



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 Poudre Valley Rural Electric Association, Inc.,
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Poudre Valley Rural Electric Association, Inc. (PVEA), NERC Registry ID NCR05519,² 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

On March 19, 2008 Western Electricity Coordinating Council (WECC) performed an off-site Compliance Audit of PVEA and identified possible violations of PRC-005-1 Requirement (R) 1 and R2 for PVEA's failure to provide evidence of having and implementing a Protection System maintenance and testing program. This Notice of Penalty is being filed with the Commission because, based on information from WECC, WECC and PVEA 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 PRC-005-1 R1 and R2. Pursuant to the Settlement Agreement, PVEA neither admits nor denies the alleged violations of PRC-005-1 R1 and R2, but has agreed to the proposed penalty of twenty-five thousand dollars (\$25,000) to be assessed to PVEA, in addition to other remedies and mitigation actions to mitigate the instant alleged 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 WECC200800760 and WECC200800761 are being filed in accordance with the 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). See 18 C.F.R. § 39.7(c)(2).

² Western Electricity Coordinating Council confirmed that PVEA was included on the NERC Compliance Registry as a Distribution Provider (DP) on August 10, 2007. As a DP, that owns a transmission Protection System, PVEA is subject to the requirements of NERC Reliability Standard PRC-005-1.

³ See 18 C.F.R. § 39.7(c)(2).

Statement of Findings Underlying the Alleged Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on June 30, 2009 by and between WECC and PVEA, which is included as Attachment b. 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 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	Poudre Valley Rural Electric Association	NOC-218	WECC200800760	PRC-005-1	1	High ⁴	25,000
WECC	Poudre Valley Rural Electric Association	NOC-218	WECC200800761	PRC-005-1	2	High ⁵	

The purpose of Reliability Standard PRC-005-1 is to ensure all transmission and generation Protection Systems⁶ affecting the reliability of the Bulk Electric System (BES) are maintained and tested.

PRC-005-1 R1 requires a Distribution Provider, such as PVEA, that owns a transmission Protection System to have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. Specifically, PRC-005-1 R1.1 requires the program to include maintenance and testing intervals and their basis and PRC-005-1 R1.2 requires the program to include a summary of maintenance and testing procedures. PRC-005-1 R1, R1.1 and R1.2 all have “High” Violation Risk Factors (VRF).

⁴ When NERC filed Violation Risk Factors (VRF) it originally assigned PRC-005-1 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 PRC-005-1 R1 was in effect from June 18, 2007 until August 6, 2007 when the High VRF became effective.

⁵ PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 have “High” VRFs. Because PVEA did not meet the requirement or the sub-requirements, a “High” VRF was applied in this case. 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.

⁶ 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.”

PRC-005-1 R2 requires a Distribution Provider, such as PVEA, that owns a transmission Protection System to 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). Specifically, PRC-005-1 R2.1 requires the documentation of the program implementation to include evidence that Protection System devices were maintained and tested within the defined intervals, and PRC-005-1 R2.2 requires the documentation of the program implementation to include the date each Protection System device was last tested/maintained. PRC-005-1 R2 has a “Lower” VRF; however PRC-005-1 R2.1 and R2.2 have “High” VRFs.

WECC identified possible violations of PRC-005-1 R1 and R2 during an off-site Compliance Audit of PVEA on March 19, 2008. PVEA failed to provide documentation to the WECC Audit Team of its Protection System maintenance and testing program. Instead, PVEA provided the Audit Team with a copy of an operational agreement it had with Western Area Power Administration (WAPA). WECC reviewed this agreement and found that it was not a delegation agreement, it only contained commercial terms that gave WAPA maintenance and testing control of PVEA’s relays, but did not address intervals and their basis, did not provide a summary of its procedures, and did not document implementation of the maintenance/testing of each defined interval with the date.

