



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

April 28, 2010

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

**Re: NERC Notice of Penalty regarding Oregon Trail Electric Consumers Cooperative<sup>1</sup>  
FERC Docket No. NP10-\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>2</sup> regarding Oregon Trail Electric Consumers Cooperative (OTEC),<sup>3</sup> NERC Registry ID# NCR05287,<sup>4</sup> in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).<sup>5</sup>

On June 1, 2007, OTEC self-reported a possible violation of PRC-005-1 Requirement (R) 1, TOP-002-2 R3 and TOP-002-2 R18 to Western Electricity Coordinating Council (WECC) for OTEC's failure to (1) have a Protection System maintenance and testing program for its Protection Systems; (2) coordinate its operations with its Host Balancing Authority and Transmission Service Provider or have a formal delegation agreement for another entity to do so; and (3) have evidence it was using uniform line identifiers when referring to transmission facilities of its interconnected network. This Notice of Penalty is being filed with the Commission because WECC and OTEC have entered into a Settlement Agreement to resolve all

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<sup>1</sup> The Settlement Agreement incorrectly refers to Oregon Trail Electric Consumer Cooperative instead of Oregon Trail Electric Consumers Cooperative.

<sup>2</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). *See also* 18 C.F.R. Part 39 (2010). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). *See* 18 C.F.R. § 39.7(c)(2).

<sup>3</sup> On October 14, 2009, NERC submitted an Omnibus filing which addressed violations for certain registered entities including OTEC. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty.

<sup>4</sup> Western Electricity Coordinating Council confirmed that OTEC was included on the NERC Compliance Registry as a Distribution Provider, Load Serving Entity and Transmission Owner on June 17, 2007. As a Distribution Provider and Transmission Owner, OTEC is subject to the requirements of NERC Reliability Standard PRC-005-1. As a Load Serving Entity, OTEC is subject to the requirements of NERC Reliability Standard TOP-002-2. The Settlement Agreement incorrectly states that OTEC was included on the NERC Compliance Registry on April 10, 2007.

<sup>5</sup> *See* 18 C.F.R. § 39.7(c)(2).

outstanding issues arising from a preliminary and non-public assessment resulting in WECC's determination and findings of violations of PRC-005-1 R1, TOP-002-2 R3 and TOP-002-2 R18. According to the Settlement Agreement, the violations are Confirmed Violations and OTEC has agreed to the proposed penalty of eight thousand dollars (\$8,000) to be assessed to OTEC, in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers WECC200810418, WECC200810411 and WECC200810412 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

### Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on November 6, 2009, by and between WECC and OTEC, which is included as Attachment c. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2010), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Oregon Trail Electric Consumers Cooperative	NOC-420	WECC200810418	PRC-005-1	1	High <sup>6</sup>	8,000
			WECC200810411	TOP-002-2	3	Medium	
			WECC200810412	TOP-002-2	18	Medium	

#### PRC-005-1

The purpose of Reliability Standard PRC-005-1 is to ensure all transmission and generation Protection Systems<sup>7</sup> affecting the reliability of the bulk power system (BPS) are maintained and tested.

<sup>6</sup> When NERC filed VRFs for PRC-005-1, NERC originally assigned a "Medium" VRF to PRC-005-1 Requirement R1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed the modified "High" VRF for PRC-005 Requirement R1 for approval. On August 6, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 9, 2007 and the "High" VRF has been in effect since August 6, 2007.

<sup>7</sup> The NERC Glossary of Terms Used in Reliability Standards, approved by FERC in Order No. 693 at P 1893 and 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 R1 requires each Transmission Owner and any Distribution Provider that owns a transmission Protection System, such as OTEC, to have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BPS. The program shall include: (R1.1) maintenance and testing intervals and their basis and (R1.2) a summary of maintenance and testing procedures. PRC-005-1 R1 has a “High” VRF.

On June 1, 2007, OTEC self-reported a possible violation of PRC-005-1 R1, as a result of a self-evaluation. OTEC stated that it relies on two larger entities (Bonneville Power Administration (BPA) and Idaho Power Company (IPC)) for Protection System maintenance and testing and although another entity was performing the testing as required by PRC-005-1, it did not have a formal delegation agreement with the other entity. OTEC self-reported that it was in violation of PRC-005-1 R1 because it would be unable to have a delegation agreement, and thus no Protection System maintenance and testing program, in place prior to June 18, 2007, the effective date of the mandatory Reliability Standards. Although this violation was self-reported prior to June 18, 2007, this violation became a post-June 18 violation when the Mitigation Plan was not completed by the approved completion date, as detailed below.

A WECC Subject Matter Expert (SME) reviewed the Self-Report and determined OTEC had a possible violation of PRC-005-1 R1. The SME forwarded the findings to the WECC Enforcement Department (Enforcement) for its review and consideration.

Enforcement determined that OTEC had a violation of PRC-005-1 R1 because OTEC did not have a Protection System maintenance and testing program for its Protection Systems. WECC determined the duration to be from June 18, 2007, the date the standard became enforceable, through March 19, 2009, when OTEC completed its Mitigation Plan.

WECC determined that this did not pose a serious or substantial risk to the BPS because maintenance and testing was being performed, by BPA and IPC, despite the lack of a formal delegation agreement or an OTEC-drafted program.

#### TOP-002-2

The purpose of Reliability Standard TOP-002-2 is to require current operations plans and procedures because they are essential to being prepared for reliable operations, including response for unplanned events.

TOP-002-2 R3 requires each Load Serving Entity, such as OTEC, to coordinate (where confidentiality agreements allow) its current-day, next-day and seasonal operations with its Host Balancing Authority and Transmission Service Provider. TOP-002-2 R3 has a “Medium” VRF.

