

Attachment 1

SUMMARY DESCRIPTION OF THE FFT

1. Find, Fix, Track and Report (FFT):⁷⁶

A. FFT treatment occurs when:

- 1) The Possible Violation poses a lesser risk (minimal to moderate risk) to BPS reliability.
 - a) Priority reliability standards/top violated standards may qualify for this treatment taking into account the particular facts and circumstances.
 - i. There has been a high volume of lesser risk violations even with respect to top violated standards that would benefit from the FFT approach.
 - ii. Some violations occur by even the most vigilant organizations.
 - iii. Some violations do not implicate the severity of the risk
 - iv. Specific facts must be considered to ascertain the significance of the issue with respect to actual/potential risk and/or harm to reliability of the BPS.
 - b) VRF/VSL
 - i. This will apply to Possible Violations of Lower to Medium VRFs even if the VSLs are High or Severe.
 - ii. Based on experience to date, there have been issues with High VRFs and Severe VSLs that had a minimal risk to the reliability of the BPS.
 - c) Risk Assessment that indicates the Possible Violation is not a serious risk to BPS reliability.
 - d) Prompt, robust self-reporting by a Registered Entity of the violation, risk and mitigating activities that demonstrates the violation has been.
 - i. NERC will evaluate the time discovered to the time reported.

⁷⁶ By way of example, these could include, but are not limited to, Possible Violations that have been included in the Administrative Citation NOPs, Deficiency NOPs and zero and lower dollar minimal to moderate risk Possible Violations in the Abbreviated NOPs. In all events, risk assessments will be made in accordance with the FERC-approved Sanction Guidelines. For example, risk assessments will take into account size, location and characteristics of BPS facilities that are owned, operated or used by an entity.

1. This does not exclude from eligibility violations discovered in quarterly or annual reviews or mock audits encompassed in some entities' programs.
 2. NERC urges Registered Entities to notify Regional Entities right away upon discovery.
 3. Registered Entities and Regional Entities can then allot a reasonable time period for the entity to gather facts and information and to determine appropriate mitigation activities.
- e) Registered Entity Compliance program, mitigation and corrective action programs, internal controls and culture of compliance
- f) Entity Compliance History
- i. Depending on the facts and circumstances, prior compliance history could be indicative of a robust compliance program seeking out improvements or an indication of poor implementation of compliance efforts.
 1. Entities with the most robust internal programs may actually detect and report substantially more Possible Violations than entities that do not conduct similarly thorough internal reviews. NERC does not seek to discourage self-reporting.
 - ii. The existence of previous self-reports and violation findings associated therewith does not preclude the use of the FFT option.
 - iii. Companies will be eligible for the FFT option even for repeat violations that do not pose high risks to BPS reliability.
- g) Entity Event History
- i. The FFT option remains available to entities that demonstrate a culture of compliance.
- h) The specific facts associated with the potential issue, in combination with 2.A.1.a through 2.A.1.g, result in a determination by the Region that the issue poses a lesser risk (minimal to moderate risk) to BPS reliability.
- 2) The documentation and administrative requirements are commensurate with the risk posed by the issue and the CEA determines that there is sufficient information to conclude that further processing is not warranted.
- a) NERC envisions only a limited record, which would include only that information needed to fill out the spreadsheet. This will avoid

substituting one paperwork, resource and time intensive process for another with respect to lesser risk Possible Violations.

- b) Ongoing training and guidance will be in place to address consistency in due process across the Regions.
- 3) The Possible Violation is fixed.
 - a) At the outset, the issue will be included in the FFT only if it is fixed and the Registered Entity has provided a statement of completion to the Regional Entity that describes the issue addressed, the actions taken to mitigate and prevent recurrence and the risk to reliability.
 - b) Verification by the Regional Entity need not occur prior to inclusion in an FFT submittal to FERC. Regional Entities may verify completion at an Audit, Spot Check, random sampling or otherwise.
 - c) For any issue that has been reported in an FFT and mitigation activities were not completed, the Regional Entity will not reopen the former issue. Rather, the Regional Entity will record a new issue and will take the facts and circumstances into account in determining whether FFT or NOP treatment is warranted.

B. For lesser risk Possible Violations, the emphasis will be on identifying them and ensuring they are corrected, without subjecting the Registered Entity to the full panoply of the CMEP. Upon correction and submittal of Registered Entity's statement of completion of mitigating activities, such Possible Violations will become, and be referred to as, Remediated Issues. Remediated Issues will be included in a FFT spreadsheet format provided monthly to FERC as an informational filing. The submittal to FERC of the informational filing will conclude NERC and Regional Entity processing of Remediated Issues, subject to verification activities as warranted.

C. The issue is considered a part of the entity's compliance history.

- 1) The Possible Violation and related facts and circumstances are taken into account as part of this consideration, and in consideration of future Possible Violations, but a finding of a violation has not been made. Rather, there is simply a determination that it is a Possible Violation.

D. No penalty or sanction will be assigned to an issue addressed using the FFT approach.

E. Repeat Possible Violations of same, similar or different standards do not foreclose use of the FFT approach.

- 1) The identification of repeat Possible Violations of same, similar or different standards may lead the CEA to use its discretion to discontinue the use of the FFT process and escalate the processing of these Possible Violations as Possible Violations as described in the CMEP.

F. Formal Mitigation plans will not be required for Possible Violations addressed through the FFT approach but there must be a demonstration that the issue has been addressed and corrective actions must be described and evidence delineated to facilitate later verifications.

- 1) The formal Mitigation Plan template and milestone reporting requirements will not be required for FFT; it will be paramount that corrective actions will be tracked to completion and will be subject to verification by the Regional Entity.
- 2) NERC already has in place precedent where formal Mitigation Plans and processing are not required. Currently, Administrative Citation NOP and Settlement Agreements do necessarily result in separate mitigation plans.
- 3) Where they are recorded in the spreadsheet, they will be assigned a Mitigation Identification Tracking Number. Mitigating activities included in FFT submittals to FERC will be deemed as accepted by Regional Entities and approved by NERC at the time of filing.

Attachment 2

[PGTE HV photo copy help]

September 30, 2011

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

**Re: NERC FFT Informational Filing
FERC Docket No. RC11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides the attached Find Fix and Track Report¹ (FFT) in Attachment A regarding 59 Registered Entities² listed therein,³ 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)).⁴

This FFT resolves 117 possible violations⁵ of 31 Reliability Standards that posed a lesser risk (minimal to moderate) to the reliability of the bulk power system (BPS). In all cases, the possible violations contained in this FFT have been found and fixed, so they are now described as "remediated issues." A statement of completion of the mitigation activities has been submitted by the respective Registered Entities.

As discussed below, this FFT includes 117 remediated issues. These FFT remediated issues are being submitted for informational purposes only. The Commission has encouraged the use of streamlined

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 (2011). *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). See also *Notice of No Further Review and Guidance Order*, 132 FERC ¶ 61,182 (2010).

² Corresponding NERC Registry ID Numbers for each Registered Entity are identified in Attachment A.

³ Attachment A is an Excel spreadsheet.

⁴ See 18 C.F.R. § 39.7(c)(2).

⁵ For purposes of this document, each matter is described as a "possible violation," regardless of its procedural posture.

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enforcement processes for occurrences that posed lesser risk to the BPS.⁶ Resolution of these lesser risk possible violations in this reporting format is appropriate disposition of these matters, and will help NERC and the Regional Entities focus on the more serious violations of the mandatory and enforceable NERC Reliability Standards.

Statement of Findings Underlying the FFT

The descriptions of the remediated issues and related risk assessments are set forth in Attachment A.

This filing contains the basis for approval by the NERC Board of Trustees Compliance Committee (NERC BOTCC) of the findings reflected in Attachment A. In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2011), each Reliability Standard at issue in this FFT is identified in Attachment A.

Text of the Reliability Standards at issue in the FFT may be found on NERC's web site at <http://www.nerc.com/page.php?cid=2|20>. For each respective remediated issue, the Reliability Standard Requirement at issue is listed in Attachment A.

Status of Mitigation⁷

As noted above and reflected in Attachment A, the possible violations identified in Attachment A have been mitigated. The respective Registered Entity has submitted a statement of completion of the mitigation activities to the Regional Entity. These mitigation activities are subject to verification by the Regional Entity via an audit, spot check, random sampling, or a request for information. These activities are described in Attachment A for each respective possible violation.

⁶ See *North American Electric Reliability Standards Development and NERC and Regional Entity Enforcement*, 132 FERC ¶ 61,217 at P.218 (2010)(encouraging streamlined administrative processes aligned with the significance of the subject violations).

⁷ See 18 C.F.R § 39.7(d)(7).

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Statement Describing the Resolution⁸

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, the October 26, 2009 Guidance Order and the August 27, 2010 Guidance Order,⁹ the NERC BOTCC reviewed the remediated issues included in this FFT on September 19, 2011. The NERC BOTCC approved the FFT based upon its 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 remediated issues.

Request for Confidential Treatment of Certain Attachments

Certain portions of Attachment A include confidential information as defined by the Commission's regulations at 18 C.F.R. Part 388 and orders, as well as NERC Rules of Procedure including the NERC CMEP Appendix 4C to the Rules of Procedure. This includes non-public information related to certain Reliability Standard possible violations and confidential information regarding critical energy infrastructure.

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

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

⁸ See 18 C.F.R § 39.7(d)(4).

⁹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, 132 FERC ¶ 61,182 (2010).

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Attachments to be included as Part of this FFT Informational Filing

The attachments to be included as part of this FFT Informational Filing are the following documents and material:

- a) Find Fix and Track Report Spreadsheet, included as Attachment A; and
- b) Additions to the service list, included as Attachment B.

A Form of Notice Suitable for Publication¹⁰

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

¹⁰ See 18 C.F.R § 39.7(d)(6).

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Notices and Communications

Notices and communications with respect to this filing may be addressed to the following as well as to the entities included in Attachment B to this FFT:

<p>Gerald W. Cauley President and Chief Executive Officer 3353 Peachtree Road NE Suite 600, North Tower Atlanta, GA 30326-1001 David N. Cook* Senior Vice President and General Counsel North American Electric Reliability Corporation 1120 G Street N.W., Suite 990 Washington, D.C. 20005-3801 david.cook@nerc.net</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. <i>See also</i> Attachment B for additions to the service list.</p>	<p>Rebecca J. Michael* Associate General Counsel for Regulatory and Corporate Matters 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</p>
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Conclusion

Handling these remediated issues in a streamlined process will help NERC, the Regional Entities, Registered Entities, and the Commission focus on improving reliability and holding Registered Entities accountable for the more serious violations of the mandatory and enforceable NERC Reliability Standards. Accordingly, NERC respectfully requests that the Commission accept this FFT as an informational filing compliant with its rules, regulations and orders.

Respectfully submitted,

/s/ Rebecca J. Michael

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and Regulatory Matters
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cc: Entities listed in Attachment B

Attachment a

**Fix and Track Report Spreadsheet
(Included in a Separate Document)**

Attachment b

Additions to the service list

ATTACHMENT B

REGIONAL ENTITY SERVICE LIST FOR SEPTEMBER 2011 FIND FIX AND TRACK REPORT (FFT) INFORMATIONAL FILING

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Attachment c
Notice of Filing

ATTACHMENT C

UNITED STATES OF AMERICA FEDERAL ENERGY REGULATORY COMMISSION

North American Electric Reliability Corporation

Docket No. RC11-____-000

NOTICE OF FILING September 30, 2011

Take notice that on September 30, 2011, the North American Electric Reliability Corporation (NERC) filed a FFT Informational Filing regarding fifty-nine (59) Registered Entities in eight (8) Regional Entity footprints.

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

Attachment 3

Notice of Filing

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

North American Electric Reliability Corp.)

Docket No. RC11-_-000

NOTICE OF PETITION REQUESTING APPROVAL OF NEW ENFORCEMENT
MECHANISMS AND SUBMITTAL OF INITIAL INFORMATIONAL FILING REGARDING
NERC'S EFFORTS TO REFOCUS IMPLEMENTATION OF ITS
COMPLIANCE MONITORING AND ENFORCEMENT PROGRAM

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Take notice that on September 30, 2011, North American Electric Reliability Corp. ("NERC") filed a Petition Requesting Approval of New Enforcement Mechanisms and Submittal of Initial Informational Filing Regarding NERC's Efforts to Refocus Implementation of Its Compliance Monitoring and Enforcement Program.

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 and 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. The Respondent's answer and all interventions, or protests must be filed on or before the comment date. The Respondent's answer, motions to intervene, and protests must be served on the Complainants.

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: 5:00 pm Eastern Time on (insert date).

Kimberly D. Bose
Secretary