PVEA later provided an e-mail dated August 19, 2008 demonstrating WAPA’s recent maintenance/testing activity; however, the content was deemed insufficient to demonstrate compliance with PRC-005-1. Another document titled *WAPA Protection System Maintenance and Testing Program* was provided to WECC on September 12, 2008, but it was deemed insufficient because the content did not specifically refer to PVEA facilities and also was sent outside the 30-day request period specified in R2.

WECC Enforcement Staff reviewed the Audit Team’s findings and determined that PVEA failed to provide evidence of having a Protection System maintenance and testing program for all types of Protection Systems, including all those included in the definition of Protection System in the NERC Glossary as required by PRC-005-1 R1. Similarly, PVEA was missing records of Protection System maintenance and testing, including records for all types of Protection Systems defined by the NERC Glossary as required by PRC-005-1 R2. PVEA provided evidence that WAPA was doing some maintenance and testing; however, this evidence was not sufficient to demonstrate compliance for any relays because it failed to delineate PVEA’s relays, what maintenance activities were performed, and dates last tested for the Protection System.⁷ WECC Enforcement Staff concluded that the duration of both alleged violations was from August 10, 2007, when PVEA was included on the NERC Compliance Registry, through October 29, 2008, when PVEA completed its Mitigation Plan.

⁷ PVEA did not believe it had any Protection Systems that were subject to the Reliability Standard. As a result, PVEA did not have, and could not provide evidence of, a testing program or any testing records related to relays at all.

According to the Settlement Agreement, WECC determined an aggregated penalty of twenty-five thousand dollars (\$25,000) was appropriate for the referenced alleged violations. In reaching this determination, WECC considered the following factors: (1) this was PVEA's first assessed non-compliance with PRC-005-1; (2) PVEA was cooperative throughout WECC's audit and investigation; (3) both violations were mitigated; and (4) there was no evidence of any attempt to conceal a violation nor evidence of intent.

Status of Mitigation Plan⁸

PVEA's original Mitigation Plan to address the alleged violations of PRC-005-1 R1 and R2 was submitted to WECC on May 15, 2008 with an expected completion date of September 15, 2008. The plan was accepted by WECC on July 31, 2008 and approved by NERC on September 17, 2008. The Mitigation Plan for these alleged violations is designated as MIT-08-0866 and was submitted as non-public information to FERC on September 17, 2008 in accordance with FERC orders.

PVEA's Mitigation Plan included the following actions to mitigate the alleged violations of PRC-005-1 R1 and R2: (1) PVEA secured a copy of WAPA's relay maintenance/testing plan; (2) WAPA and PVEA identified an electronic notification address that WAPA will use to notify PVEA of any relay maintenance/testing or misoperations to fulfill PVEA's recordkeeping and documentation requirements; (3) PVEA obtained relay and battery test dates from WAPA; and (4) PVEA has entered into a long-term agreement with Tri-State Generation and Transmission, Inc. (TSGT), a wholesale power supplier to whom it assigned its Transmission Owner and Transmission Operator requirements and obligations and supplied a copy of the proposed agreement to WECC.

On September 12, 2008, PVEA submitted a document to WECC, which WECC considered a revised Mitigation Plan, in which PVEA stated that it expected to execute the proposed delegation agreement with TSGT by December 12, 2008.⁹

On December 15, 2008,¹⁰ PVEA certified that it completed its Mitigation Plan on October 29, 2008. To demonstrate compliance of its Mitigation Plan, PVEA submitted, among other things as noted above, to WECC a copy of the *Agreement for Delegation of Responsibility for Complying with Reliability Standards*, signed between PVEA and TSGT.

On December 19, 2008, WECC verified that the Mitigation Plan was completed on October 29, 2008 and determined that PVEA was fully compliant with PRC-005-1 R1 and R2. On February 19, 2009, WECC notified PVEA of its compliance with PRC-005-1 R1 and R2.

⁸ See 18 C.F.R § 39.7(d)(7).

⁹ On September 12, PVEA submitted a milestone update changing the completion date from September 15 to December 12; WECC did not notice that PVEA changed the completion date. After the fact, WECC decided to use the milestone update form as a revised Mitigation Plan.

¹⁰ PVEA's Certification of Completion was submitted on revised Mitigation Plan form and had an incorrect submittal date of September 10, 2008 instead of the signature date of December 15, 2008.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹¹

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,¹² the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on October 12, 2009. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty of twenty-five thousand dollars (\$25,000) against PVEA, 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 violations at issue.

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

- (1) the referenced violations are the first violations for PVEA of NERC Reliability Standards;
- (2) PVEA was cooperative throughout the audit and investigation; and
- (3) there was no evidence of any attempt to conceal a violation nor evidence of intent to do so.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed twenty-five thousand dollar (\$25,000) 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.

¹¹ See 18 C.F.R. § 39.7(d)(4)

¹² *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 screenshots of the Audit determination, included as Attachment a;
- b) Settlement Agreement by and between PVEA and WECC executed June 30, 2009, included as Attachment b;
- c) PVEA's Mitigation Plan designated as MIT-08-0866 dated May 15, 2008, included as Attachment c;
- d) PVEA's Revised Mitigation Plan dated September 12, 2008, included as Attachment d;
- e) PVEA's Certification of its Completion dated December 15, 2008, included as Attachment e; and
- f) WECC's Verification of Completion of the Mitigation Plan, letter dated February 19, 2009, included as Attachment f.

A Form of Notice Suitable for Publication¹³

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

¹³ 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>Rick Sergel President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, New Jersey 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>Robert Gaskill* Chief Executive Officer Poudre Valley Rural Electric Assoc., Inc. PO Box 272550 Fort Collins, CO 80527-2250 (970) 282-6400 (970) 226-2123 – facsimile bgaskill@pvrea.com</p> <p>E. James Byrne, P.E.* Compliance Contact Manager Engineering Services PO Box 272550 Fort Collins, CO 80527-2550 (970)262-6430 jbyrne@pvrea.com</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 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>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> <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>
--	---

Conclusion

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

Respectfully submitted,

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

/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: Poudre Valley Rural Electric Association, Inc.
Western Electricity Coordinating Council

Attachments

Attachment a

WECC's screenshots of the Audit determination

Post June 18th Violations



Compliance and Registration Database
Post Violations Tracking and Reporting

Region: WECC **Violation Date:** 3/19/2008 **WECC ID:** PVEA_WECC2008799
Entity: Poudre Valley Rural Electric Assoc. **Acronym:** PVEA **Registry ID:** NCR05519 **NERC violation ID:** WECC200800760
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: 1 **Repeat Alleged Violation?**

Initial Determination by Region: 3/19/2008

Reporting Method: Compliance Audit

On Site Audit **Off Site Audit**

Deemed Date: 3/19/2008

Violation Level: LNC - Level 4

Violation Risk Factor: HIGH

Alleged Violation Time:

Alleged Violation End Date:

Violation Description:

No evidence that PVEA has a testing and maintenance program of its Transmission Protection System as required

Regional Contact Person: O'Donnell, Phil

Applicable Functions: DP

Regional Determination of Impact to BPS:

Detailed Description of Potential Impact to BPS:

Moderate Impact - This is a 115KV system with possible moderate impact on the BES if the transmission protection system failed to operate correctly. Unlikely to cause or contribute to cascading outages or cause instability.

ID sent to Entity: 5/15/2008

Additional Comments

Close

Post June 18th Violations



Compliance and Registration Database
Post Violations Tracking and Reporting

Region: WECC Violation Date: 3/19/2008 WECC ID: PVEA_WECC2008800
 Entity: Poudre Valley Rural Electric Assoc., Acronym: PVEA Registry ID: NCR05519 NERC violation ID: WECC200800761
 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?

Applicable Functions: DP

Initial Determination by Region: 3/19/2008

Regional Determination of Impact to BPS:

Reporting Method: Compliance Audit

Detailed Description of Potential Impact to BPS:

On Site Audit Off Site Audit

Moderate Impact - This is a 115KV system with possible moderate impact on the BES if the transmission protection system failed to operate correctly. Unlikely to cause or contribute to cascading outages or cause instability.

Deemed Date: 3/19/2008

Violation Level: LNC - Level 4

Violation Risk Factor: LOWER

Alleged Violation Time:

ID sent to Entity: 5/15/2008

Alleged Violation End Date:

Additional Comments

Violation Description:

No evidence that PVEA is following a testing and maintenance program of its Transmission Protection System as required.

Regional Contact Person: O'Donnell, Phil

Close

Attachment b

Settlement Agreement by and between PVEA and WECC executed June 30, 2009

SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC.

Western Electricity Coordinating Council ("WECC") and Poudre Valley Rural Electric Association, Inc. ("PVEA") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 30th 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 PVEA by WECC that resulted in certain WECC determinations and findings regarding two alleged PVEA violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards"):

PRC-005-1 R.1: *Transmission and Generation Protection System Maintenance and Testing*
PRC-005-1 R.2: *Transmission and Generation Protection System Maintenance and Testing*

B. PVEA is a member owned distribution cooperative founded in 1939 by its member-owners. PVEA covers 5760 square miles of service territory in Larimer, Weld, and Boulder counties of Colorado, with over 3600 miles of overhead, underground and transmission line combined. PVEA is registered on the NERC Compliance Registry as a Distribution Provider ("DP").

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 PVEA for subsequent violations of the same Reliability Standards addressed herein and taking enforcement

action, if necessary. Such enforcement action can include assessing penalties against PVEA for subsequent violations of the Reliability Standards 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 PVEA hereby agree and stipulate to the following:

I. Representations of the Parties

PVEA neither admits nor denies the Alleged Violations, but, in order to settle this matter, stipulates to the facts and agrees to the penalties contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that PVEA 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 Violations

1. NERC Reliability Standard PRC-005-1, Requirement 1

PRC-005-1 R1: Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

- R1.1: Maintenance and testing intervals and their basis*
- R1.2: Summary of maintenance and testing procedures*

PVEA is subject to NERC Reliability Standard PRC-005-1 R1 because it was registered as a Distribution Provider ("DP") on NERC's Compliance Registry on August 10, 2007.

WECC performed an Off-Site Compliance Audit ("Audit") of PVEA on March 19, 2008. The Audit Team found that PVEA had a possible violation of this Standard because PVEA did not provide evidence of a protection system maintenance and testing program ("Protection Program") during the Audit.

PVEA provided the Audit Team with a copy of an agreement between Western Area Power Administration ("WAPA") and PVEA; however, it contained only commercial terms for maintenance and did not address maintenance and testing intervals and their basis, nor did it feature a summary of maintenance and testing procedures.

The WECC Enforcement Department ("Enforcement") reviewed the Audit documentation and the WECC subject matter experts ("SME") findings, and determined that PVEA violated this Standard because PVEA did not present evidence of a Protection System maintenance and testing program and their bases nor did they provide a summary of maintenance and testing procedures.

PVEA submitted a mitigation plan for this violation on May 15, 2008. This mitigation plan included a copy of WAPA's Protection System maintenance and testing program ("Protection Program"). In addition, the mitigation plan stated that PVEA would pursue a long-

term agreement with Tri-State Generation and Transmission, Inc. (“TSGT”) to delegate its transmission compliance responsibilities. The mitigation plan had an expected completion date of September 15, 2008. WECC accepted the mitigation plan on July 31, 2008. NERC approved it on September 17, 2008.

PVEA submitted a mitigation plan update on September 12, 2008. PVEA stated that it expected to execute the proposed delegation agreement with TSGT by December 12, 2008. On December 15, 2008, PVEA certified that it completed the mitigation plan on October 29, 2008, 44 days after the declared mitigation plan completion date. To demonstrate completion of its mitigation plan, PVEA provided a copy of the “Agreement for Delegation of Responsibility for Complying with Reliability Standards”, signed between PVEA and TSGT. WECC SMEs reviewed PVEA’s completion documentation and verified completion of the mitigation plan on December 19, 2008.

Therefore, Enforcement concluded that the period of time for this violation was from August 10, 2007 through October 29, 2008, when PVEA completed its mitigation plan.

2. NERC Reliability Standard PRC-005-1, Requirement 2

PRC-005-1 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.

PVEA is subject to NERC Reliability Standard PRC-005-1 R2 because it was registered as a DP on NERC’s Compliance Registry on August 10, 2007.

WECC performed an Audit of PVEA on March 19, 2008. The Audit Team found that PVEA had a possible violation of this Standard because PVEA failed to provide documentation of its Protection System maintenance and testing program to WECC within 30 calendar days of being requested, as required by the Standard.

During the Audit, PVEA failed to demonstrate the existence of a Protection System maintenance and testing program for its assets. PVEA later provided an email from WAPA dated August 19, 2008, demonstrating recent maintenance and testing activity by WAPA; however, it was not sufficient to demonstrate compliance with the Standard because it failed to specifically identify the elements of PVEA’s Protection System, the maintenance and testing activities performed on Protection System elements, or the date last tested or maintained. PVEA also provided a document titled “WAPA Protection System Maintenance and Testing Program” on September 12, 2008, which details the intervals used by WAPA. However, it did not specifically refer to PVEA facilities and was provided 187 days after the Audit.

Enforcement reviewed the Audit documentation and the WECC SMEs' findings, and determined that PVEA had violated this Standard because PVEA did not provide documentation that it had a Protection System maintenance and testing program within 30 days of WECC's request and was therefore unable to demonstrate that the program had been implemented or that Protection System devices were maintained and tested within defined intervals. Enforcement concluded that the period of time for this violation was from August 10, 2007 through October 29, 2008, when PVEA completed its mitigation plan, as discussed below.

PVEA submitted a mitigation plan for this violation on May 15, 2008. This mitigation plan included a copy of the WAPA Protection Program. In addition, the mitigation plan stated that PVEA would pursue a long-term agreement with TSGT to delegate its compliance responsibilities. The mitigation plan's expected completion date was September 15, 2008. WECC accepted the mitigation plan on July 31, 2008. NERC approved it on September 17, 2008.

PVEA submitted a mitigation plan update on September 12, 2008. PVEA stated that it expected to execute the proposed delegation agreement with TSGT by December 12, 2008. On December 15, 2008, PVEA certified that it completed the mitigation plan on October 29, 2008, 44 days after the declared mitigation plan completion date. To demonstrate completion of its mitigation plan, PVEA provided a copy of the "Agreement for Delegation of Responsibility for Complying with Reliability Standards" reached between PVEA and TSGT. WECC subject matter experts reviewed PVEA's completion documentation and verified completion of the mitigation plan on December 19, 2008.

Therefore, Enforcement concluded that the period of time for this violation was from August 10, 2007 through October 29, 2008, when PVEA completed its mitigation plan.

IV. Settlement Terms

A. Payment. To settle this matter, PVEA hereby agrees to pay \$25,000.00 to WECC via wire transfer or cashier's check. PVEA shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to PVEA upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). PVEA 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 PVEA that includes any changes to the Agreement recommended or required by NERC or FERC. If the Parties cannot reach a settlement agreement, the CMEP governs the enforcement process.

B. Payment 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 the FERC in Order No. 693 and in its July 3, 2008 Guidance Order on Reliability Notices of Penalty.

Specifically, to determine penalty assessment, WECC considers the following factors: (1) the seriousness of the violation, including the applicable Violation Risk Factor and Violation Severity Level, and the risk to the reliability of the 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 VRFs apply to PVEA's Alleged Violations in accordance with NERC's VRF Matrix dated February 3, 2009:

1. The violation of PRC-005-1 R1 has a VRF of High. WECC determined that this violation posed a moderate risk to the reliability of the BPS because PVEA failed to provide a Protection System maintenance and testing program at audit.
2. The violation of PRC-005-1 R2 has a VRF of Lower. WECC determined that this violation posed a moderate risk to the reliability of the BPS because PVEA failed to provide details of Protection System maintenance and testing program within 45 days following a request.

In addition to the factors listed above, WECC considered several mitigating factors to reach an agreement with PVEA regarding the payment amount. First, the Alleged Violations addressed by this Agreement are PVEA's first assessed noncompliance with the applicable Reliability Standards. Second, PVEA mitigated both violations. Third, PVEA was cooperative throughout WECC's evaluation of its compliance with the Reliability Standards and the enforcement process.

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

V. 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 tender, offer or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of PVEA or WECC has been made to induce the signatories or the Parties to enter into the Agreement. 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. PVEA acknowledges that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. PVEA waives its right to further hearings and appeal, unless and only to the extent that PVEA 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, penalties or sanctions actions against PVEA in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that PVEA fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalties or sanctions actions against PVEA up to the maximum penalty allowed by the NERC Rules of Procedure. PVEA 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 Assigns. The Agreement shall be binding on successors or assigns 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.

[Intentionally left blank; signature page follows]

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

CB White

Date: 6/26/09

Constance B. White

Title: Vice President of Compliance

POUDRE VALLEY RURAL ELECTRIC ASSOCIATION, INC.

Robert B. Gresham

Date: 6/30/2009

[Name/insert]

Title: CEO

Attachment c

PVEA's Mitigation Plan designated as MIT-08-0866 dated May 15, 2008



Mitigation Plan Submittal Form

New or Revised

Date this Mitigation Plan is being submitted: May 15, 2008

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan:

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: Poudre Valley Rural Electric Association, Inc
Company Address: P.O. Box 272550, Fort Collins, CO 80527-2550
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: E. James Byrne
Title: Manager Engineering Services
Email: jbyrne@pvrea.com
Phone: (970) 226-1234 Ext 430



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: PRC-005-1
[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. R3.2)	Violation Date ^(*) (MM/DD/YY)
WECC200800760	PVEA_WECC2008799	R1	04/19/08
WECC200800761	PVEA_WECC2008800	R2	04/19/08

(*) 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:
 Failure to have Relay Maintenance Schedule in Place and Failure to have documentation of relay maintenance
[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:
 The relays in question are under operational control of Western Area Power Administration (Western) and PVREA and Western have a contract for Western to provide maintenance and testing of those relays. I am attaching a copy of that contract. The contract did not delineate a testing and maintenance schedule.
[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:

PVREA has secured a copy of Western's relay testing and maintenance plan for these types of relays and I am attaching that plan as part of this mitigation plan. Additionally, Western and PVREA have identified an electronic notification address that Western will use to notify PVREA of any maintenance or testing or mis-operation of these relays to allow PVREA to fulfill its record keeping and reporting requirements.

PVREA is also proposing to enter into a long term agreement with Tri-State Generation and Transmission, Inc. (T-S), PVREA's wholesale power supplier to assign PVREA's TO/TOP requirements to T-S. A copy of the proposed Agreement is attached to this mitigation plan for your review.

The existing maintenance contract with Western and testing schedule will mitigate the violations. The Agreement with T-S will resolve the TO/TOP requirements of PVREA in the long term.

[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: The present process in place for testing and reporting are in place now. The Assignment Agreement with T-S is proposed to be completed by 09/15/08.



Western Electricity Coordinating Council



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)
Propose Agreement to T-S	05/14/08
Identify and additional mitigation locations	07/31/08
Execute Agreement	09/15/08

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

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

Additional Relevant Information (Optional)

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

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



Section E: Interim and Future Reliability Risk

Check this box and proceed and respond to Part E.2 and E.3, below, if 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:

The maintenance, testing and reporting requirements are in place now.

[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:

T-S is already a TO/TOP and has all of those requirements implemented and the Agreement will just place these requirements with T-S who is better equipped to maintain these responsibilities long term.

[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:



[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 Manager Engineering Services of Poudre Valley Rural Electric Association, Inc.
 2. I am qualified to sign this Mitigation Plan on behalf of Poudre Valley Rural Electric Association, Inc.
 3. I have read and understand Poudre Valley Rural Electric Association'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. Poudre Valley Rural Electric Association, Inc. 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: _____

(Electronic signatures are acceptable; see CMEP)

Name (Print): E. James Byrne, P.E.
Title: Manager Engineering Services
Date: 05/15/08



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

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

PVEA's Revised Mitigation Plan dated September 12, 2008

**CONFIDENTIAL**

Mitigation Plan Milestone Update Form

All Mitigation Plans that extend beyond three (3) months are required to have implementation milestones. All Mitigation Plans that have approved milestones require a status update every three (3) months. Please use this Milestone Update form and return to Compliance@WECC.biz.

Registered Entity Name: Poudre Valley Rural Electric Association, Inc.

Contact Name: E. James Byrne

Contact Phone: (970) 226-1234 Ext. 430

Contact Email Address: jbyrne@pvrea.com

Date Milestone Update Submitted: **9/12/08**

Standard Title: Transmission and Generation Protection System Maintenance and Testing

Standard Number: PRC-005-1

Requirement Number(s)¹: **R1 and R2**

Please provide details of the milestone activity and the progress that has been made.

Milestone Activity	Milestone Progress Notes	Milestone Completion Date*
R1	Provide maintenance schedule	4/8/08
R2	Provide evidence of maintenance	5/8/08

(*Note: Implementation milestones no more than three (3) months apart are permissible only 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.

Are additional documents or information attached: Yes No

Additional Notes or Comments:

Poudre Valley REA has obtained the maintenance schedule as well as the dates of testing or commissioning for the relays and batteries in question and is attached. Additionally, Poudre Valley REA, Western Area Power Authority and Tri-State G & T have instituted an email notification procedure that allows Poudre Valley REA to be made aware of any maintenance, testing or mis-operations that occur. This allows Poudre Valley REA to fulfill its reporting requirements to WECC.

¹ Violations are reported at the level of requirements, sub requirements are not necessary.

Also attached are the original operation agreement for the Operation of the Whitney Switchstation that was provided during the Table-Top audit and an updated copy of the proposed reporting agreement with Tri-State Generation & Transmission delegating Poudre Valley REA's transmission owner/operator requirements to Tri-State. This proposed agreement is presently in the Tri-State G & T's contracts department and is scheduled to be sent to Poudre Valley REA this month for final review. The expected signing is on or before December 12, 2008.

Attachment e

PVEA's Certification of its Completion dated December 15, 2008



Mitigation Plan Submittal Form

New or Revised

Date this Mitigation Plan is being submitted: September 10, 2008

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan: 10/29/08

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: Poudre Valley Rural Electric Association, Inc
Company Address: P.O. Box 272550, Fort Collins, CO 80527-2550
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: E. James Byrne
Title: Manager Engineering Services
Email: jbyrne@pvrea.com
Phone: (970) 226-1234 Ext 430



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: PRC-005-1
[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. R3.2)	Violation Date ^(*) (MM/DD/YY)
R1			04/19/08
R2			04/19/08

(*) 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:
 Failure to have Relay Maintenance Schedule in Place and Failure to have documentation of relay maintenance
[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:
 The relays in question are under operational control of Western Area Power Administration (Western) and PVREA and Western have a contract for Western to provide maintenance and testing of those relays. I am attaching a copy of that contract. The contract did not deliniate a testing and maintenance schedule.
[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:

PVREA has secured a copy of Western's relay testing and maintenance plan for these types of relays and I am attaching that plan as part of this mitigation plan. Additionally, Western and PVREA have identified an electronic notification address that Western will use to notify PVREA of any maintenance or testing or mis-operation of these relays to allow PVREA to fulfill its record keeping and reporting requirements. PVREA has obtained the test dates for the relays and for the batteries.

PVREA has entered into a long term agreement with Tri-State Generation and Transmission, Inc. (T-S), PVREA's wholesale power supplier to assign PVREA's TO/TOP requirements to T-S. A copy of the Agreement is attached to this mitigation plan for your review.

The existing maintenance contract with Western and testing schedule will mitigate the violations. The Agreement with T-S will resolve the TO/TOP requirements of PVREA in the long term.

[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)
Identify any additional mitigation locations	

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

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

Additional Relevant Information (Optional)

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

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



Section E: Interim and Future Reliability Risk

Check this box and proceed and respond to Part E.2 and E.3, below, if 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:

T-S is already a TO/TOP and has all of those requirements implemented and the Agreement will just place these requirements with T-S who is better equipped to maintain these responsibilities long term.

[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:



[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 Manager Engineering Services of Poudre Valley Rural Electric Association, Inc.
 2. I am qualified to sign this Mitigation Plan on behalf of Poudre Valley Rural Electric Association, Inc.
 3. I have read and understand Poudre Valley Rural Electric Association'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. Poudre Valley Rural Electric Association, Inc. agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

A handwritten signature in black ink, appearing to read 'E. James Byrne', is written over a horizontal line.

Authorized Entity Officer Signature: _____

(Electronic signatures are acceptable; see CMEP)

Name (Print): E. James Byrne, P.E.
Title: Manager Engineering Services
Date: 12/15/08



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.

PVREA has with this filing completed the agreement to transfer reporting responsibilities to Tri-State.

Attached with this filing are the following:

1. Copy of the Agreement for reporting of PVREA's TO/TOP requirements.

[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 f

WECC's Verification of Completion of the Mitigation Plan, letter dated February 19, 2009

CONFIDENTIAL



Bob Kiser
Manager of Compliance Audits and Investigations

360.567.4058
bkiser@wecc.biz

February 19, 2009

E. James Byrne, P.E.
Manager Engineering Services
Poudre Valley Rural Electric Assoc., Inc.
NCR05519
PO Box 272550
Fort Collins, Colorado 80527-2550

Subject: Certification of Completion Response Letter

Dear E. James Byrne, P.E.,

The Western Electricity Coordinating Council (WECC) has received Poudre Valley Rural Electric Assoc., Inc. PVEA's Certification of Completion and supporting evidence on 12/15/2008 for PVEA's alleged violation of Reliability Standard PRC-005-1 and Requirement(s) 1, 2. Listed below is the outcome of WECC's official review.

WECC has accepted the Certification of Completion for Requirement(s) 1, 2 of the Reliability Standard PRC-005-1 and have found these requirements to be fully mitigated. No further mitigation of these requirements will be required at this time.

If you have any questions or concerns, please contact Ed Riley at eriley@wecc.biz. Thanks for your assistance in this effort.

Sincerely,

Bob Kiser

Bob Kiser
Manager of Audits and
Investigations

BK:cm

cc: Timothy D. Stanton, PVEA Manager Operation Services
Lisa Milanese, WECC Manager of Compliance Administration
Ed Riley, WECC Senior Compliance Engineer

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Poudre Valley Rural Electric Association, Inc.

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 Poudre Valley Rural Electric Association, Inc. 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