TOP-002-2 R18 requires neighboring Load Serving Entities, such as OTEC, to use uniform line identifiers when referring to transmission facilities of an interconnected network. TOP-002-2 R18 has a “Medium” VRF.

On June 1, 2007, OTEC self-reported a violation of TOP-002-2 R3, as a result of a self-evaluation of the applicable Standards. OTEC stated that it relies on two larger entities for the coordination of its current-day, next-day and seasonal operations with its Host Balancing Authority and Transmission Service Provider. OTEC self-reported that it was in violation TOP-002-2 R18 because it did not have a formal delegation agreement in place with BPA and IPC prior to June 18, 2007. Therefore, OTEC was not directly coordinating its operations with its Host Balancing Authority and Transmission Service Provider.

On June 1, 2007, OTEC also self-reported a violation of TOP-002-2 R18. OTEC stated that it relies on two larger entities to assign and use uniform line identifiers in reference to transmission facilities on its interconnected network. OTEC self-reported that it was in violation of TOP-002-2 R18 because it would be unable to have a formal delegation agreement in place with the two larger entities for the assignment of uniform line identifiers prior to June 18, 2007, the date of the mandatory Standards. Therefore, OTEC was not using uniform line identifiers when referring to transmission facilities of an interconnected network.

Although both violations were self-reported prior to June 18, 2007, these violations became post-June 18 violations when the Mitigation Plan was not completed by the approved completion date, as detailed below.

An SME reviewed the Self-Reports and determined OTEC did have possible violations of TOP-002-2 R3 and R18. The SME forwarded the findings to Enforcement for its review and consideration.

Enforcement determined that OTEC had a violation of TOP-002-2 R3 because OTEC was not coordinating its operations with its Host Balancing Authority and Transmission Service Provider, nor did it have a formal delegation agreement for another entity to do so. WECC Enforcement also determined that OTEC had a violation of TOP-002-2 R18 because OTEC did not have evidence it was using uniform line identifiers when referring to transmission facilities of its interconnected network.

WECC determined the duration of each of the violations to be from June 18, 2007, the date the standard became enforceable, through March 19, 2009, when OTEC completed its Mitigation Plan.

WECC determined that the violation of TOP-002-2 R3 did not pose a serious or substantial risk to the BPS because the data reporting required by the Standard was being completed by other entities on behalf of OTEC, despite the lack of a formal delegation agreement. WECC determined that the violation of TOP-002-2 R18 did not pose a serious or substantial risk to the BPS because although OTEC failed to provide evidence it was using uniform line identifiers, they were being used for interconnected facilities as required by the Standard.

#### Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of eight thousand dollars (\$8,000) for the referenced violations. In reaching this determination, WECC considered the following factors: (1) these violations constituted OTEC's first occurrence of violations of these

NERC Reliability Standards and Requirements; (2) WECC reported OTEC was cooperative throughout the enforcement process; (3) there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and (4) WECC determined that the violations did not pose a serious or substantial risk to the bulk power system, as discussed above.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of eight thousand dollars (\$8,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

### **Status of Mitigation Plans<sup>8</sup>**

#### **PRC-005-1 R1**

OTEC's Mitigation Plan to address its violation of PRC-005-1 R1 was submitted to WECC on June 1, 2007 with a proposed completion date of October 1, 2007. OTEC requested and WECC granted Mitigation Plan extensions on September 27, 2007, December 28, 2007, March 27, 2008, June 27, 2008 and September 30, 2008.<sup>9</sup> On December 23, 2008, OTEC submitted another request for extension to change the completion date to March 31, 2009. However, on February 27, 2009, WECC rejected the extension request for OTEC's failure to make any progress towards mitigation. Therefore, the violation became a pre-to-post violation and OTEC was required to submit a new Mitigation Plan.<sup>10</sup>

OTEC submitted a new Mitigation Plan on May 8, 2009 stating that it had already been completed on March 31, 2009. The Mitigation Plan was accepted by WECC on May 19, 2009 and approved by NERC on June 25, 2009. The Mitigation Plan for this violation is designated as MIT-07-1796 and was submitted as non-public information to FERC on June 30, 2009 in accordance with FERC orders.

OTEC's Mitigation Plan required OTEC to implement a reliability framework and processes to continually manage its compliance. OTEC formed its own Maintenance and Testing Program.

OTEC certified in its Mitigation Plan submitted on May 8, 2009 that the above Mitigation Plan requirements were completed on March 31, 2009. As evidence of completion of its Mitigation Plan, OTEC submitted the following:

- Maintenance and Testing Program – March 19, 2009;
- Maintenance and Testing Program - Intervals Pg. 1 – March 19, 2009; and
- Maintenance and Testing Program - Summary of Maintenance and testing procedures – March 19, 2009.

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<sup>8</sup> See 18 C.F.R § 39.7(d)(7).

<sup>9</sup> Although WECC approved the September 30, 2008 request for a new completion date of December 31, 2008, WECC informed OTEC that any additional Mitigation Plan extensions must include new information that showed progress was being made towards completion and compliance.

<sup>10</sup> On March 31, 2009, OTEC submitted a completed Mitigation Plan. WECC notified OTEC on April 21, 2009 that the completed Mitigation Plan was rejected because OTEC failed to provide a new Mitigation Plan pursuant to the February 27, 2009 extension request rejection letter from WECC.



On May 19, 2009, after WECC's review of OTEC's submitted evidence, WECC verified that OTEC's Mitigation Plan was completed on March 19, 2009 and notified OTEC in a letter dated June 2, 2009 that it was in compliance with PRC-005-1 R1.

TOP-002-2 R3 and R18

OTEC's Mitigation Plan to address its violations of TOP-002-2 R3 and R18 was submitted to WECC on June 1, 2007 with a proposed completion date of October 1, 2007. OTEC requested and WECC granted Mitigation Plan extensions on August 15, 2007, September 27, 2007, December 28, 2007, March 27, 2008, June 27, 2008 and September 30, 2008.<sup>11</sup> On December 23, 2008, OTEC submitted another request for extension to change the completion date to March 31, 2009. However, on December 29, 2008, WECC rejected the extension request for OTEC's failure to make measureable progress towards mitigation. Therefore, on January 1, 2009, the violation became a pre-to-post violation and OTEC was required to submit a new Mitigation Plan.<sup>12</sup> OTEC, believing it was within the time constraints of its last extension request extending the completion date to March 31, 2009, submitted a Mitigation Plan Completion on March 30, 2009 stating that it had already been completed. The Mitigation Plan was accepted by WECC, as a new Mitigation Plan for a post-June 18, 2007 violation, on April 28, 2009 and approved by NERC on June 25, 2009. The Mitigation Plan for this violation is designated as MIT-07-1795 and was submitted as non-public information to FERC on June 30, 2009 in accordance with FERC orders.<sup>13</sup>

OTEC's Mitigation Plan required OTEC to implement a reliability framework and processes to continually manage its compliance and negotiate the appropriate delegation agreements with the two larger entities that perform coordination functions on behalf of OTEC.

OTEC certified on March 31, 2009 that the above Mitigation Plan requirements were completed on March 19, 2009.<sup>14</sup> As evidence of completion of its Mitigation Plan, OTEC submitted the following:

- Forms, letters and e-mails between OTEC and the two larger entities to demonstrate communication and coordination between the entities with regard to operations; and
- OTEC's Normal Operations Planning program worksheet and OTEC's Outage and Load Shift Report worksheet along with response e-mails from the people on OTEC's notification mailing list confirming OTEC's transmission drawings with uniform line identifiers.

On April 28, 2009, after WECC's review of OTEC's submitted evidence, WECC verified that OTEC's Mitigation Plan was completed on March 19, 2009 and notified OTEC in a letter dated May 7, 2009 that it was in compliance with PRC-005-1 R1.

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<sup>11</sup> Although WECC approved the September 30, 2008 request for a new completion date of December 31, 2008, WECC informed OTEC that any additional Mitigation Plan extensions must include new information that showed progress was being made towards completion and compliance.

<sup>12</sup> Due to an error in processing, WECC failed to notify OTEC of the Mitigation Plan extension rejection until February 27, 2009.

<sup>13</sup> For some of the early violations where the details of the Mitigation Plans were deficient but the violations were mitigated, NERC agreed to accept RSAWs from WECC in lieu of Mitigation Plans.

<sup>14</sup> The Certification of Completion form was signed on March 30, 2009.

## **Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed<sup>15</sup>**

### **Basis for Determination**

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,<sup>16</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on February 10, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty, assessing a penalty of eight thousand dollars (\$8,000) against OTEC and other actions to facilitate future 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 violations at issue.

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

- (1) these violations constituted OTEC's first occurrence of violations of these NERC Reliability Standards and Requirements;
- (2) WECC reported OTEC was cooperative throughout the enforcement process;
- (3) there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and
- (4) WECC determined that the violations did not pose a serious or substantial risk to the bulk power system, as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of eight thousand dollars (\$8,000) is appropriate for the violations and circumstances in question, and is 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.

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

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

### **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) OTEC's Self-Report for PRC-005-1 R1 dated June 1, 2007, included as Attachment a;
- b) OTEC's Self-Report for TOP-002-2 R3 and R18 dated June 1, 2007, included as Attachment b;
- c) Settlement Agreement by and between WECC and OTEC executed on November 6, 2009, included as Attachment c;
- d) OTEC's Mitigation Plan designated as MIT-07-1796 for PRC-005-1 R1, submitted June 1, 2007 and Mitigation Plan submitted May 8, 2009, included as Attachment d;
- e) OTEC's Certification of Completion of the Mitigation Plan for PRC-005-1 R1, dated March 30, 2009, included as Attachment e;<sup>17</sup>
- f) WECC's Verification of Completion of the Mitigation Plan for PRC-005-1 R1, dated June 2, 2009, included as Attachment f;
- g) OTEC's Mitigation Plan designated as MIT-07-1795 for TOP-002-2 R3 and R18, submitted June 1, 2007, included as Attachment g;
- h) OTEC's Certification of Completion of the Mitigation Plan for TOP-002-2 R3 and R18, dated March 30, 2009,<sup>18</sup> included as Attachment h; and
- i) WECC's Verification of Completion of the Mitigation Plan for TOP-002-2 R3 and R18, dated May 7, 2009, included as Attachment i.

### **A Form of Notice Suitable for Publication<sup>19</sup>**

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

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<sup>17</sup> On December 29, 2008, WECC rejected the Mitigation Plan extension; however, the letter was not sent until February 27, 2009, so OTEC filed its Mitigation Plan Completion Form because it did not know its Mitigation Plan was rejected. Thus, once it became aware of the rejected status, OTEC had to file a new Mitigation Plan. WECC reviewed the new Mitigation Plan, with the March 30, 2009 Mitigation Plan Completion form.

<sup>18</sup> The Certification of Completion of the Mitigation Plan for TOP-002-2 R3 and R18 was submitted to WECC on March 31, 2009.

<sup>19</sup> See 18 C.F.R § 39.7(d)(6).



## Notices and Communications

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

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net 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>Bill DeLashmutt* System Engineer Oregon Trail Electric Consumers Cooperative P.O. BOX 226 Baker City, OR 97814-0226 (541)-524-2845 bdelashmutt@otecc.com</p> <p>Werner Buehler* Executive Vice President and General Manager Oregon Trail Electric Consumers Cooperative P.O. BOX 226 Baker City, OR 97814-0226 (541)-523-3616 jmacy@otecc.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>
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## Conclusion

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

Respectfully submitted,

/s/ Rebecca J. Michael

Gerald W. Cauley  
President and Chief Executive Officer  
David N. Cook  
Vice President and General Counsel  
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cc: Oregon Trail Electric Consumers Cooperative  
Western Electricity Coordinating Council

Attachments

**Attachment a**

**OTEC's Self-Report for PRC-005-1 R1 dated  
June 1, 2007**



## Compliance Violation Self-Reporting Form

**Registered Entity Name:** Oregon Trail Electric Co-op

**Contact Name:** Roger M. Chase

**Contact Phone:** 541-524-2846

**Contact email:** mchase@otecc.com

**Date noncompliance was discovered:** June 1, 2007

**Date noncompliance was reported:** June 1, 2007

**Standard Title:** *Transmission and Generation Protection System Maintenance and Testing*

**Standard Number:** *PRC-005-1*

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

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

*OTEC is dependent on IPC for compliance. OTEC is an all requirements customer of BPA and receives service within the footprints of BPA and IPC Balancing Authority Areas.*

*OTEC's comprehensive self evaluation of the applicable standards to make our own determination of non-compliance.*

**\*Submit a Complete Mitigation Plan in conjunction with this report to show that corrective steps are being taken. If a complete mitigation plan is not being submitted with this form please complete the following:**

**Describe the cause of non-compliance:**

*The cause for non-compliance is insufficient time to remedy the non-compliance between its discovery and the effective date of the mandatory standards.*

**Describe the reliability impact of this non-compliance:**

*Impact is minimal, documentation key reason for non-compliance. IPC performs this standard at this time.*

**Expected date of Mitigation Plan submittal:** June 1, 2007

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

**Attachment b**

**OTEC's Self-Report for TOP-002-2 R3 and R18  
dated June 1, 2007**



## Compliance Violation Self-Reporting Form

**Registered Entity Name:** Oregon Trail Electric Co-op

**Contact Name:** Roger M. Chase

**Contact Phone:** 541-524-2846

**Contact email:** mchase@otecc.com

**Date noncompliance was discovered:** June 1, 2007

**Date noncompliance was reported:** June 1, 2007

**Standard Title:** *Normal Operations Planning*

**Standard Number:** *TOP-002-2*

**Requirement / Measure Number(s)<sup>1</sup>:** *Documentation: R3, R18*

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

*OTEC is dependent on BPA and IPC for compliance. OTEC is an all requirements customer of BPA and receives service within the footprints of BPA and IPC Balancing Authority Areas.*

*OTEC's comprehensive self evaluation of the applicable standards to make our own determination of non-compliance.*

**\*Submit a Complete Mitigation Plan in conjunction with this report to show that corrective steps are being taken. If a complete mitigation plan is not being submitted with this form please complete the following:**

**Describe the cause of non-compliance:**

*The cause for non-compliance is insufficient time to remedy the non-compliance between its discovery and the effective date of the mandatory standards.*

**Describe the reliability impact of this non-compliance:**

*Impact is minimal, documentation key reason for non-compliance. BPA, IPC, and OTEC work together to meet this standard. Appropriate agreements will document the relationship.*

**Expected date of Mitigation Plan submittal:** June 1, 2007

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



## **Attachment c**

**Settlement Agreement by and between WECC  
and OTEC executed on November 6, 2009**

**SETTLEMENT AGREEMENT**  
**OF**  
**WESTERN ELECTRICITY COORDINATING COUNCIL**  
**AND**  
**OREGON TRAIL ELECTRIC CONSUMER COOPERATIVE, INC**

Western Electricity Coordinating Council ("WECC") and Oregon Trail Electric Consumer Cooperative, Inc ("OTEC") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 4~~3~~ day of NOV, 2009.

**RECITALS**

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public, preliminary assessment of OTEC by WECC that resulted in certain WECC determinations and findings regarding 3 alleged OTEC violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards" or "Standards"):

<i>NERC ID: WECC200810418</i>	<i>PRC-005-1 R.1</i>	<i>Protection and Control</i>
<i>NERC ID: WECC200810411</i>	<i>TOP-002-2 R.3</i>	<i>Transmission Operations</i>
<i>NERC ID: WECC200810412</i>	<i>TOP-002-2 R.18</i>	<i>Transmission Operations</i>

B. OTEC is an Electric Cooperative, with its principal offices located in Baker City, Oregon. OTEC was formed on October 5, 1988 and serves approximately 30,000 customers across four counties in eastern Oregon.

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

## **I. Representations of the Parties**

For purposes of this Agreement, OTEC stipulates to the facts contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that OTEC 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**

### **A. NERC Reliability Standard PRC-005-1, Requirement 1**

***PRC-005-1 R. 1: 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.***

OTEC is subject to this Standard because it was registered on the NERC Compliance Registry as a Transmission Owner ("TO") and a Distribution Provider ("DP") on April 10, 2007. OTEC Self-Reported a violation of this Standard on June 1, 2007, as a result of a self-evaluation. OTEC stated that it relies on two larger entities for Protection System maintenance and testing. OTEC reported that although another entity was performing the testing as required by PRC-005-1, it did not have a formal delegation agreement with the other entity. OTEC Self-Reported that it was in violation of the Standard because it would be unable to have a delegation agreement, and thus no Protection System maintenance and testing program, in place prior to the effective date of the mandatory Standards. Although this violation was Self-Reported prior to June 18th, 2007, this violation became sanctionable when the mitigation plan was not completed by the approved completion date.

A WECC Subject Matter Expert ("SME") reviewed the Self-Report and determined OTEC did have a possible violation of the Standard. The SME forwarded the findings to the WECC Enforcement Department ("Enforcement") for its review and consideration.

Enforcement then reviewed the Self-Report and SME findings, and determined that OTEC had an Alleged Violation of the Standard because OTEC did not have a Protection System maintenance and testing program for its Protection Systems.

OTEC submitted a mitigation plan together with its Self-Report for this violation on June 1, 2007. OTEC stated in its mitigation plan that it would implement a "reliability framework and processes continually managing our compliance to avoid reoccurrence." OTEC's original estimated completion date of the mitigation plan was October 1, 2007. OTEC requested and WECC granted mitigation plan extensions on September 27, 2007; December 28, 2007; March 27, 2008; June 27, 2008; and September 30, 2008. Although WECC approved the September 30, 2008 request for a new completion date of December 31, 2008, WECC informed OTEC that any additional mitigation plan extensions must include new information that showed progress was being made towards completion and compliance. On December 23, 2008, OTEC requested that the completion date be extended to March 31, 2009. WECC rejected the extension request on February 27, 2009 for failure to make any progress towards mitigation. OTEC was sent a letter on the same date stating that a new mitigation plan would be required for this violation. OTEC then filed a completed mitigation plan on March 31, 2009. WECC notified OTEC on April 21, 2009 that the completed mitigation plan was rejected because OTEC failed to provide a new mitigation plan pursuant to the February 27, 2009 rejection letter from WECC.

OTEC filed its new mitigation plan as completed on May 8, 2009. The new mitigation plan included final versions of OTEC's maintenance and testing intervals, the basis for their development, as well as a summary of OTEC's maintenance and testing procedures, thereby demonstrating compliance with the Standard and completion of the mitigation plan. Based on the evidence submitted by OTEC, a WECC SME accepted the new mitigation plan and verified its completion on May 19, 2009. OTEC officially completed the mitigation plan on March 19, 2009.

**B. NERC Reliability Standard TOP-002-2 Requirement 3**

***TOP-002-2 R. 3: Each Load Serving Entity and Generator Operator shall coordinate (where confidentiality agreements allow) its current-day, next-day, and seasonal operations with its Host Balancing Authority and Transmission Service Provider. Each Balancing Authority and Transmission Service Provider shall coordinate its current-day, next-day, and seasonal operations with its Transmission Operator.***

OTEC is subject to this Standard because it was registered on the NERC Compliance Registry as a Load Serving Entity ("LSE") on April 10, 2007. OTEC Self-Reported a violation of this Standard on June 1, 2007, as a result of a self-evaluation of the applicable Standards. OTEC stated that it relies on two larger entities for the coordination of its current-day, next-day, and seasonal operations with its Host Balancing Authority and Transmission Service Provider. OTEC Self-Reported that it was in violation of the Standard because it did not have a formal delegation agreement in place with BPA and IPC prior to the effective date of the mandatory Standards. As a result, OTEC reported a violation of the Standard because it was not directly

coordinating its operations with its Host Balancing Authority and Transmission Service Provider. Although this violation was Self-Reported prior to June 18th, 2007, this violation became sanctionable when the mitigation plan was not completed by the approved completion date.

A WECC Subject Matter Expert ("SME") reviewed the Self-Report and determined OTEC did have a possible violation of the Standard. The SME forwarded the findings to Enforcement for its review and consideration.

Enforcement then reviewed the Self-Report and SME findings, and determined that OTEC had an Alleged Violation of the Standard because OTEC was not coordinating its operations with its Host Balancing Authority and Transmission Service Provider, nor did it have a formal delegation agreement for another entity to do so.

OTEC submitted a mitigation plan together with its Self-Report for this violation on June 1, 2007. OTEC stated in its mitigation plan that it would put in place a "reliability framework and processes continually managing our compliance to avoid reoccurrence," and negotiate the appropriate delegation agreements with BPA and IPC to perform coordination functions on behalf of OTEC. The original estimated completion date was October 1, 2007. OTEC later requested and WECC granted mitigation plan extensions on August 15, 2007; September 27, 2007; December 28, 2007; March 27, 2008; June 27, 2008; and September 30, 2008. Although WECC approved the September 30, 2008 request for a new completion date of December 31, 2008, WECC informed OTEC that any additional mitigation plan extensions must include new information that showed progress was being made towards completion and compliance. On December 23, 2008, OTEC requested that the completion date be extended to March 31, 2009. WECC rejected the extension request on December 29, 2008 for failure to make measureable progress towards mitigation. Due to an error in processing, WECC failed to notify OTEC of the mitigation plan rejection. OTEC then filed a completed mitigation plan on March 31, 2009. As evidence of completion, OTEC provided documents including forms, letters and emails between OTEC and BPA, and OTEC and IPC demonstrating communication and coordination between the entities with regard to operations. Based on the evidence submitted with the completed mitigation plan, a WECC SME approved the completed mitigation plan April 28, 2009. The official date of completion was March 19, 2009.

### **C. NERC Reliability Standard TOP-002-2 Requirement 18**

***TOP-002-2 R. 18: Neighboring Balancing Authorities, Transmission Operators, Generator Operators, Transmission Service Providers and Load Serving Entities shall use uniform line identifiers when referring to transmission facilities of an interconnected network.***

OTEC is subject to this Standard because it was registered on the NERC Compliance Registry as an LSE on April 10, 2007. OTEC Self-Reported a violation of this Standard on June 1, 2007, as a result of a self-evaluation. OTEC stated that it relies on two larger entities to assign and use uniform line identifiers in reference to

transmission facilities on its interconnected network. OTEC Self-Reported that it was in violation of the Standard because it would be unable to have a formal delegation agreement in place with the two larger entities for the assignment of uniform line identifiers prior to the effective date of the mandatory Standards. As a result, OTEC Self-Reported a violation of the Standard because it was not using uniform line identifiers when referring to transmission facilities of an interconnected network. Although this violation was Self-Reported prior to June 18th, 2007, this violation became sanctionable when the mitigation plan was not completed by the approved completion date.

A WECC SME reviewed the Self-Report and determined OTEC did have a possible violation of the Standard. The SME forwarded the findings to Enforcement for its review and consideration.

Enforcement then reviewed the Self-Report and SME findings, and determined that OTEC had an Alleged Violation of the Standard because OTEC did not have evidence it was using uniform line identifiers when referring to transmission facilities of its interconnected network.

OTEC submitted a mitigation plan together with its Self-Report for this violation on June 1, 2007. OTEC stated in its mitigation plan that it would put in place a "reliability framework and processes continually managing our compliance to avoid reoccurrence," and negotiate the appropriate delegation agreements with the two larger entities to perform coordination functions on behalf of OTEC. The original estimated completion date was October 1, 2007. OTEC later requested and WECC granted mitigation plan extensions on August 15, 2007; September 27, 2007; December 28, 2007; March 27, 2008; June 27, 2008; and September 30, 2008. Although WECC approved the September 30, 2008 request for a new completion date of December 31, 2008, WECC informed OTEC that any additional mitigation plan extensions must include new information that showed progress was being made towards completion and compliance. On December 23, 2008, OTEC requested that the completion date be extended to March 31, 2009. WECC rejected the extension request on December 29, 2008 for failure to make measureable progress towards mitigation. Due to an error in processing, WECC failed to notify OTEC of the mitigation plan rejection. OTEC then filed a completed mitigation plan on March 31, 2009. As evidence of completion, OTEC provided documents including OTEC's Normal Operations Planning program worksheet along with response emails from the people on OTEC's notification mailing list confirming OTEC's transmission drawings with uniform line identifiers. Based on the evidence submitted with the completed mitigation plan, a WECC SME approved the completed mitigation plan April 28, 2009. The official date of completion was March 19, 2009.

### **III. Settlement Terms**

A. Payment. To settle this matter, OTEC hereby agrees to pay \$8,000 to WECC via wire transfer or cashier's check. OTEC shall make the funds payable to a



WECC account identified in a Notice of Payment Due that WECC will send to OTEC upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). OTEC shall issue the payment to WECC no later than thirty 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 OTEC 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 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 OTEC's Alleged Violations in accordance with NERC's VRF Matrix dated June 25, 2009:

1. The violation of PRC-005-0 R1 has a VRF of High. WECC determined that this violation posed a minimal risk to the reliability of the BES because OTEC was performing basic maintenance and testing despite the lack of a formal process.
2. The violation of TOP-002-2 R.3 has a VRF of Medium. WECC determined that this violation posed a minimal risk to the reliability of the BES because the data reporting required by the Standard was being completed by other entities on behalf of OTEC, despite the lack of a formal delegation agreement.
3. The violation of TOP-002-2 R.18 has a VRF of Medium. WECC determined that this violation posed a minimal risk to the reliability of the BES because

uniform line identifiers were in use for interconnected facilities as required by the Standard, despite OTEC's inability to provide evidence of said use until completion of the mitigation process.

In addition to the factors listed above, WECC considered several mitigating factors to reach an agreement with OTEC regarding the payment amount. First, the Alleged Violations addressed by this Agreement are OTEC's first assessed noncompliance with the applicable Reliability Standards. Second, OTEC mitigated all of the violations. Third, OTEC 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, OTEC did not have any negative compliance history. There was no failure by OTEC to comply with applicable compliance directives, nor any evidence of an attempt by OTEC to conceal a violation. Finally, there was no evidence that OTEC'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 tender, offer, or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of OTEC 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. OTEC agrees that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. OTEC waives its right to further hearings and appeal, unless and only to

the extent that OTEC 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 OTEC in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that OTEC fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against OTEC up to the maximum penalty allowed by the NERC Rules of Procedure. OTEC 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. Consent. OTEC consents to the use of WECC's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however, that Registered Entity does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or WECC, nor does OTEC consent to the use of this Agreement by any other party in any other action or proceeding.

I. 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.

J. Successors and Assigns. The Agreement shall be binding on successors or assigns of the Parties.

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


L. 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.

M. 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.

***[Remainder of page intentionally left blank -  
signatures affixed to following page]***

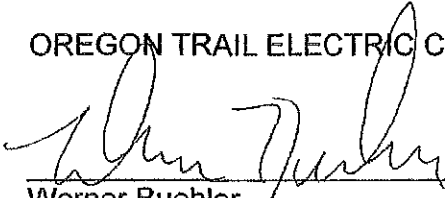
Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

  
\_\_\_\_\_  
Constance B. White  
Vice President of Compliance

11/6/09  
Date

OREGON TRAIL ELECTRIC CONSUMER COOPERATIVE, INC

  
\_\_\_\_\_  
Werner Buehler  
General Manager

11-04-09  
Date

## **Attachment d**

**OTEC's Mitigation Plan designated as MIT-07-1796 for PRC-005-1 R1, submitted June 1, 2007 and Mitigation Plan submitted May 8, 2009**



## WECC COMPLIANCE ENFORCEMENT PROGRAM

### MITIGATION PLAN

*Please complete an individual Mitigation Plan for each NERC Reliability Standard that indicates any level(s) of non-compliance.*

**Registered Entity Name:** Oregon Trail Electric Co-op

**Date noncompliance was discovered or reported:** June 1, 2007

**Date Mitigation Plan submitted:** June 1, 2007

**Standard Title:** *Transmission and Generation Protection System Maintenance and Testing*

**Standard Number:** *PRC-005-1*

**Requirement / Measure Number:** *R1*

**Level of Noncompliance:** ☒ Level 1 ☐ Level 2 ☐ Level 3 ☐ Level 4

☐ Level not specified

**Provide an explanation of the noncompliance:**

*OTEC is dependent on IPC for compliance. OTEC is an all requirements customer of BPA and receives service within the footprints of BPA and IPC Balancing Authority Areas.*

*The cause for non-compliance is insufficient time to remedy the non-compliance between its discovery and the effective date of the mandatory standards.*

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

*Impact is minimal, documentation key reason for non-compliance.*

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

*IPC fulfills this standard at this time.*

**Describe your detailed plan to become compliant.**

*OTEC will negotiate the delegation of responsibility for this standard with IPC.*



**Describe your detailed schedule to become compliant. (The Schedule should include regular status updates to WECC).**

**Schedule:**

- 08/15/07 – OTEC updates WECC on negotiation progress with IPC.
- 10/01/07 – OTEC enters into a delegation agreement with IPC.

*OTEC will put in place a reliability framework and processes continually managing our compliance to avoid reoccurrence.*

**Are additional documents or information attached:** ☐ Yes ☒ No

*This mitigation plan has no anticipated reliability impact on the bulk power system.*

Point of contact for WECC follow-up:

Name: Roger M. Chase  
Title: Manager of Engineering  
Phone: 541-524-2846  
Email: mchase@otecc.com



*Senior official signature*

---

For WECC Use Only:

WECC ID Number:

NERC ID Number:

Date Mitigation Plan was received at WECC:

Date Mitigation Plan was accepted by WECC:

Date notice of completion of Mitigation Plan was received by WECC:



## Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date of submittal: 05/08/09

If this Mitigation Plan is complete:

- Check this box ☒
- Provide the Date of the Mitigation Plan Completion: 3/31/09
- In order for the Mitigation Plan to be accepted for review the following items must be submitted along with this Mitigation Plan Submittal Form:
  - Evidence supporting full compliance
  - Sections A, B, C, D.1, E.2, E.3, and F must be completed in their entirety

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

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

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

- B.1 Identify your organization:

Registered Entity Name: Oregon Trail Electric Co-op (OTECC)

Registered Entity Address: P.O. Box 226, Baker City, OR 97814  
NERC Compliance Registry ID: NCR05287

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

<sup>1</sup> A copy of the WECC CMEP is posted on WECC's website at <http://compliance.wecc.biz/Documents/Forms/03.06%20-%20WECC%20Mitigation%20Plan%20Form.pdf>  
Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC





Name: Charles W. Tracy  
 Title: Assistant Systems Engineer  
 Email: ctracy@otecc.com  
 Phone: (541) 524-2862

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

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

C.1 Standard: 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)	Violation Risk Factor	Alleged or confirmed Violation Date <sup>(*)</sup> (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R1		06/18/07	self-report

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

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

OTEC was dependent on BPA and IPC for compliance. OTEC is an all requirements customer of BPA and receives service within the footprints of BPA and IPC Balancing Authorities Areas.

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strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.





The cause for non-compliance is insufficient time to remedy the non-compliance between its discovery and the effective date of the mandatory standards.

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

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

[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:

Complete the mitigation plan to bring OTECC into compliance. The mitigation plan is complete.

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

**Check this box ☒ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.**

### Mitigation Plan Timeline and Milestones

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: Plan is complete as of the submission of the plan.
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

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




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

[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, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

### Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

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

### Prevention of Future BPS Reliability Risk

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

OTEC is now in full compliance with PRC-005-1, R1. OTEC will remain in compliance from this point forward.

[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 Executive Vice President and General Manager of Oregon Trail Electric Co-op.
  2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Oregon Trail Electric Co-op's.
  3. I understand Oregon Trail Electric Co-op obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
  4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
  5. Oregon Trail Electric Co-op agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: \_\_\_\_\_

(Electronic signatures are acceptable, see CMEP Section 3.0)

Name (Print): Werner G. Buehler

Title: Executive Vice President and General Manager

Date: 05/08/2009



### **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]

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

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

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

Phone: (801) 883-6884

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

<http://compliance-wecc.biz/Application/Documents/Forms/WECC%20Compliance%20Data%20Submittal%20Policy.pdf>



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

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
  - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
  - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
  - (3) The cause of the Alleged or Confirmed Violation(s).
  - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
  - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
  - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
  - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
  - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
  - (9) Any other information deemed necessary or appropriate.
  - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



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

## **Attachment e**

### **OTEC's Certification of Completion of the Mitigation Plan for PRC-005-1 R1, dated March 30, 2009**





**CONFIDENTIAL**

**Mitigation Plan Completion Form**

Please complete a Mitigation Plan Completion form for each fully mitigated violation and submit to the WECC Compliance Web Portal File Upload along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Oregon Trail Electric Consumers Cooperative

Standard Title: Transmission and Generation Protection System Maintenance and Testing

Standard Number: PRC-005-1

Requirement Number(s): R1, R2

Actual completion date of Mitigation Plan: 03/19/09

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.

Attached to this sheet is OTECC's Transmission Maintenance and Testing program documentation. We submit this as evidence that OTECC is in compliance with PRC-005-1.

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that Oregon Trail Electric Consumers Cooperative 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: \_\_\_\_\_

A handwritten signature in black ink, appearing to read 'Werner G. Buehler', is written over a horizontal line.

Authorized Officer's Name: Werner G. Buehler

Authorized Officer's Title: Executive Vice-President and General Manager

Date: March, 30 2009

## **Attachment f**

### **WECC's Verification of Completion of the Mitigation Plan for PRC-005-1 R1, dated June 2, 2009**



**CONFIDENTIAL**



**Laura Scholl**  
Managing Director of Compliance

801.819.7619  
[lscholl@wecc.biz](mailto:lscholl@wecc.biz)

June 2, 2009

Charles Tracy  
Assistant Systems Engineer  
Oregon Trail Electric Consumers Cooperative  
P.O. Box 226  
Baker City, Oregon 97814-0226

NERC Registration ID: NCR05287

Subject: Certification of Completion Response Letter

Dear Charles Tracy,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Oregon Trail Electric Consumers Cooperative (OTEC) on 5/8/2009 for the alleged violation of Reliability Standard PRC-005-1 and Requirement(s) 1. Listed below is the outcome of WECC's official review.

