments. Any amendments to the Agreement shall be in writing. No amendment to the Agreement shall be effective unless it is in writing and executed by the Parties.

I. Successors and Assignees. The Agreement shall be binding on successors or assignees of the Parties.

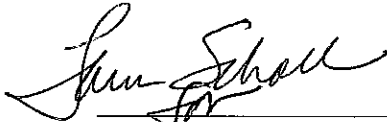
J. Governing Law. The Agreement shall be governed by and construed under the laws of the State of Utah.

K. Captions. The Agreement's titles, headings, and captions are for the purpose of convenience only and in no way define, describe, or limit the scope or intent of the Agreement.

L. Counterparts and Facsimiles. The Agreement may be executed in counterparts, in which case each of the counterparts shall be deemed to be an original. Also, the Agreement may be executed via facsimile, in which case a facsimile shall be deemed to be an original.

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL



Constance B. White
Vice President of Compliance

6/23/09
Date

LINCOLN COUNTY POWER DISTRICT NO. 1



Mick Lloyd
General Manager

6/22/09
Date

Attachment c

**LNPD's Mitigation Plan designated as MIT-08-
1764 dated March 20, 2008**



Mitigation Plan Submittal Form

New or Revised

Date this Mitigation Plan is being submitted: 3/20/08

If this Mitigation Plan has already been completed:

- Check this box and submit a Mitigation Plan Completion Form in conjunction with this Mitigation Plan Submittal Form
- Provide the Date of Completion of the Mitigation Plan: 3/20/08

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 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: Lincoln County Power District No. 1
Company Address: Box 101 - HC 74, Pioche, Nevada 89043
NERC Compliance Registry ID **[if known]**: NCR05220

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

Name: David Luttrell
Title: Manager Of Engineering And Projects
Email: david_luttrell@earthlink.net
Phone: 775-962-5122



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

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

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

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Date ^(*) (MM/DD/YY)
		R4	3/13/08

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

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

LNPD's standard for sabotage reporting did not provide for direct contact with the Federal Bureau of Investigation as required by NERC standard CIP-001-1.

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

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

LNPD's standard provided for contact to be made with the Lincoln County Sherriff, and for the Lincoln County Sherrif to notify the FBI as necessary.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

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

LNPD has revised its Standard CIP-001-1, Sabotage Reporting by revising section 1.5 and section 2.7 to provide for direct contact with the FBI by the utility at any time sabotage has occurred, is suspected to have occurred, or when it is suspected that sabotage may occur in the future. Contact shall be made by the Lincoln County Power District No. 1's Operations Manager. [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 violations associated with this Mitigation Plan are corrected:

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

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

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



Western Electricity Coordinating Council

[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:

Standard revised on 3/19/2008. Employee training completed on 3/20/2008.
[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:

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

Prevention of Future BPS Reliability Risk

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

Implementation of the revised standard will result in direct contact with the Federal Bureau of Investigation at any time sabotage has occurred, is suspected to have occurred, or when it is suspected that sabotage may occur in the future. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

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



Western Electricity Coordinating Council

None

[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 General Manager of the Lincoln County Power District No.1.
 2. I am qualified to sign this Mitigation Plan on behalf of the Lincoln County Power District No. 1.
 3. I have read and understand the Lincoln County Power District No. 1'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. Lincoln County Power District No. 1 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: *Mick Lloyd*
(Electronic signatures are acceptable; see CMEP)

Name (Print): Mick Lloyd
Title: General Manager
Date: March 20, 2008



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.

None

[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
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.

¹ "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 d

LNPD's Certification of Completion of the Mitigation Plan, dated March 20, 2008



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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 evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Lincoln County Power District No. 1

Standard Title: Sabotage Reporting

Standard Number: CIP-001-1

Requirement Number(s): R4

Actual completion date of Mitigation Plan: March 20, 2008

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.

Document Title: Standard CIP-001-1, Sabotage Reporting

Section Nos.: 1.5 and 2.7

Page Nos.: 1 and 2

Additional Notes or Comments pertaining to this violation:

None

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: *Mick Lloyd*

Authorized Officer's Name: Mick Lloyd

Authorized Officer's Title: General Manager

Date: March 20, 2008

Attachment e

**WECC's Verification of Completion of the
Mitigation Plan, dated June 15, 2009**

CONFIDENTIAL



Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

June 15, 2009

David Luttrell
Manager of Engineering and Projects
Lincoln County Power District No. 1
HC 74 Box 101
Pioche, Nevada 89043

NERC Registration ID: NCR05220

Subject: Certification of Completion Response Letter

Dear David Luttrell,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Lincoln County Power District No. 1 (LNP) on 5/15/2009 for the alleged violation of Reliability Standard CIP-001-1 Requirement 4. Listed below is the outcome of WECC's official review.

WECC accepted the Certification of Completion for Requirement 4 of the Reliability Standard CIP-001-1 and have found this requirement to be fully mitigated. No further mitigation of this requirement is required at this time.

If you have any questions or concerns, please contact Patrick Miller at pmiller@wecc.biz. Thank you for your assistance in this effort.

Sincerely,
Laura Scholl
Laura Scholl
Managing Director of Compliance

LS:ki

cc: Pat Gloeckner, LNP Operations Manager
Lisa Milanese, WECC Manager of Compliance Program Administration
Patrick Miller, WECC Manager of CIP Audits and Investigations

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Lincoln County Power District No. 1

Docket No. NP10-____-000

NOTICE OF FILING
November 13, 2009

Take notice that on November 13, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Lincoln County Power District No. 1 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, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary