



# INTEROFFICE MEMO

EUGENE WATER & ELECTRIC BOARD  
CORPORATE SERVICES DIVISION

*Rely on us.*

January 12, 2010

TO: Board President Brown, and Commissioners Cunningham, Cassidy, Ernst, and Farmer

FROM: Gene Austin, Auditor NERC Compliance Program  
Terry Bequette, Information Services Manager

RE: Update: NERC Compliance Program

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## Issue Statement

This memo is an update to the Board on the 2009 NERC Compliance Program activities and accomplishments, and the compliance activities and projects planned for 2010. Included in this update will be a status of EWEB's compliance activities related to Critical Infrastructure Protection.

## Background

### Acronyms:

FERC	Federal Energy Regulatory Commission
NERC	North American Electric Reliability Corporation
WECC	Western Electricity Coordinating Council

The North American Electric Reliability Corporation (NERC) is authorized by FERC to act as the Electric Reliability Organization. As such, NERC is authorized to develop mandatory Reliability Standards, monitor for compliance, levy penalties and sanctions for non-compliance, and determine remedial actions for owners, operators, and users of the bulk power system for violations. NERC conducts its work through the Western Electricity Coordinating Council (WECC) in the Western North American Region. WECC is EWEB's reliability compliance monitoring and enforcement agency.

EWEB's Executive Management Team is actively involved in compliance with the NERC Reliability Standards as members of the Reliability Council. Reliability Council members include designated electric utility executives and key staff who collectively are responsible to assure EWEB's compliance with NERC Reliability Standards. The Council collaborates to identify, understand, and resolve issues relative to system operations and reliability policies, strategies, and priorities that allow for compliance with the Standards.

The General Manager is the Chief Compliance Officer and chair of the Reliability Council, and authorized the development of EWEB's internal compliance program. Organization chart is attached.

**Discussion****2009 NERC Compliance –**

NERC Compliance activities made a big impact throughout EWEB in 2009 including Electric Operations, Systems Engineering, Power Resources, Information Services, Security, and Human Resources. This widespread effort was rewarded by a number of significant events in the 4th quarter on the year. Not the least of which was a perfect score EWEB received from the WECC Compliance Audit in October. Please see Attachment 2, The Year-in-Review.

**2009 – 2010 Compliance Projects –**

The two compliance projects that continue into 2010 are the Critical Infrastructure Protection (CIP) Compliance Project and the Transmission Operator (TOP) Compliance Project. Both projects are supported with EWEB Project Managers, staff, and outside consultants. Contracts with both Intellibind, Inc. and GDS Associates were approved by the Board during 2009.

EWEB declared compliance with CIP Standards on schedule, December 31, 2009. Intellibind worked with EWEB staff (IS, HR, and Security) to compile compliance documentation, develop and completed workforce training, and implementation of numerous new work practices to ensure physical and cyber security of our facility and technology infrastructure.

TOP Project activities underway include Operator Training for NERC Certification and numerous procedures that are under development with GDS Associates. In December EWEB completed its first drill to demonstrate our ability to continue to operate our facilities manually in the event of loss of operational controls and communication capability. Full-compliance with reliability standards associated with the TOP function will occur in June 2010.

**Settlement Agreements –**

In December 2008, EWEB requested to enter settlement discussions with WECC regarding two violations from 2007-2008. Mitigation Plans were completed and accepted by WECC. The settlement agreement was executed on April 6<sup>th</sup> and approved by NERC on December 30<sup>th</sup>.

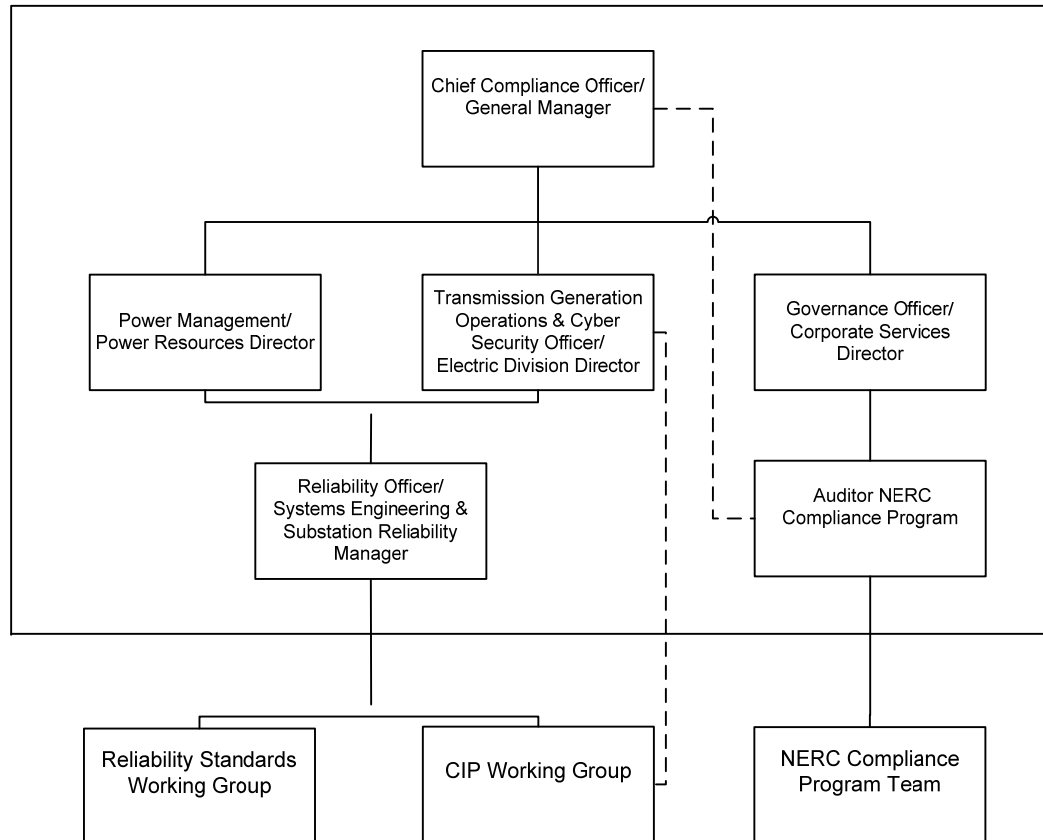
In August 2009, EWEB again requested to commence settlement discussions regarding six compliance violations, which EWEB self-reported during 2009. While several violations were dismissed, Mitigation Plans for confirmed violations completed on-schedule by year-end. Settlement discussions regarding these violations are underway and expected to complete in February.

A Confidentiality Agreement between EWEB and WECC regarding settlement discussions is still in effect. Hence, the details of these Agreements may not be discussed publicly until FERC final approval of the Agreements. Upon FERC approval all records will be made public.

**Recommendations/ Requested Action**

No action requested at this time. Staff will provide additional Board updates on the compliance activities related to NERC Reliability Standards and CIP Standards as appropriate or upon request.

# EWEB's Reliability Council



# EWEB's 2009 NERC Compliance Program

## The Year in Review