WECC has accepted the Certification of Completion for Requirement(s) 1 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 Phil O'Donnell at [podonnell@wecc.biz](mailto:podonnell@wecc.biz). Thank you for your assistance in this effort.

Sincerely,

*Laura Scholl*

Laura Scholl  
Managing Director of Compliance

LS:cm

cc: Ned Ratterman, OTEC Manager of Safety and Loss Control  
Lisa Milanese, WECC Manager of Compliance Program Administration  
Phil O'Donnell, WECC Acting Manager of Audits

## **Attachment g**

**OTEC's Mitigation Plan designated as MIT-07-1795 for TOP-002-2 R3 and R18, submitted June 1, 2007**



## WECC COMPLIANCE ENFORCEMENT PROGRAM

### MITIGATION PLAN

*Please complete an individual Mitigation Plan for each NERC Reliability Standard that indicates any level(s) of non-compliance.*

**Registered Entity Name:** Oregon Trail Electric Co-op

**Date noncompliance was discovered or reported:** June 1, 2007

**Date Mitigation Plan submitted:** June 1, 2007

**Standard Title:** *Normal Operations Planning*

**Standard Number:** *TOP-002-2*

**Requirement / Measure Number:** *R3, R18*

**Level of Noncompliance:** ☐ Level 1 ☐ Level 2 ☐ Level 3 ☐ Level 4

☒ Level not specified - Documentation related issue

**Provide an explanation of the noncompliance:**

*OTEC is dependent on BPA and IPC for compliance. OTEC is an all requirements customer of BPA and receives service within the footprints of BPA and IPC Balancing Authority Areas.*

*The cause for non-compliance is insufficient time to remedy the non-compliance between its discovery and the effective date of the mandatory standards.*

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

*Minimal Impact – Documentation related issue*

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

*OTEC, BPA and IPC already comply absent documentation.*

**Describe your detailed plan to become compliant.**

*OTEC will negotiate appropriate agreements with BPA and IPC.*

**Describe your detailed schedule to become compliant. (The Schedule should include regular status updates to WECC).**

*Schedule:*

- 08/15/07 – OTEC updates WECC on negotiation progress with BPA and IPC.
- 10/01/07 – OTEC enters into appropriate agreement with BPA and IPC.

*OTEC will put in place a reliability framework and processes continually managing our compliance to avoid reoccurrence.*

**Are additional documents or information attached:** ☐ Yes ☒ No

**Additional Notes or Comments:**

*This mitigation plan has no anticipated reliability impact on the bulk power system.*

Point of contact for WECC follow-up:

Name: Roger M. Chase

Title: Manager of Engineering

Phone: 541-524-2846

Email: [mchase@otecc.com](mailto:mchase@otecc.com)



*Senior Official*

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For WECC Use Only:

WECC ID Number:

NERC ID Number:

R3: WECC200702453
R18:WECC200702505

Date Mitigation Plan was received at WECC:

Date Mitigation Plan was accepted by WECC:

Date notice of completion of Mitigation Plan was received by WECC:

## **Attachment h**

### **OTEC's Certification of Completion of the Mitigation Plan for TOP-002-2 R3 and R18, dated March 30, 2009**



**CONFIDENTIAL**

### **Mitigation Plan Completion Form**

Please complete a Mitigation Plan Completion form for each fully mitigated violation and submit to the WECC Compliance Web Portal File Upload along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Oregon Trail Electric Consumers Cooperative

Standard Title: Normal Operations Planning

Standard Number: TOP-002-2

Requirement Number(s): R3, R18

Actual completion date of Mitigation Plan: 03/19/09

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.

Attached to this sheet is OTECC's Normal Operations Planning program worksheet along with response emails from the people on our notification mailing list. We submit this as evidence that OTECC is in compliance with TOP-002-2.

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that Oregon Trail Electric Consumers Cooperative 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: \_\_\_\_\_

A handwritten signature in black ink, appearing to read 'Werner G. Buehler', is written over a horizontal line.

Authorized Officer's Name: Werner G. Buehler

Authorized Officer's Title: Executive Vice-President and General Manager

Date: March, 30 2009

## **Attachment i**

### **WECC's Verification of Completion of the Mitigation Plan for TOP-002-2 R3 and R18, dated May 7, 2009**

**CONFIDENTIAL**



**Laura Scholl**  
Managing Director of Compliance

801.819.7619  
[lscholl@wecc.biz](mailto:lscholl@wecc.biz)

May 7, 2009

Roger M. Chase  
Manager of Engineering  
Oregon Trail Electric Cooperative  
P.O. Box 226  
Baker City, Oregon 97814-0226

NERC Registration ID: NCR05287

Subject: Certification of Completion Response Letter

Dear Roger M. Chase,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Oregon Trail Electric Cooperative (OTEC) on 3/31/2009 for the alleged violation of Reliability Standard TOP-002-2 and Requirement(s) 3, 18. Listed below is the outcome of WECC's official review.

WECC has accepted the Certification of Completion for Requirement(s) 3, 18 of the Reliability Standard TOP-002-2 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 Mike Wells at [mike@wecc.biz](mailto:mike@wecc.biz). Thank you for your assistance in this effort.

Sincerely,

*Laura Scholl*

Laura Scholl  
Managing Director of Compliance

LS:cm

cc: Anthony Bailey, OTEC Chief Financial Officer  
Lisa Milanese, WECC Manager of Compliance Program Administration  
Mike Wells, WECC Senior Compliance Engineer



**Attachment j**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Oregon Trail Electric Consumers Cooperative

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

NOTICE OF FILING  
April 28, 2010

Take notice that on April 28, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Oregon Trail Electric Consumers Cooperative in the Western Electricity Coordinating Council region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary