



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

November 5, 2010

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

**Re: NERC Abbreviated Notice of Penalty regarding Minnesota Power [Allete, Inc.],
FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Minnesota Power [Allete, Inc.] (MP), with information and details regarding the nature and resolution of the violations¹ discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Documents (Attachment b), 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)).²

This NOP is being filed with the Commission because Midwest Reliability Organization (MRO) and MP have entered into a Settlement Agreement to resolve all outstanding issues arising from MRO's determination and findings of the enforceable violations of CIP-001-1 Requirement (R) 1, COM-002-2 R2, FAC-003-1 R1.5, PRC-005-1 R1 and PRC-008-0 R2. According to the Settlement Agreement, MP does not contest that the facts set forth and agreed to by the parties for purposes of the Settlement Agreement constitute violations of Reliability Standards and MP has agreed to the assessed penalty of sixty-two thousand five hundred dollars (\$62,500), 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 MR0200900090,

¹ For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

² *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).

MR0200900098, MR0200900092, MR0200900093 and MR0200900095 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on July 7, 2010, by and between MRO and MP and the Supplemental Record of Information issued by MRO on July 9, 2010. The details of the findings and the basis for the penalty are set forth in the Disposition Documents. This NOP 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, NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Duration	Total Penalty (\$)
NOC-396	MR0200900090	CIP-001-1	1	Medium	6/18/07-7/28/09	62,500
	MR0200900098	COM-002-2	2	Medium	4/02/08-4/02/08	
	MR0200900092	FAC-003-1	1.5	High	6/18/07-3/05/09	
	MR0200900093	PRC-005-1	1	High ³	6/18/07-1/21/09	
	MR0200900095	PRC-008-0	2	Medium	6/18/07-10/09/09	

The text of the Reliability Standards at issue and further information on the subject violations are set forth in the Disposition Documents.

As a result of a scheduled Compliance Audit of MP from March 16, 2009 through March 25, 2009, MRO determined that MP violated the subject standards as noted in the following:

CIP-001-1 R1 - OVERVIEW

MRO determined that MP, as a Balancing Authority, Transmission Operator, Generator Operator and Load Serving Entity, had a written procedure titled "Sabotage Recognition and Reporting," but the document did not expressly include a procedure for recognizing and identifying acts of sabotage.

³ When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a “Medium” VRF to PRC-005-1 R1. The Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified “High” VRF for PRC-005 R1 for approval. On August 9, 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 9, 2007.

COM-002-2 R2 - OVERVIEW⁴

MRO determined that MP, as a Transmission Operator, failed to issue a directive in a clear, concise, and definitive manner and did not ensure the recipient of the directive repeated the information back correctly.

FAC-003-1 R1.5 - OVERVIEW

MRO determined that MP, as a Transmission Owner, failed to document a process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage.

PRC-005-1 R1- OVERVIEW

MRO determined that MP, as a Transmission Owner, Distribution Provider and Generator Owner, failed to ensure that its Protection System Maintenance and Testing Program addressed maintenance and testing of station batteries and DC control circuitry.

PRC-008-1 R2- OVERVIEW

MRO determined that MP, as a Transmission Owner and Distribution Provider, failed to provide evidence of UFLS maintenance and testing records for four (4) devices representing approximately 8% of the total UFLS equipment devices.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁵

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,⁶ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on September 10, 2010. The NERC BOTCC approved the Settlement Agreement, including MRO's assessment of a sixty-two thousand five hundred dollar (\$62,500) financial penalty against MP 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. the violations constituted MP's first occurrence of violation of the subject NERC Reliability Standards;
2. MRO reported that MP was cooperative throughout the compliance enforcement process;

⁴ Based on the information presented at the Audit, MRO conducted a Spot Check on May 18, 2009 to confirm MP's non-compliance with COM-002-2 R2.

⁵ See 18 C.F.R. § 39.7(d)(4).

⁶ *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). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

3. MP's compliance program development and implementation was an above and beyond remedy in the Settlement Agreement, which MRO considered to be a mitigating factor in determining the penalty, as discussed in the Disposition Document;
4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. MRO determined that the violations did not pose a serious or substantial risk to the reliability of the bulk power system (BPS), as discussed in the Disposition Documents; and
6. MRO reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the assessed penalty of sixty-two thousand five hundred dollar (\$62,500) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30 day period following the filing of this NOP with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Attachments to be included as Part of this Notice of Penalty

The attachments to be included as part of this NOP are the following documents:

- a) Settlement Agreement by and between MRO and MP executed July 7, 2010, included as Attachment a;
- b) Disposition Document for Common Information included as Attachment b;
 1. Disposition Document for CIP-001-1 R1, included as Attachment b-1;
 2. Disposition Document for COM-002-2 R2, included as Attachment b-2;
 3. Disposition Document for FAC-003-1 R1.5, included as Attachment b-3;
 4. Disposition Document for PRC-005-1 R1, included as Attachment b-4;
 5. Disposition Document for PRC-008-0 R2, included as Attachment b-5;
- c) MRO's Compliance Audit Report and Spot Check Summary for MP's CIP-001-1 R1, COM-002-2 R2, FAC-003-1 R1.5, PRC-005-1 R1 and PRC-008-0 R2 violations, included as Attachment c;
- d) MP's CIP-001-1 R1 Mitigation Plan MIT-07-1915 submitted August 6, 2009, included as Attachment d;
- e) MP's FAC-003-1 R1.5 Mitigation Plan MIT-07-1916 submitted August 20, 2009, included as Attachment e;
- f) MP's PRC-005-1 R1 Mitigation Plan MIT-07-1908 submitted August 13, 2009, included as Attachment f;
- g) MP's Certification of Mitigation Plans MIT-07-1915, MIT-07-1916 and MIT-07-1908 Completion dated August 26, 2009, included as Attachment g;
- h) MRO's Verification of Mitigation Plans MIT-07-1915, MIT-07-1916 and MIT-07-1908 Completion dated October 16, 2009, included as Attachment h;
- i) MP's PRC-008-0 R2 Mitigation Plan MIT-07-2057 dated October 16, 2009, included as Attachment i;
- j) MP's Certification of Mitigation Plan MIT-07-2057 Completion dated October 19, 2009, included as Attachment j;
- k) MP's COM-002-2 R2 Mitigation Plan MIT-09-2306 submitted January 25, 2010, included as Attachment k;
- l) MP's Certification of Mitigation Plan MIT-09-2306 Completion dated March 29, 2010, included as Attachment l; and
- m) MRO's Verification of Mitigation Plans MIT-07-2057 and MIT-09-2306 Completion dated June 10, 2010, included as Attachment m.

A Form of Notice Suitable for Publication⁷

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

⁷ 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* Sr. Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, NJ 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Mr. Brad Oachs* Chief Operating Officer Minnesota Power [Allete, Inc.] 30 West Superior Street Duluth, MN 55802 (218) 723-3906 boachs@mnpower.com</p> <p>Bethany Owen* Director, TR Compliance Minnesota Power [Allete, Inc.] 30 West Superior Street Duluth MN 55802 (218) 355-2761 bowen@mnpower.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 North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net</p> <p>Daniel P. Skaar* President Midwest Reliability Organization 2774 Cleveland Avenue North Roseville, MN 55113 (651) 855-1731 dp.skaar@midwestreliability.org</p> <p>Sara E. Patrick* Director of Regulatory Affairs and Enforcement Midwest Reliability Organization 2774 Cleveland Avenue North Roseville, MN 55113 (651) 855-1708 se.patrick@midwestreliability.org</p>
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Conclusion

Accordingly, NERC respectfully requests that the Commission accept this Abbreviated NOP as compliant with its rules, regulations and orders.

Respectfully submitted,

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cc: Minnesota Power [Allete, Inc.]
Midwest Reliability Organization

Attachments

Attachment a

Settlement Agreement by and between MRO and MP executed July 7, 2010

**SETTLEMENT AGREEMENT
OF
MIDWEST RELIABILITY ORGANIZATION
AND
MINNESOTA POWER (ALLETE, INC.)**

I. Introduction

1. MIDWEST RELIABILITY ORGANIZATION (MRO) and MINNESOTA POWER (ALLETE, INC.) (MP) (NERC Compliance Registry ID# NCR00674) enter into this Settlement Agreement (Agreement) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in MRO'S determination and findings, pursuant to the North American Electric Reliability Corporation (NERC) Rules of Procedure, of violations by MP of the NERC Reliability Standards CIP-001-1, Requirement 1 (MRO200900090); COM-002-2, Requirement 2 (MRO200900098); FAC-003-1, Requirement 1.5 (MRO200900092); PRC-005-1, Requirement 1 (MRO200900093); and PRC-008-0, Requirement 2 (MRO200900095).

II. Stipulation

2. The facts stipulated herein are stipulated solely for the purpose of resolving between MP and MRO the matters discussed herein and do not constitute stipulations or admissions for any other purpose. MP and MRO hereby stipulate and agree to the following:

Background

3. MP is an operating division of ALLETE, Inc. ALLETE, Inc. is a diversified company focused on energy operations and real estate investments. MP provides electricity to 144,000 retail and 18 wholesale customers in a 26,000-square-mile electric service territory in northern and central Minnesota and northwestern Wisconsin.
4. MP's transmission consists of 8 miles of 500kV, 605 miles of 230kV, 126 miles of 138kV, 1,164 miles of 115kV and 465 miles of 250kV HVDC. MP has 38 interconnections (all synchronous). MP's net accredited generation capacity is 1,941 MW, 90% from coal fired units and the remaining from wind, hydro and bio-mass.

Alleged Violations

5. Since May 30, 2007, MP has been registered on the NERC Compliance Registry for the following functions: Transmission Operator, Balancing

Authority, Distribution Provider, Generator Operator, Generator Owner, Load Serving Entity, Purchasing-Selling Entity, Transmission Owner, Transmission Planner, and Resource Planner. From May 30, 2007 until February 8, 2010, MP was also registered on the NERC Compliance Registry as a Transmission Service Provider.

6. On March 16 through March 25, 2009, MRO conducted a scheduled Compliance Audit of MP. As a result of the Compliance Audit, MRO assessed MP as non-compliant with Reliability Standards CIP-001-1, R1; COM-002-2, R2; FAC-003-1, R1; PRC-005-1, R1; and PRC-008-0, R2.¹
7. MRO confirmed that MP was listed on the NERC Compliance Registry as a Balancing Authority, Generator Operator, Load Serving Entity, and Transmission Operator and that MP was therefore subject to the requirements of NERC Reliability Standard CIP-001-1, R1. As a Transmission Operator, MRO confirmed that MP was subject to the requirements of NERC Reliability Standard COM-002-2, R2. MRO confirmed that MP was listed on the NERC Compliance Registry as Transmission Owner and that MP was therefore subject to the requirements of NERC Reliability Standard FAC-003-1, R1. MRO confirmed that MP was listed on the NERC Compliance Registry as a Transmission Owner, Generation Owner that owns a generation protection system, and Distribution Provider that owns a transmission protection system and that MP was therefore subject to the Requirements of NERC Reliability Standard PRC-005-1, R1. Finally, MRO confirmed that as a Transmission Owner and Distribution Provider, MP was subject to the Requirements of NERC Reliability Standard PRC-008-0, R2.
8. Reliability Standard CIP-001-1 requires that Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, are reported to the appropriate systems, governmental agencies, and regulatory bodies. Requirement 1 of the Standard provides that each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making its operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.
9. Reliability Standard COM-002-2 ensures that Balancing Authorities, Transmission Operators, and Generator Operators have adequate

¹ The MRO Compliance Audit report indicated that six (6) possible violations were identified. Upon conducting a thorough facts and circumstances review, the MRO Enforcement staff dismissed the possible violations of Reliability Standards EOP-005-1, Requirement 1 and PRC-005-1, Requirement 2. Additionally, the MRO Compliance staff identified and validated the alleged violation of Reliability Standard COM-002-2, Requirement 2 based on information received during the compliance audit.

communications and that those communications capabilities are staffed and available for addressing a real-time emergency condition. Requirement 2 of the Standard provides that each Transmission Operator and Balancing Authority shall issue directives in a clear, concise, and definitive manner; shall ensure the recipient of the directive repeats the information back correctly; and shall acknowledge the response as correct or repeat the original statement to resolve any misunderstandings.

10. Reliability Standard FAC-003-1 seeks to improve the reliability of the electric transmission system by preventing outages from vegetation located on transmission rights-of-way and minimizing outages from vegetation located adjacent to rights-of-way, and reporting vegetation-related outages of the transmission systems to its Regional Entity and NERC. Requirement 1.5 of the Standard provides that each Transmission Owner shall establish and document a process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. This is so that action (temporary reduction in line rating, switching line out of service, etc.) may be taken until the threat is relieved.
11. Reliability Standard PRC-005-1 seeks to ensure that all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested. Requirement 1 provides that 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 maintenance and testing intervals and their basis, as well as a summary of maintenance and testing procedures.
12. Reliability Standard PRC-008-0 provides last resort system preservation measures by implementing an Under Frequency Load Shedding (UFLS) program. Requirement 2 provides that the Transmission Owner and Distribution Provider with a UFLS program shall implement its UFLS equipment maintenance and testing program and shall provide UFLS maintenance and testing program results to its Regional Entity and NERC on request (within 30 calendar days).
13. MRO staff reviewed the findings of the audit team, met with representatives from MP on June 2, 2009, conducted numerous telephone and email discussions with MP, and reviewed and evaluated MP's documentation. MRO concluded that MP had failed to include a procedure for the recognition of and for making its operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection. Although MP had a written procedure entitled "Sabotage Recognition and Reporting," the document did not

include a procedure for recognizing and identifying acts of sabotage as required by Reliability Standard CIP-001-1, R1.

14. While reviewing the documentation submitted by MP during the audit to demonstrate compliance with Reliability Standard IRO-001-0, R8, MRO staff identified a concern with Reliability Standard COM-002-2, R2. On April 2, 2008 at approximately 5:45am CDT, the Midwest ISO Reliability Coordinator notified the Minnesota Power Transmission Operator that the Midwest ISO was initiating the "FAST procedure" in order to relieve the overloaded condition on an IROL flowgate. The MP Transmission Operator was instructed to reduce the output of Boswell unit #3 to 160 MW. The FAST procedure is no longer a procedure recognized by the Midwest ISO Reliability Coordinator or by MP, and since the Reliability Coordinator did not identify its communication to MP as a directive, the MP Transmission Operator did not interpret the communication from the Midwest ISO to be a directive under COM-002-2. Nevertheless, the MP Transmission Operator contacted the Boswell 3 Generator Operator and instructed the Generator Operator to reduce the load on Boswell 3. Although the Generator Operator immediately complied with the instructions and backed-down the generator as requested, the directions from the Transmission Operator were not clear and concise, nor did the Transmission Operator ensure that the Generator Operator repeated back the instructions to verify there was no misunderstanding of the directive. The only responses to the Transmission Operator were, "alright" and "okay." Upon reviewing the voice recordings, MRO determined that the MP Transmission Operator did not issue the directive in a clear, concise, and definitive manner and did not ensure the recipient of the directive repeated the information back correctly as required by Reliability Standard COM-002-2, R2.
15. MRO staff reviewed the findings of the audit team and evaluated the MP Transmission Vegetation Management Program (TVMP) with an effective date of March 12, 2007. MRO determined that MP was non-compliant with Reliability Standard FAC-003-1, R1.5, because the TVMP did not include a documented process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. However, MP was able to provide evidence of reports of imminent threat of vegetation contact received and logged in the "System Operations Daily Log." These logged reports evidence that crews were aware of the process for reporting and were reporting imminent threats to the transmission system from vegetation conditions. MRO concluded that MP did not have a sufficiently documented TVMP detailing the procedures for all patrols to report imminent threats to the transmission system from vegetation conditions as required by Reliability Standard FAC-003-1, R1.5, prior to implementing a revised TVMP on March 5, 2009.
16. During the compliance audit, MRO determined that MP's current Protection System Maintenance and Testing program document satisfied the

requirements of Reliability Standard PRC-005-1, R1. The current version of the program document includes defined intervals, basis, and a summary of maintenance and testing procedures for protective relays, communication systems, voltage and current sensing devices, station batteries, and DC control circuitry. However, prior program documents did not include all required elements in the definition of "Protection System." The current, compliant program document was implemented on January 21, 2009.

17. MRO staff reviewed the audit findings, met with representatives from MP, and held numerous conference calls and email discussions regarding the maintenance and testing of its UFLS equipment. MRO determined that MP had failed to maintain and test 4 UFLS relays within the defined interval. One relay is owned by MP and was not in compliance due to a data entry error. The remaining 3 are not owned by MP, and are owned by an MP customer and located on that customer's site. The owner had determined these relays did not need to be tested. However, it is MP's responsibility to ensure that the UFLS equipment is maintained and tested according to its program document as required by Reliability Standard PRC-008-0, R2. There was a minimal amount of load connected to these relays, and as a result, MP continued to meet the MRO UFLS obligations.
18. In assessing the proposed penalty and sanctions associated with the alleged violations of Reliability Standards CIP-001-1, R1; FAC-003-1, R1.5; PRC-008-0, R2; and PRC-005-1, R1, MRO considered a number of factors, including that the risk to the bulk electric system of these alleged violations was very minimal.

MP updated its procedures for sabotage recognition in the Operating Guide for System Operators and updated MP System Operations Training was presented to the MP System Operators on April 22, 2009, within one month of the Compliance Audit. MP further demonstrated its commitment to compliance when the Sabotage Awareness Presentation developed by MP was posted as a streaming video on MP's internal employee training site on July 15, 2009. MP has also added Sabotage Recognition and Reporting to its employee handbook and qualified switching program.

MP's TVMP failed to document a process to ensure that all personnel were reporting imminent threats of outages due to vegetation contact. Although the program document was deficient, MP provided evidence demonstrating that those providing patrols were reporting imminent threats of vegetation contact. MRO determined that this violation did not pose a serious or substantial risk to the bulk power system because MP field crews were reporting these threats even though the program document did not expressly provide the process for reporting of such threats. Additionally, MRO considered that this violation by MP was mitigated prior to the Compliance Audit through the implementation of a revised TVMP effective on March 5, 2009.

At the time of the Compliance Audit, MP's Protection System Maintenance and Testing Program, with an effective date of January 21, 2009, satisfied the requirements of Reliability Standard PRC-005-1, R1. The current version of the program document includes defined intervals, basis, and a summary of maintenance and testing procedures for protective relays, communication systems, voltage and current sensing devices, station batteries, and DC control circuitry. However, prior program documents did not include all elements of the protection system.

Because these alleged violations were either quickly mitigated or had been mitigated prior to the Compliance Audit and were related to documentation deficiencies where MP had a documented procedure but was missing certain required elements, and with regard to vegetation management and protection system maintenance and testing provided evidence demonstrating that the work was being performed, MRO determined that they did not pose a serious or significant risk to the bulk electric system.

19. In assessing the proposed penalty and sanctions associated with the alleged violation of Reliability Standard COM-002-2, R2, MRO considered a number of factors, including that the risk to the bulk electric system of this alleged violation was moderate.

MRO considered that this alleged violation involved a directive to reduce generation according to the FAST procedure, which is no longer a recognized MISO procedure. The failure to provide a clear and concise directive and repeat back the directive, could pose a moderate risk to the bulk power system. However, although this particular instruction was not concise or repeated back, the Boswell #3 Generator Operator reduced the generation as directed, demonstrating that there was an understanding of the directive. MRO determined that the purpose of the reliability standard was met in that the communication was effective.

20. In assessing the proposed penalty and sanctions associated with the alleged violation of Reliability Standard PRC-008-0, R2, MRO considered a number of factors, including that the risk to the bulk electric system from this alleged violation was minimal. MP provided evidence of maintenance and testing for 92% of the UFLS equipment subject to PRC-008-0, R2. The violation concerned 4 UFLS devices that are identified as part of the MP UFLS program, but there was a minimal amount of load connected to these relays, and as a result, MP continued to meet the MRO UFLS obligations. MRO determined that this violation did not pose a serious or significant risk to the bulk electric system because it involved a very small number of devices and a small amount of load shed.

21. Throughout the process of reporting and validating the alleged violations, MP voluntarily and cooperatively provided timely, complete and accurate

information to MRO, as well as any relevant updates as more information was gathered. Finally, in assessing proposed penalties, MRO considered that these were the first violations by MP of Reliability Standards CIP-001-1, R1; COM-002-2, R2; FAC-003-1, R1.5; PRC-005-1, R1; and PRC-008-1, R2.

22. On May 22, 2009, MP requested the commencement of settlement discussions to resolve the allegations of the subject violations. Based on the initiation of settlement discussions, MP's cooperation and the progress towards closure of the alleged violations, MRO did not issue a formal Notice of Alleged Violations and Proposed Penalty or Sanction detailing the alleged violations of Reliability Standards CIP-001-1, R1; COM-002-2, R2; FAC-003-1, R1.5; PRC-005-1, R1; and PRC-008-0, R2.

III. PARTIES' SEPARATE REPRESENTATIONS

STATEMENT OF MRO AND SUMMARY OF FINDINGS

23. On March 16 through March 25, 2009, MRO conducted a scheduled Compliance Audit, both at its offices and on-site at the MP headquarters. MP was audited for 11 different functions, including: Transmission Operator, Transmission Service Provider, Balancing Authority, Distribution Provider, Generator Operator, Generator Owner, Load Serving Entity, Purchasing-Selling Entity, Transmission Owner, Transmission Planner, and Resource Planner. MRO staff conducted a compliance assessment resulting in the following facts and conclusions:
24. MRO staff determined that MP did not have a sufficiently documented procedure for the recognition of and for making its operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection as required by Reliability Standard CIP-001-0, R1.
25. Upon review of voice recordings from April 2, 2008, MRO discovered the MP personnel involved with transmission operations did not issue a directive in a clear, concise, and definitive manner and did not ensure the recipient of the directive repeated the information back correctly as required by Reliability Standard COM-002-2, R2.
26. MRO staff determined that, prior to March 5, 2009, MP did not have a sufficiently documented Transmission Vegetation Management Plan detailing the procedures for all patrols to report imminent threats to the transmission system from vegetation conditions as required by Reliability Standard FAC-003-1, R1.5.
27. Although MP demonstrated that it performed all of the testing required under PRC-005-1, MRO concluded that MP had failed to document all required elements in previously implemented versions of its Protection

System Maintenance and Testing Program. The May 9, 2007 program did not include station batteries and DC control circuitry. On February 26, 2008, MP implemented a revised program that included station batteries. However, the February 2008 program did not include DC control circuitry. The current program document, implemented on January 12, 2009 includes all required elements of the Protection System as required by Reliability Standard PRC-005-1, R2.

28. MRO determined that MP was not able to provide evidence of UFLS maintenance and testing records as required by Reliability Standard PRC-008-0, R2 for 4 devices representing approximately 8% of the total UFLS equipment devices as required by Reliability Standard PRC-008-0-, R2, but there was a minimal amount of load connected to these relays, and as a result, MP continued to meet the MRO UFLS obligations.
29. MRO agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of Bulk Power System reliability.

STATEMENT OF MP

30. For purposes of settlement and to avoid litigation, MP does not contest that the facts set forth and agreed to by the parties for purposes of this Agreement constitute violations of Reliability Standards CIP-001-1, R1; COM-002-2, R2; FAC-003-1, R1; PRC-005-1, R1; and PRC-008-0, R2.
31. MP has agreed to enter into this Settlement Agreement with MRO in connection with the alleged violations of Reliability Standards CIP-001-1, R1; COM-002-2, R2; FAC-003-1, R1.5; PRC-005-1, R1; and PRC-008-0, R2 to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. MP agrees that this agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

32. At a meeting with the MRO on January 29, 2010, MP described the following actions that it had taken to improve its NERC compliance program and to prevent recurrence of these alleged violations by MP and increase the reliability of the bulk electric system:
 - a. MP established its Transmission Regulatory Compliance Department in early 2009. The Department consists of a Director and a Compliance Specialist focused on developing, implementing, and continuously improving MP's compliance with NERC Reliability Standards. The Transmission Regulatory Compliance Department is charged with enhancing and administering MP's NERC Compliance Program. The creation of this new department and retention of these two qualified

individuals demonstrate MP's commitment to NERC compliance.

- b. In addition to the creation of the new Transmission Regulatory Compliance Department, MP's System Operations Department added a second System Operations Trainer to support the system simulator, enhance the switching training program, and improve MP's overall System Operator Training Program.
- c. MP also added a second Power System Outage Coordinator to support ongoing projects and provide consistent "in the room" support to the MP System Operators.
- d. MP has developed and implemented a written NERC Compliance Program Manual to provide a framework for continuous improvement in MP's processes and activities as they relate to the reliability of the Bulk Power System. The Compliance Program includes: (i) systems and protocols for monitoring, identifying, preventing, reporting and correcting violations, (ii) development of annual compliance objectives, (iii) training and orientation requirements, and (iv) establishment of the cross-functional NERC Compliance Steering Committee. Other compliance program activities include reporting to ALLETE senior management and Board of Directors, periodic self-evaluations to measure compliance, and additional activities that have been implemented throughout 2009 to continue to raise awareness and visibility of MP's NERC Compliance Program and to emphasize the importance of maintaining the reliability of the Bulk Power System. MP's NERC Compliance Program Manual was approved by the NERC Compliance Steering Committee and finalized for distribution to all MP employees on January 25, 2010.
- e. In order to implement its comprehensive NERC Compliance Program, MP purchased a comprehensive standards-tracking software program in December 2008. This standards-tracking program became fully operational and integrated into MP's compliance program beginning in January 2010. The program includes a customized Reliability Standards mapping process which allows MP to manage its compliance policies, procedures, and required evidence of compliance in one master file. These "Document Maps" are being implemented for each individual Reliability Standard. This customized process involves a corporate-wide document standardization initiative and a peer review process to review the compliance policies, procedures, and required evidence prior to presentation to, and approval by, the NERC Compliance Steering Committee and the Authorizing Officer. MP intends to have all applicable Reliability Standard "Document Maps" completed by October 31, 2010. The time, effort and expense associated with purchasing and integrating the software program, developing the Document Maps, and standardizing and approving all NERC compliance documentation are significant and demonstrate MP's

commitment to improving its NERC compliance program and to preserving the reliability of the Bulk Power System.

- f. MP established a Transmission Regulatory Compliance Intranet website, which serves as an internal reference for any questions related to NERC Compliance and MP's NERC Compliance Program and as an information resource for all employees. The site includes links to both internal and external resources. This Intranet site was active and available to all employees beginning on January 28, 2010.
33. In addition to all of the commitments that MP has made as described above, for purposes of settling any and all disputes arising from MRO's assessment into the matters discovered during the Compliance Audit of MP, MRO and MP agree that on and after the effective date of this Agreement, MP shall take the following action:

MP shall pay a monetary penalty of \$62,500 to MRO, via wire transfer or check to an MRO account that will be outlined in an invoice sent to MP within twenty days after the Agreement is either approved by the Commission or is rendered effective by operation of law. Payment of this invoice shall be made within thirty days after the receipt of the invoice, and MRO shall notify NERC if the payment is not received.
 34. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement, shall be deemed to be either the same alleged violations that initiated this Settlement and/or additional violation(s) and may subject MP to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
 35. If MP does not make the monetary penalty payment above at the times agreed by the parties, interest payable to MRO will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above.

V. ADDITIONAL TERMS

36. The signatories to the Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of MRO or MP has been made to induce the signatories or any other party to enter into the Agreement.
37. MRO shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will

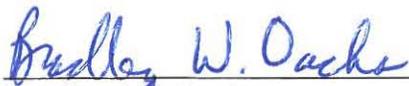
either approve the settlement or reject the settlement and notify MRO and MP of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and MRO will attempt to negotiate a revised settlement agreement with MP including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.

38. The Agreement will be submitted to the Commission and will be subject to Commission review pursuant to section 39.7 of the Commission's regulations.
39. This Agreement shall become effective upon NERC and the Commission's approval of the Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
40. MP agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and MP waives its right to further hearings and appeal, unless and only to the extent that MP contends that any NERC or Commission action on the Agreement contains one or more material modifications to the Agreement. MRO reserves all rights to initiate enforcement, penalty, or sanction actions against MP in accordance with the NERC Rules of Procedure in the event that MP fails to comply with the mitigation plan and compliance program agreed to in this Agreement. In the event MP fails to comply with any of the stipulations, remedies, sanctions, or additional terms, as set forth in this Agreement, MRO will initiate enforcement, penalty, or sanction actions against MP to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. MP shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
41. MP consents to the use of MRO'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 MP 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 MRO, nor does MP consent to the use of this Agreement by any other party in any other action or proceeding.

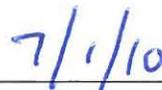
42. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.
43. The undersigned representative of each party affirms that he or she has read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Agreement.
44. The Agreement may be signed in counterparts.
45. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

***Remainder of page intentionally blank.
Signatures to be affixed to the following page.***

Agreed to and accepted:



Bradley W. Oachs
Chief Operating Officer
Minnesota Power



Date



Daniel P. Skaar
President
Midwest Reliability Organization



Date



Sara E. Patrick
Dir. of Regulatory Affairs and Enforcement
Midwest Reliability Organization



Date

Attachment b

Disposition Document for Common Information

power. Another wind generation facility of 25 MW was built in 2008 by MP in Mountain Iron, Minn. on property owned by U.S. Steel. MP sells a high percentage of its electric power to large industrial facilities. Ten of MP's customers require 10 MW or more of generating capacity. MP's transmission consists of 8 miles of 500 kV, 605 miles of 230 kV, 126 miles of 138 kV, 1,164 miles of 115 kV and 465 miles of 250 kV high-voltage, direct current facilities (HVDC). MP has 38 interconnections (all synchronous).

IS THERE A SETTLEMENT AGREEMENT YES NO

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES

ADMITS TO IT YES

DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES

II. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **\$62,500** FOR **FIVE** VIOLATIONS OF **FIVE** RELIABILITY STANDARDS.

(1) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER

YES NO

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES NO

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

(2) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION YES NO
IF NO, EXPLAIN

(3) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM⁵
YES NO UNDETERMINED
EXPLAIN

MP took the following actions as a result of settling these violations to improve its NERC compliance program⁶ and to prevent recurrence of violations which MRO considered to be a mitigating factor in determining the penalty.

- 1. MP established its Transmission Regulatory Compliance Department in early 2009. The Department consists of a Director and a Compliance Specialist focused on developing, implementing, and continuously improving MP's compliance with NERC Reliability Standards. The Department is charged with enhancing and administering MP's NERC Compliance Program.**
- 2. In addition to the creation of the new Department, MP's System Operations Department added a second System Operations Trainer to support the system simulator, enhance the switching training program, and improve MP's overall System Operator Training Program.**
- 3. MP also added a second Power System Outage Coordinator to support ongoing projects and provide consistent "in the room" support to the MP System Operators.**
- 4. MP has developed and implemented a written NERC Compliance Program Manual to provide a framework for continuous improvement in MP's processes and activities as they relate to the reliability of the BPS. The Compliance Program includes: (i) systems and protocols for monitoring, identifying, preventing,**

⁵ MRO considered the ICP to be a mitigating factor in determining the penalty.

⁶ Prior to these improvements, MP was operating under Allete Inc.'s ICP and did not have an ICP specific to MP. MP is the only entity within Allete Inc.'s corporate structure that is included on the NERC Compliance Registry.

reporting and correcting Violations, (ii) development of annual compliance objectives, (iii) training and orientation requirements, and (iv) establishment of the cross-functional NERC Compliance Steering Committee. Other compliance program activities include reporting to MP senior management and Board of Directors, periodic self-evaluations to measure compliance, and additional activities that have been implemented throughout 2009 to continue to raise awareness and visibility of MP's NERC Compliance Program and to emphasize the importance of maintaining the reliability of the BPS. MP's NERC Compliance Program Manual was approved by the NERC Compliance Steering Committee and finalized for distribution to all MP employees on January 25, 2010.

- 5. In order to implement its comprehensive NERC Compliance Program, MP purchased a comprehensive standards-tracking software program in December 2008. This standards-tracking program became fully operational and integrated into MP's compliance program beginning in January 2010. The program includes a customized Reliability Standards mapping process which allows MP to manage its compliance policies, procedures, and required evidence of compliance in one master file. These "Document Maps" are being implemented for each individual Reliability Standard. This customized process involves a corporate-wide document standardization initiative and a peer review process to review the compliance policies, procedures, and required evidence prior to presentation to, and approval by, the NERC Compliance Steering Committee and the Authorizing Officer. MP completed the applicable Reliability Standard "Document Maps" on June 28, 2010.**
- 6. MP established a Transmission Regulatory Compliance Intranet website, which serves as an internal reference for any questions related to NERC Compliance and MP's NERC Compliance Program and as an information resource for all employees. The site includes links to both internal and external resources. This Intranet site was active and available to all employees beginning on January 28, 2010.**
- 7. Senior executive management met frequently with MRO during the enforcement process in order to demonstrate MP's commitment to Compliance. In addition, senior management attends workshops focused on Compliance, Lessons Learned and Better Practices.**

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM, INCLUDING WHETHER SENIOR MANAGEMENT TAKES ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE.

See above

(4) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION(S) OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES NO
IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION(S) WERE INTENTIONAL (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES NO
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES NO
IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES NO
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES NO
IF YES, EXPLAIN

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED

DATE: OR N/A

SETTLEMENT DISCUSSIONS COMMENCED

DATE: 5/22/09 OR N/A

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A

SUPPLEMENTAL RECORD INFORMATION

DATE: 7/09/10 OR N/A

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS PENALTY BOTH NO CONTEST

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

Disposition Document for CIP-001-1 R1

DISPOSITION OF VIOLATION

Dated September 10, 2010

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.
MRO200900090	MRO200900090

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
CIP-001-1	1		MEDIUM	HIGH

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
X			X		X							X		

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of CIP-001-1 provides: “Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies.”

Reliability Standard CIP-001-1:

R1. Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection.

VIOLATION DESCRIPTION

From March 16, 2009 through March 25, 2009, MRO conducted a scheduled Compliance Audit of MP. MRO reviewed the findings of the audit team, met with representatives from MP on June 2, 2009, conducted numerous telephone and e-mail discussions with MP, and reviewed and evaluated MP's documentation.

MRO concluded that MP had failed to include a procedure for the recognition of sabotage events on its facilities and multi-site sabotage affecting larger portions of the Interconnection. Although MP had a written procedure entitled "Sabotage Recognition and Reporting," the document did not include a procedure for recognizing and identifying acts of sabotage as required by the Standard.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because MP had a documented procedure and had provided training.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) 6/18/07 (when the Standard became mandatory and enforceable) through 7/28/09 (when MP implemented a revised Sabotage Recognition and Reporting plan that included a procedure for recognizing and identifying acts of sabotage)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 3/16/09-3/25/09

IS THE VIOLATION STILL OCCURRING YES NO
 IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES NO
 PRE TO POST JUNE 18, 2007 VIOLATION YES NO

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-1915**
 DATE SUBMITTED TO REGIONAL ENTITY **8/06/09**
 DATE ACCEPTED BY REGIONAL ENTITY **8/24/09**
 DATE APPROVED BY NERC **8/25/09**
 DATE PROVIDED TO FERC **8/25/09**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE
NONE

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE 7/28/09
 EXTENSIONS GRANTED NONE
 ACTUAL COMPLETION DATE 7/28/09

DATE OF CERTIFICATION LETTER 8/26/09
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF 7/28/09

DATE OF VERIFICATION LETTER 10/16/09
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF 7/28/09

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
 RECURRENCE

The Department of Homeland Security issued a "Terrorist Recognition Handbook – A Practitioner's Manual for Predicting and Identifying Terrorist Activities on March 27, 2009. Information from this manual and updated information from neighboring area guides were used to update the procedures for sabotage recognition in MP's *Operating Guide for System Operators*. In addition, the MP System Operations Trainer put together a PowerPoint presentation containing this information, and presented it to the System Operators on April 22, 2009.

On July 15, 2009, the Sabotage Awareness PowerPoint Presentation was posted as a streaming video on MP's internal employee training site (mediasite). On July 23, 2009, a section was added to the *Minnesota Power Employee Handbook* outlining Sabotage Recognition and Reporting. On July 28, 2009, an internal newsletter article was published outlining the need for Sabotage Recognition and Reporting and making employees aware of the changes to the handbook as well as the availability of the PowerPoint training materials on the internal media site. Also on July 28, 2009, an e-mail alert was sent to all employees making them aware of the Powergram article.

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE
 COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN
 WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE
 REVIEWED FOR COMPLETED MILESTONES)

- 1. MP's *Operating Guide for System Operators*;**
- 2. the Sabotage Awareness Presentation part of the 'Systems Operations Training;'**
- 3. the revised MP Employee Handbook;**

4. **an MP newsletter article in its internal newsletter making employees aware of the changes to the handbook and the availability of the training materials on its internal employee training site; and**
5. **the e-mail distributed to MP employees alerting them to the newsletter.**

EXHIBITS:

SOURCE DOCUMENT

Minnesota Power Non-Public Compliance Audit Report Summary and Spot Check Summary, conducted on March 24, 2009

MITIGATION PLAN

Mitigation Plan submitted on August 6, 2009

CERTIFICATION BY REGISTERED ENTITY

Certification of Mitigation Plan Completion dated August 26, 2009

VERIFICATION BY REGIONAL ENTITY

Verification of Mitigation Plan Completion dated October 16, 2009

Disposition Document for COM-002-2 R2

DISPOSITION OF VIOLATION
Dated September 10, 2010

NERC TRACKING NO. MRO200900090 REGIONAL ENTITY TRACKING NO. MRO200900090

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
COM-002-2	2		Medium	High

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
												X		

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of COM-002-2 provides in pertinent part: "...Balancing Authorities, Transmission Operators, and Generator Operators have adequate communications and that these communications capabilities are staffed and available for addressing a real-time emergency condition. To ensure communications by operating personnel are effective."

Reliability Standard COM-002-2 R2 provides: "Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall issue directives in a clear, concise, and definitive manner; shall ensure the recipient of the directive repeats the information back correctly; and shall acknowledge the response as correct or repeat the original statement to resolve any misunderstandings."

VIOLATION DESCRIPTION

From March 16, 2009 through March 25, 2009, MRO conducted a scheduled compliance audit (Audit) of MP and subsequently identified a concern regarding MP's compliance with COM-002-2 R2. Based on the information presented at the Audit, MRO conducted a Spot Check on May 18, 2009 to confirm MP's non-compliance with COM-002-2 R2.

On April 2, 2008 at approximately 5:45am CDT, the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) Reliability Coordinator notified the MP Transmission Operator that the Midwest ISO was initiating the "FAST procedure" in order to relieve the overloaded condition on an IROL flowgate. The MP Transmission Operator was instructed to reduce the output of Boswell unit #3

to 160 MW. The FAST procedure is no longer a procedure recognized by the Midwest ISO Reliability Coordinator or by MP, and since the Reliability Coordinator did not identify its communication to MP as a directive, the MP Transmission Operator did not interpret the communication from the Midwest ISO to be a directive under COM-002-2. Nevertheless, the MP Transmission Operator contacted the Boswell unit #3 Generator Operator and instructed the Generator Operator to reduce the load on Boswell unit #3. Although the Generator Operator immediately complied with the instructions and backed-down the generator as requested, the directions from the Transmission Operator were not clear and concise, nor did the Transmission Operator ensure that the Generator Operator repeated back the instructions to verify there was no misunderstanding of the directive. The only responses to the Transmission Operator were, "alright" and "okay." Upon reviewing the voice recordings, MRO determined that the MP Transmission Operator did not issue the directive in a clear, concise, and definitive manner and did not ensure the recipient of the directive repeated the information back correctly as required by the Standard.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that the violation did not pose a serious and substantial risk to the reliability of the bulk power system (BPS) because, although this particular instruction was not concise or repeated back, the Boswell unit #3 Generator Operator reduced the generation as directed, demonstrating that there was an understanding of the directive.

MRO determined that the failure of the MP Transmission Operator to provide a clear and concise directive and have the directive repeated back could pose a moderate risk to the BPS. Nevertheless, had the Generator Operator not understood the directive, the Reliability Coordinator was continuously monitoring the voltage and would have followed up if the directive was not followed.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) **This is an event driven violation which occurred on 4/02/08**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **5/18/09**

IS THE VIOLATION STILL OCCURRING YES NO
 IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES NO
 PRE TO POST JUNE 18, 2007 VIOLATION YES NO

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	MIT-09-2306
DATE SUBMITTED TO REGIONAL ENTITY	1/25/10
DATE ACCEPTED BY REGIONAL ENTITY	1/28/10
DATE APPROVED BY NERC	2/08/10
DATE PROVIDED TO FERC	2/09/10

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

NONE

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE	4/30/10
EXTENSIONS GRANTED	NONE
ACTUAL COMPLETION DATE	3/2/10

DATE OF CERTIFICATION LETTER	3/29/10
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	3/2/10

DATE OF VERIFICATION LETTER	6/10/10
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	3/2/10

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

MP updated its Communication Procedure (MP-OP-001), which now clearly defines the telephone communications protocol to be utilized by the MP System Operator when communicating with the Midwest ISO and all MP Operating Personnel. Additionally, the updated procedure clarifies the responsibilities of the MP System Operator and Operating Personnel when either issuing or receiving Reliability Directives and communicating other real-time operating conditions that affect or could impact the Bulk Power System.

MP distributed its updated communication procedure to all MP Operating areas. In addition, MP expanded its Qualified Switching Training Program

to include a review and discussion of this procedure. All Operating Personnel are required to complete the Qualified Switching Training Program on a regular basis.

In addition, MP ensured that MP Operating Personnel are adequately informed and trained on the telephone communications protocol described in the Communication Procedure (MP-OP-001).

- a) By February 28, 2010, all MP System Operators reviewed the updated Communication Procedure (MP-OP-001) and signed the checklist stating that they read and understood the new procedure.**
- b) By February 28, 2010, the MP System Operations Training administrator developed a training program that covers the proper procedure for giving and receiving Reliability Directives and the need for three-way communication.**
- c) By March 2, 2010, all MP System Operators completed the training program described above.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED FOR COMPLETED MILESTONES)

- a) Updated Communications Procedure (*MP-OP-001*),**
- b) Roster showing that all MP System Operators completed Communication Procedure training,**
- c) MP's NERC approved training program; and**
- d) a checklist indicating all MP Systems Operators reviewed and signed off on the updated Communication Procedure.**

EXHIBITS:

SOURCE DOCUMENT

Minnesota Power Non-Public Compliance Audit Report Summary and Spot Check Summary , conducted on March 24, 2009 and May 18, 2009

MITIGATION PLAN

Mitigation Plan submitted on January 25, 2010

CERTIFICATION BY REGISTERED ENTITY

Certification of Mitigation Plan Completion dated March 29, 2010

VERIFICATION BY REGIONAL ENTITY

Verification of Mitigation Plan Completion dated June 10, 2010

Disposition Document for FAC-003-1 R1.5

DISPOSITION OF VIOLATION
Dated September 10, 2010

NERC TRACKING NO. **MRO200900092** REGIONAL ENTITY TRACKING NO. **MRO200900092**

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
FAC-003-1	1	1.5	High	Severe

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
											X			

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of FAC-003-1 provides:

To improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines and vegetation on and along transmission ROW, and reporting vegetation-related outages of the transmission systems to the respective Regional Reliability Organizations (RRO) and the North American Electric Reliability [Corporation] (NERC).

FAC-003-1 R1 provides in pertinent part:

R1. The Transmission Owner shall prepare, and keep current, a formal transmission vegetation management program (TVMP). The TVMP shall include the Transmission Owner's objectives, practices, approved procedures, and work specifications.¹

R1.5. Each Transmission Owner shall establish and document a process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. This is so that action (temporary reduction in line rating, switching line out of service, etc.) may be taken until the threat is relieved.

¹ ANSI A300, Tree Care Operations – Tree, Shrub, and Other Woody Plant Maintenance – Standard Practices, while not a requirement of this standard, is considered to be an industry best practice.

VIOLATION DESCRIPTION

From March 16, 2009 through March 25, 2009, MRO conducted a scheduled Compliance Audit of MP. MRO staff determined that, prior to March 5, 2009, MP did not have a sufficiently documented TVMP detailing the procedures for all patrols to report imminent threats to the transmission system from vegetation conditions as required by the Standard. However, MP was able to provide evidence of reports of imminent threat of vegetation contact received and logged in the "System Operations Daily Log." These reports show that the crews were aware of the process for reporting and were reporting imminent threats to the transmission system from vegetation conditions.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined the violation related to a documentation deficiency in which MP's TVMP failed to document a process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. Although the program document was deficient, MP provided evidence demonstrating that MP crews were reporting imminent threats of vegetation contact. MRO determined that this violation did not pose a serious or substantial risk to the BPS because MP field crews were reporting these threats even though the program document did not expressly provide the process for reporting of such threats.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) 6/18/07 (when the Standard became mandatory and enforceable) through 3/05/09 (when MP implemented a revised TVMP document which includes a procedure for imminent threat notification by MP field crews and contract personnel providing ground patrols)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 3/16/09-3/25/09

IS THE VIOLATION STILL OCCURRING YES NO
 IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	MIT-07-1916
DATE SUBMITTED TO REGIONAL ENTITY	8/20/09
DATE ACCEPTED BY REGIONAL ENTITY	8/24/09
DATE APPROVED BY NERC	8/25/09
DATE PROVIDED TO FERC	8/25/09

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

NONE

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE	3/05/09
EXTENSIONS GRANTED	NONE
ACTUAL COMPLETION DATE	3/05/09

DATE OF CERTIFICATION LETTER	8/26/09
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF	3/05/09

DATE OF VERIFICATION LETTER	10/16/09
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	3/05/09

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

In early 2009, MP revised one of its documented procedures (*Aerial and Ground Vegetation Survey Protocol*) regarding vegetation management to specifically address the imminent threat reporting obligations under FAC-003-1. In addition, on March 4, 2009, to more specifically relate to FAC-003-1, R1.5, MP issued an internal e-mail to all field personnel outlining the requirement to report any vegetation conditions that may present an imminent threat to the transmission system.

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED FOR COMPLETED MILESTONES)

1. *Aerial and Ground Vegetation Survey Protocol* dated March 5, 2009.
2. MP System Operator Logs dated March 1, 2007 and December 12, 2007. This evidence demonstrates that MP field crews are aware of

the need to report imminent threats and do so as part of their day-to-day activities

EXHIBITS:

SOURCE DOCUMENT

Minnesota Power Non-Public Compliance Audit Report Summary and Spot Check Summary , conducted on March 24, 2009

MITIGATION PLAN

Mitigation Plan submitted on August 20, 2009

CERTIFICATION BY REGISTERED ENTITY

Certification of Mitigation Plan Completion dated August 26, 2009

VERIFICATION BY REGIONAL ENTITY

Verification of Mitigation Plan Completion dated October 16, 2009

Disposition Document for PRC-005-1 R1

DISPOSITION OF VIOLATION
Dated September 10, 2010

NERC TRACKING NO. **MRO200900093** REGIONAL ENTITY TRACKING NO. **MRO200900093**

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-005-1	1		High¹	High

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
	X	X									X			

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of PRC-005-1 provides: “To ensure all transmission and generation Protection Systems^[2] affecting the reliability of the Bulk Electric System (BES) are maintained and tested.” (footnote added)

PRC-005-1 R1 provides:

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

R1.1. Maintenance and testing intervals and their basis.

R1.2. Summary of maintenance and testing procedures.

¹ When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a “Medium” VRF to PRC-005-1 R1. The Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified “High” VRF for PRC-005 R1 for approval. On August 9, 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 9, 2007.

² *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as “Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry.”

VIOLATION DESCRIPTION

From March 16, 2009 through March 25, 2009, MRO conducted a scheduled compliance audit (Audit) of MP. Based on that Audit, MRO found that MP's Protection System Maintenance and Testing Program document, prior to January 21, 2009, did not include all elements of the Protection System. Specifically, MP's Program documentation failed to address maintenance and testing of station batteries and DC control circuitry.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined the violation posed minimal risk to the BPS because despite the failure of MP's prior document to specifically address the maintenance and testing of station batteries and DC control circuitry, MP was able to provide evidence that station batteries and DC control circuitry were being maintained and tested.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) 6/18/07 (when the Standard became mandatory and enforceable) through 1/21/09 (when MP implemented an updated, comprehensive Protection System Maintenance and Testing Program that included all required protection system devices)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 3/16/09-3/25/09

IS THE VIOLATION STILL OCCURRING YES NO
 IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES NO
 PRE TO POST JUNE 18, 2007 VIOLATION YES NO

EXHIBITS:

SOURCE DOCUMENT

Minnesota Power Non-Public Compliance Audit Report Summary and Spot Check Summary, conducted on March 24, 2009

MITIGATION PLAN

Mitigation Plan submitted on August 13, 2009

CERTIFICATION BY REGISTERED ENTITY

Certification of Mitigation Plan Completion dated August 26, 2009

VERIFICATION BY REGIONAL ENTITY

Verification of Mitigation Plan Completion dated October 16, 2009

Disposition Document for PRC-008-0 R2

DISPOSITION OF VIOLATION
Dated September 10, 2010

NERC TRACKING NO. MRO200900095 REGIONAL ENTITY TRACKING NO. MRO200900095

I. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
PRC-008-0	2		Medium	Lower

VIOLATION APPLIES TO THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
	X													

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

The purpose statement of PRC-008-0 provides: “Provide last resort system preservation measures by implementing an Under Frequency Load Shedding (UFLS) program.”

PRC-008-0 R2 provides:

R2. The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall implement its UFLS equipment maintenance and testing program and shall provide UFLS maintenance and testing program results to its Regional Reliability Organization and NERC on request (within 30 calendar days).

VIOLATION DESCRIPTION

From March 16, 2009 through March 25, 2009, MRO conducted a scheduled compliance audit (Audit) of MP. Based on the Audit, MRO determined that MP had failed to maintain and test four (4) UFLS relays (8%) within the defined interval. One relay is owned by MP and was not in compliance due to a data entry error. The remaining 3 relays are not owned by MP, and are owned by an MP customer and located on that customer's site. The owner had determined these relays did not need to be tested. Nevertheless, it was MP's responsibility to ensure that the UFLS equipment is maintained and tested according to its program document.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because it involved a very small number of devices and a small amount of load that would have been shed if the devices were called upon.

II. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- SELF-REPORT
- SELF-CERTIFICATION
- COMPLIANCE AUDIT
- COMPLIANCE VIOLATION INVESTIGATION
- SPOT CHECK
- COMPLAINT
- PERIODIC DATA SUBMITTAL
- EXCEPTION REPORTING

DURATION DATE(S) 6/18/07 (when the Standard became mandatory and enforceable) through 10/09/09 (when MP completed Mitigation Plan MIT-07-2057)

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 3/16/09-3/25/09

IS THE VIOLATION STILL OCCURRING

YES NO

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES NO

PRE TO POST JUNE 18, 2007 VIOLATION YES NO

III. MITIGATION INFORMATION

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO.	MIT-07-2057
DATE SUBMITTED TO REGIONAL ENTITY	10/16/09
DATE ACCEPTED BY REGIONAL ENTITY	10/16/09
DATE APPROVED BY NERC	10/26/09
DATE PROVIDED TO FERC	10/26/09

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

NONE

MITIGATION PLAN COMPLETED YES NO

EXPECTED COMPLETION DATE 10/09/09
 EXTENSIONS GRANTED N/A
 ACTUAL COMPLETION DATE 10/09/09

DATE OF CERTIFICATION LETTER 10/19/09
 CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF 10/09/09

DATE OF VERIFICATION LETTER 6/10/10
 VERIFIED COMPLETE BY REGIONAL ENTITY AS OF 10/09/09

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT
 RECURRENCE

- a) **On March 26, 2009, the day after this issue was identified during the Compliance Audit, MP immediately tested the Hibbing Substation UFLS and updated the Maximo database.**
- b) **MP also re-checked test dates for all UFLS systems in Maximo to verify that the test dates matched the test documentation. This re-check was completed on April 27, 2009. Maximo records showed that all tests had been completed within the proper time frames. While Maximo showed all relays had been tested, one of the associated physical records could not be located, so MP re-tested that relay on April 23, 2009.**
- c) **On October 9, 2009, MP received documentation confirming that testing of the three Hibbing Taconite owned UFLS relays is complete.**
- d) **MP will continue to check that testing documentation is received and filed for each UFLS system and will insure that all completed relay maintenance work orders are closed out by the end of the year.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE
 COMPLETION OF MITIGATION PLAN OR MILESTONES (FOR CASES IN
 WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE
 REVIEWED FOR COMPLETED MILESTONES)

**Evidence demonstrating that the four (4) UFLS relays had been maintained
 and tested.**

MP's Protection Systems Preventative Maintenance Plan.

MP's UFLS list and drawings.

Customer UFLS test records.

Tech Systems Preventative Maintenance Last Tested List.

EXHIBITS:

SOURCE DOCUMENT

Minnesota Power Non-Public Compliance Audit Report Summary and Spot Check Summary, conducted on March 24, 2009

MITIGATION PLAN

Mitigation Plan submitted October 16, 2009

CERTIFICATION BY REGISTERED ENTITY

Certification of Mitigation Plan Completion dated October 19, 2009

VERIFICATION BY REGIONAL ENTITY

Verification of Mitigation Plan Completion of dated June 10, 2010

Attachment c

MRO's Compliance Audit Report and Spot Check Summary for MP's CIP-001-1 R1, COM-002-2 R2, FAC-003-1 R1.5, PRC-005-1 R1 and PRC- 008-0 R2 violations

Compliance Audit Requirements Summary

Compliance Audit Details:

Entity: Minnesota Power (Allete, Inc.) (MP)

Program Year: 2009

Conducted On: Mar 24, 2009

Status: Submitted

Requirement	Description	Status	Compliant
CIP-001-1 R1	Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load-Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi site sabotage affecting larger portions of the Interconnection.	Submitted	<input type="text" value="No"/>
EOP-005-1 R1 ¹	Each Transmission Operator shall have a restoration plan to reestablish its electric system in a stable and orderly manner in the event of a partial or total shutdown of its system, including necessary operating instructions and procedures to cover emergency conditions, and the loss of vital telecommunications channels. Each Transmission Operator shall include the applicable elements listed in Attachment 1-EOP-005 in developing a restoration plan.	Submitted	<input type="text" value="No"/>
FAC-003-1 R1	The Transmission owner shall prepare, and keep current, a formal transmission vegetation management (TVM). The TVMP shall include the Transmission Owner's objectives, practices, approved procedures, and work Specifications. 1. ANSI A300, Tree Care Operations - Tree, Shrub, and Other Woody Plant Maintenance - Standard Practices, while not a requirement of this standard, is considered to be an industry best practice.	Submitted	<input type="text" value="No"/>

¹ EOP-005-1, R1 was dismissed by MRO on June 25, 2009

PRC-005-1
R1

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

Submitted

PRC-005-1
R2²

Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

Submitted

PRC-008-0
R2

The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall implement its UFLS equipment maintenance and testing program and shall provide UFLS maintenance and testing program results to its Regional Reliability Organization and NERC on request (within 30 calendar days).

Submitted

² PRC-005-1, R2 was dismissed by MRO on July 29, 2009

Spot Check Entity

Program Year: 2009

Entity: Minnesota Power (Allete, Inc.) (MP)

Reason for Spot Check: Operating Issue

Start Date: May 18, 2009

Due Date: Jun 8, 2009

Status: Closed

Functions:

Balancing Authority (BA)

Distribution Provider (DP)

Generator Operator (GOP)

Generator Owner (GO)

Load Serving Entity (LSE)

Purchasing-Selling Entity (PSE)

Resource Planner (RP)

Transmission Operator (TOP)

Transmission Owner (TO)

Transmission Planner (TP)

Requirement	Description	Compliant	Comments	Docs	Regional
COM-002-2 R2	<p>Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall issue directives in a clear, concise, and definitive manner; shall ensure the recipient of the directive repeats the information back correctly; and shall acknowledge the response as correct or repeat the original statement to resolve any misunderstandings.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Attachment d

**MP's CIP-001-1 R1 Mitigation Plan MIT-07-1915
submitted August 6, 2009**

Midwest Reliability Organization



Mitigation Plan

Mitigation Plan submitted on: **Aug 06, 2009**

Mitigation Plan Completed (Yes/No):

Mitigation Plan Completed On:

Midwest Reliability Organization



Section A: Compliance Notices

• Section 6.2 of the NERC CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

(1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.

(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) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the Applicable Governmental Authority for not completing work associated with accepted milestones.

(9) Any other information deemed necessary or appropriate.

(10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self Certification or Self Reporting submittals.

• This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.

• The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

• 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 alleged or confirmed violations with

1. "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation," a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.

Midwest Reliability Organization



respect to each additional Reliability Standard, as applicable.

- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
- The user has read and accepts the conditions set forth in these Compliance Notices.

Midwest Reliability Organization



Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: **Minnesota Power (Allte, Inc.)**

Address: **30 West Superior Street, Duluth, Minnesota 55802, United States**

NERC Compliance Registry ID: *[If known]* **NCR00674**

B.2

Identify the individual in your organization who will serve as the Contact to Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan.:

Name: **Paul Koskela**

Title: **Senior Engineer**

Email: **pkoskela@mnpower.com**

Phone: **218-355-2604**



Section C: Identity of Reliability Standard Violation associated with this Mitigation Plan

C.1

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

Standard Requirement: **CIP-001-1 R1**

Description: ***Each Reliability Coordinator, Balancing Authority, Transmission Operator, Generator Operator, and Load-Serving Entity shall have procedures for the recognition of and for making their operating personnel aware of sabotage events on its facilities and multi site sabotage affecting larger portions of the Interconnection.***

Violation Date: ***Jun 18, 2007***

C.2

Identify the cause of the violation(s) identified above:

The sabotage recognition and reporting guidelines contained in the Minnesota Power Operating Guide for System Operators that existed at the time of its 2009 Compliance Audit were created, utilizing information from a similar guide document obtained from industry contacts. During MP's 2009 Compliance Audit, the audit team determined that this document did not sufficiently identify procedures for recognition of sabotage.

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: *[If known]* ***Minnesota Power receives weekly (as well as more urgent) updates from the Minnesota Joint Analysis Center (MNJAC) (<http://www.icefishx.org>), and is a member of Intelligence Communications Enterprise for Information Sharing and Exchange (ICEFISHX). Minnesota Power has provided its System Operators with weekly ICEFISHX updates since the program's inception after the events of September 11, 2001.***

ICEFISHX is a partnership among Minnesota, North Dakota, and South Dakota law enforcement agencies. It is an internet-based intelligence sharing initiative and alert network designed to collect and disseminate information relating to terrorist operations and other criminal activities to law enforcement, government agencies and the private sector within the tri-state area. This group produces and disseminates intelligence products, conducts training and establishes and maintains liaison with state and local law enforcement officers and agencies operating in the tri-state area.

Over the years, these ICEFISHX updates have provided Minnesota Power System Operators and other personnel with timely information on what to be aware of and watch for regarding sabotage and terrorist activities.



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 violation(s) identified above in Section C.1 of this form:

The Department of Homeland Security issued a "Terrorist Recognition Handbook - A Practitioner's Manual for Predicting and Identifying Terrorist Activities" on March 27, 2009. Information from this manual, as well as updated information from neighboring area guides was used to update the procedures for sabotage recognition in Minnesota Power's Operating Guide for System Operators. In addition, the MP System Operations Trainer put together a PowerPoint presentation containing this information, and presented it to the System Operators on April 22, 2009.

On July 15, 2009 the Sabotage Awareness Powerpoint Presentation was posted as a streaming video on our internal employee training site (mediasite). On July 23, 2009 a section was added to the Minnesota Power Employee Handbook outlining Sabotage Recognition and Reporting. On July 28, 2009 an internal Powergram article was published outlining the need for Sabotage Recognition and Reporting and making employees aware of the changes to the handbook as well as the availability of the PowerPoint training materials on our internal mediasite. Also on July 28, 2009 an email alert was sent to all employees making them aware of the Powergram article.

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: ***Jul 28, 2009***

D.3

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

Milestone Activity	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
---------------------------	---	-------------------------------

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

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:

Midwest Reliability Organization



Minnesota Power will provide ongoing sabotage awareness to field crews by including it in our qualified switchman training course. An annual sabotage awareness article will be sent to all employees, including reference to the mediasite presentation.



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1

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

(i) Although Minnesota Power System Operators and other personnel received regular ICEFISHX updates, which give background information that would help them identify an event of sabotage, there is always a risk that a potential sabotage event is not identified. Minnesota Power issued an updated Operating Guide for System Operators on April 14, 2009. In addition, a presentation was given at the April 22, 2009 System Operations staff meeting, and recorded for the System Operators who were on shift and unable to attend the live training.

Prevention of Future BPS Reliability Risk

E.2

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

The changes made to Minnesota Power's Operating Guide for System Operators and the additional training on sabotage recognition will supplement the existing regular ICEFISHX security updates provided to System Operators and other personnel and will further minimize the likelihood that sabotage events will go unrecognized.

E.3

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

Midwest Reliability Organization**Section F: Authorization**

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance 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 **V.P. - Power Delivery** of **Minnesota Power (Allete, Inc.)**.
2. I am qualified to sign this Mitigation Plan on behalf of **Minnesota Power (Allete, Inc.)**.
3. I have read and understand **Minnesota Power (Allete, Inc.)**'s obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the applicable NERC CMEP.
4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
5. **Minnesota Power (Allete, Inc.)** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the Applicable Governmental Authority.

Authorized Individual Signature _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Name: **Brad Oachs**

Title: **V.P. - Power Delivery**

Authorized On: **Aug 06, 2009**

Attachment e

**MP's FAC-003-1 R1.5 Mitigation Plan MIT-07-
1916 submitted August 20, 2009**

Midwest Reliability Organization



Mitigation Plan

Mitigation Plan submitted on: **Aug 20, 2009**

Mitigation Plan Completed (Yes/No):

Mitigation Plan Completed On:

Midwest Reliability Organization



Section A: Compliance Notices

• Section 6.2 of the NERC CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

(1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.

(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) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the Applicable Governmental Authority for not completing work associated with accepted milestones.

(9) Any other information deemed necessary or appropriate.

(10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self Certification or Self Reporting submittals.

• This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.

• The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

• 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 alleged or confirmed violations with

1. 'Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation,' a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.

Midwest Reliability Organization



respect to each additional Reliability Standard, as applicable.

- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
- The user has read and accepts the conditions set forth in these Compliance Notices.

Midwest Reliability Organization



Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: **Minnesota Power (Allete, Inc.)**

Address: **30 West Superior Street, Duluth, Minnesota 55802, United States**

NERC Compliance Registry ID: *[If known]* **NCR00674**

B.2

Identify the individual in your organization who will serve as the Contact to Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan.:

Name: **Paul Koskela**

Title: **Senior Engineer**

Email: **pkoskela@mnpower.com**

Phone: **218-722-1972**



Section C: Identity of Reliability Standard Violation associated with this Mitigation Plan

C.1

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

Standard Requirement: **FAC-003-1 R1**

Description: *The Transmission owner shall prepare, and keep current, a formal transmission vegetation management (TVM). The TVMP shall include the Transmission Owner's objectives, practices, approved procedures, and work Specifications. 1. ANSI A300, Tree Care Operations - Tree, Shrub, and Other Woody Plant Maintenance - Standard Practices, while not a requirement of this standard, is considered to be an industry best practice.*

Violation Date: *Jun 18, 2007*

C.2

Identify the cause of the violation(s) identified above:

The MRO completed its Compliance Audit of Minnesota Power in March of 2009. In reviewing information related to FAC-003-1 R1, the MRO Audit Team determined that, before March 4, 2009, Minnesota Power did not have a documented procedure to report vegetation conditions that present an imminent threat to the transmission system as required in R1.5. Additionally, the MRO Audit Team stated that while imminent threat actions were documented in Minnesota Power's "Aerial Vegetation Survey Protocol," they believed that this Protocol expressly covered only those personnel performing surveys, and not other line and field personnel who may also identify threats during their normal course of work.

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: *[If known] The Minnesota Power Safety Manual provides that all "Employees shall report immediately to their nearest foreman or supervisor any defective line, apparatus, tool or other condition which, in their judgment, may be dangerous either to persons or property or likely to interrupt or delay service." (See attached excerpt from the Minnesota Power Safety Manual, Part III, Section I, Section 31-1 D, dated 1/1/07.) The Minnesota Power Safety Manual is company policy, and all employees are required to understand the safety rules and are charged with the responsibility for compliance with these rules. We believe that this policy clearly demonstrates a commitment on the part of Minnesota Power and its employees to report any threats to reliability of our system, including imminent threats reportable under FAC-003-1.*

Minnesota Power has a strong vegetation management program and as a result has experienced no vegetation contacts reportable under applicable NERC Standards before or during the audit period. While there have been no such reportable vegetation contacts with its transmission system, Minnesota Power reviewed its System Operator logs and found two instances where field crews reported imminent threats to the distribution system. (See attached highlighted

Midwest Reliability Organization

excerpts from Minnesota Power System Operator Logs dated March 1, 2007 and December 12, 2007.) This evidence demonstrates that Minnesota Power field crews are aware of the need to report imminent threats and do so as part of their day-to-day activities.

In addition, Minnesota Power field personnel have a booklet of "Unsafe Practices" forms in their Minnesota Power vehicles. These forms are used to report instances when an employee witnesses anyone in violation of the 10-foot rule. (See attached page from Minnesota Power "Unsafe Practices" reporting booklet.) This information is being provided to show that field personnel are aware that they must constantly be vigilant and report any imminent threats to the transmission and distribution systems.



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 violation(s) identified above in Section C.1 of this form:

In early 2009, Minnesota Power revised one of its documented procedures regarding vegetation management to specifically address the imminent threat reporting obligations under FAC-003-1 (See attached "Aerial and Ground Vegetation Survey Protocol.") In addition, on March 4, 2009, to more specifically relate to FAC-003-1, R1.5, Minnesota Power issued an internal e-mail to all field personnel outlining the requirement to report any vegetation conditions that may present an imminent threat to the transmission system. Minnesota Power provided a copy of this internal e-mail to the MRO Audit Team during the Compliance Audit.

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: ***Mar 05, 2009***

D.3

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

Milestone Activity	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
--------------------	---	------------------------

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

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:



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1

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

The MRO Audit Team determined that Minnesota Power was compliant with FAC-003-1 R1 as of March 4, 2009, the date of the internal e-mail to all field personnel and indicated that Minnesota Power had sufficiently mitigated any potential violation of this requirement. Minnesota Power believes it is important for NERC and the MRO to understand that, as described above, the Minnesota Power Safety Manual (revised on 1/1/07) clearly obligates all employees to immediately report any threat to service or system reliability. Thus, there is no risk to Bulk Power System because it has been Minnesota Power's documented company policy for all personnel to report such threats and to ensure that the 10-foot rule is observed for all transmission and distribution lines. Moreover, Minnesota Power experienced no vegetation-related incidents reportable under FAC-003 during the audit period. This fact speaks to the overall strength of Minnesota Power's vegetation management program.

Prevention of Future BPS Reliability Risk

E.2

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

Because the alleged violation stems from the MRO's assessment of Minnesota Power's compliance documentation, there is no risk of the same or similar violations as of March 4, 2009, the date of Minnesota Power's internal e-mail reminding all field personnel of their obligation to report imminent threats. The additional steps that Minnesota Power plans to take (as described below) will ensure that all operating personnel are regularly reminded of the importance of watching for and promptly reporting imminent threats in the course of their day-to-day field activities.

E.3

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

At area and regional staff meetings, Minnesota Power's Vegetation Management Department personnel have discussed the importance of recognizing and reporting any vegetation conditions that may present an imminent threat to the transmission system. To emphasize the

Midwest Reliability Organization

importance of this obligation and to ensure that all field personnel continue to be aware of this commitment, Minnesota Power's Vegetation Management Department will also send out an annual notice to all field personnel reminding them to be aware of vegetation conditions around transmission lines and to report any imminent threats to the transmission system, similar to the reminder notice that was delivered on March 4, 2009.

In addition, Minnesota Power has added information to the Minnesota Power Qualified Switchman training course to specifically address the required reporting of vegetation conditions that may present an imminent threat to the transmission system. This presentation is given annually by the System Operations Trainer to field crews across the Minnesota Power service territory.

Finally, information on the importance of recognizing and reporting vegetation conditions that may pose an imminent threat to the transmission system will be added to the next revision of the "Minnesota Power Substation Operations and Switching Procedures Manual," scheduled for release in the 4th quarter of 2009. This manual outlines all of Minnesota Power's switching rules and practices and is carried by all field personnel.

Midwest Reliability Organization**Section F: Authorization**

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance 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 **VP - Power Delivery** of **Minnesota Power (Allete, Inc.)**.
 - 2. I am qualified to sign this Mitigation Plan on behalf of **Minnesota Power (Allete, Inc.)**.
 - 3. I have read and understand **Minnesota Power (Allete, Inc.)**'s obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the applicable NERC CMEP.
 - 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 - 5. **Minnesota Power (Allete, Inc.)** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the Applicable Governmental Authority.

Authorized Individual Signature _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Name: **Brad Oachs**

Title: **VP - Power Delivery**

Authorized On: **Aug 20, 2009**

Attachment f

**MP's PRC-005-1 R1 Mitigation Plan MIT-07-1908
submitted August 13, 2009**

Midwest Reliability Organization



Mitigation Plan

Mitigation Plan submitted on: **Aug 13, 2009**

Mitigation Plan Completed (Yes/No):

Mitigation Plan Completed On:

Midwest Reliability Organization



Section A: Compliance Notices

• Section 6.2 of the NERC CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

(1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.

(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) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the Applicable Governmental Authority for not completing work associated with accepted milestones.

(9) Any other information deemed necessary or appropriate.

(10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self Certification or Self Reporting submittals.

• This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.

• The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

• 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 alleged or confirmed violations with

1. 'Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation,' a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.

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respect to each additional Reliability Standard, as applicable.

- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
- The user has read and accepts the conditions set forth in these Compliance Notices.



Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: **Minnesota Power (Allete, Inc.)**

Address: **30 West Superior Street, Duluth, Minnesota 55802, United States**

NERC Compliance Registry ID: *[If known]* **NCR00674**

B.2

Identify the individual in your organization who will serve as the Contact to Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan.:

Name: **Paul Koskela**

Title: **Senior Engineer**

Email: **pkoskela@mnpower.com**

Phone: **218-355-2604**



Section C: Identity of Reliability Standard Violation associated with this Mitigation Plan

C.1

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

Standard Requirement: **PRC-005-1 R1**

Description: ***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:***

Violation Date: ***Jun 18, 2007***

C.2

Identify the cause of the violation(s) identified above:

At the time of Minnesota Power's March 16-25, 2009 audit, the current version of the Minnesota Power Protection Systems Preventative Maintenance and Testing Plan was dated 1-21-2009. The Audit team found that "The current version of the Protective System Maintenance and Testing plan includes Protective relays, Communication system (Power Line Carrier), Voltage and current sensing devices, Station batteries and DC control circuitry". Based on earlier versions of the Plan, the audit team also determined that Station Batteries were not adequately addressed until 2-26-2008 and DC control circuitry was not adequately addressed until 1-21-09.

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: *[If known]*



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 violation(s) identified above in Section C.1 of this form:

The alleged violation was already mitigated at the time of the audit since the audit team found that the 1-21-2009 version of the Maintenance Plan included substation batteries and DC control circuitry.

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: **Jan 21, 2009**

D.3

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

Milestone Activity	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
--------------------	---	------------------------

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

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:

Midwest Reliability Organization**Section F: Authorization**

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance 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 **VP - Power Delivery** of **Minnesota Power (Allele, Inc.)**.
2. I am qualified to sign this Mitigation Plan on behalf of **Minnesota Power (Allele, Inc.)**.
3. I have read and understand **Minnesota Power (Allele, Inc.)**'s obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the applicable NERC CMEP.
4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
5. **Minnesota Power (Allele, Inc.)** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the Applicable Governmental Authority.

Authorized Individual Signature _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Name: **Brad Oachs**

Title: **VP - Power Delivery**

Authorized On: **Aug 13, 2009**

Attachment g

MP's Certification of Mitigation Plans MIT-07-1915, MIT-07-1916 and MIT-07-1908 Completion dated August 26, 2009



Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Midwest Reliability Organization to verify completion of the Mitigation Plan. Midwest Reliability Organization may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity Name: Minnesota Power (ALLETE, Inc.)

NERC Registry ID: NCR00674

Date of Submittal of Certification: August 26, 2009

NERC Violation ID No(s): MRO200900090

Reliability Standard and the Requirement(s) of which a violation was mitigated: CIP-001-1 R1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: July 28, 2009

Date Mitigation Plan was actually completed: July 28, 2009

Additional Comments (or List of Documents Attached): Minnesota Power previously submitted to the MRO via CDMS all documentation relevant to this mitigation plan.

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Bradley W. Oachs

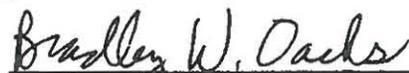
Title: Vice President – Power Delivery & Transmission

Email: boachs@mnpower.com

Phone: (218) 720-2662

Authorized Signature

Date


August 26, 2009

Please direct any questions regarding completion of this form to the Midwest Reliability Organization e-mail address mco@midwestreliability.org

Please submit the completed form via CDMS at www.midwestreliability.org





Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Midwest Reliability Organization to verify completion of the Mitigation Plan. Midwest Reliability Organization may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity Name: Minnesota Power (ALLETE, Inc.)

NERC Registry ID: NCR00674

Date of Submittal of Certification: August 26, 2009

NERC Violation ID No(s): MRO200900092

Reliability Standard and the Requirement(s) of which a violation was mitigated: FAC-003-1 R1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: March 5, 2009

Date Mitigation Plan was actually completed: March 5, 2009

Additional Comments (or List of Documents Attached): Minnesota Power previously submitted to the MRO via CDMS all documentation relevant to this mitigation plan.

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Bradley W. Oachs

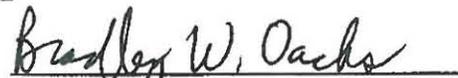
Title: Vice President – Power Delivery & Transmission

Email: boachs@mnpower.com

Phone: (218) 720-2662

Authorized Signature

Date


August 26, 2009

Please direct any questions regarding completion of this form to the Midwest Reliability Organization e-mail address mco@midwestreliability.org
Please submit the completed form via CDMS at www.midwestreliability.org





Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Midwest Reliability Organization to verify completion of the Mitigation Plan. Midwest Reliability Organization may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity Name: Minnesota Power (ALLETE, Inc.)

NERC Registry ID: NCR00674

Date of Submittal of Certification: August 26, 2009

NERC Violation ID No(s): MRO200900093

Reliability Standard and the Requirement(s) of which a violation was mitigated: PRC-005-1 R1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: January 21, 2009

Date Mitigation Plan was actually completed: January 21, 2009

Additional Comments (or List of Documents Attached): Minnesota Power previously submitted to the MRO via CDMS all documentation relevant to this mitigation plan.

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Bradley W. Oachs

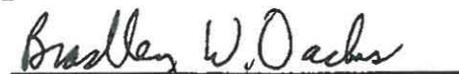
Title: Vice President – Power Delivery & Transmission

Email: boachs@mnpower.com

Phone: (218) 720-2662

Authorized Signature

Date



August 26, 2009

Please direct any questions regarding completion of this form to the Midwest Reliability Organization e-mail address mco@midwestreliability.org

Please submit the completed form via CDMS at www.midwestreliability.org



Attachment h

MRO's Verification of Mitigation Plans MIT-07-1915, MIT-07-1916 and MIT-07-1908 Completion dated October 16, 2009



Date: October 16, 2009

To: Mr. Brad Oachs
Minnesota Power (Allete, Inc.)
30 West Superior Street
Duluth, MN 55802

Re: MRO Verification of Mitigation Plan Completion: MRO200900090, MRO200900092,
and MRO200900093

Dear Mr. Oachs,

MRO completed its review on September 14, 2009, of evidence of completion and compliance provided by Minnesota Power (Allete, Inc.) (MP) for the mitigation plans addressing the above violations.

As a result of the compliance audit conducted by MRO on March 16, 2009 through March 25, 2009, MRO found MP in non-compliance with certain NERC Reliability Standards, including CIP-001-1, R1; FAC-003-1, R1.5; and PRC-005-1, R1. MRO determined during the compliance audit that MP did not have a procedure for recognizing and identifying acts of sabotage as required by Reliability Standard CIP-001-1, R1. MRO also determined during the compliance audit that MP did not have a documented procedure that had been in place since June 18, 2007 for communicating the imminent threat of vegetation related outages as required by Reliability Standard FAC-003-1, R1.5. Finally, MRO determined that MP did not include battery station maintenance and testing in its Protection System Maintenance and Testing program from June 18, 2007 through February 25, 2008 and also did not include DC Control Circuitry in its Protection System Maintenance and Testing program from June 18, 2007 through January 20, 2009.

MP provided the following supporting evidence:

RELIABILITY STANDARD CIP-001-1, R1: MRO determined during the compliance audit that MP did not have a procedure for recognizing and identifying acts of sabotage as required by Reliability Standard CIP-001-1, R1. Through its Mitigation Plan, MP documented a number of corrective actions that it has taken to mitigate this alleged violation. MP updated its procedures for sabotage recognition in the Operating Guide for System Operators. Updated MP System Operations Training was presented to the MP System Operators on April 22, 2009. On July 15, 2009, the Sabotage Awareness Presentation developed by MP was posted as a streaming video on MP's internal employee training site. On July 23, 2009, the MP Employee Handbook was revised to include a section outlining sabotage recognition and reporting. Finally, MP published an article in its internal newsletter making employees aware of the changes to the handbook and the availability of the training materials on its internal employee training site. An email notification was sent to all employees alerting them to the newsletter article.

MRO reviewed the updated procedure in the Operating Guide for System Operators, the Sabotage Awareness Presentation, the revised MP Employee Handbook, the newsletter





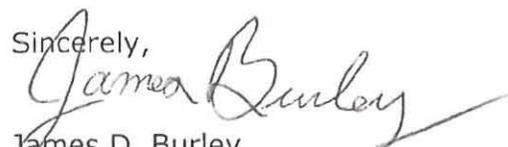
article, and the email distributed to MP employees. MRO determined that these actions demonstrate that MP has a documented procedure for recognizing and identifying acts of sabotage as required by Reliability Standard CIP-001-1, R1.

RELIABILITY STANDARD FAC-003-1, R1.5: MRO determined that MP did not have a sufficiently documented Transmission Vegetation Management Program (TVMP) detailing the procedures for all patrols to report imminent threats to the transmission system from vegetation conditions as required by Reliability Standard FAC-003-1, R1.5. On March 4, 2009, in preparation for the Compliance Audit, MP sent an internal email to all field personnel outlining the requirement to report any vegetation conditions that may present an imminent threat to the transmission system. MP provided MRO with a copy of its "Aerial and Ground Vegetation Survey Protocol" document which specifically addresses the requirement to report vegetation conditions that present an imminent threat to the transmission system. The revision history of this document indicates that it was created on February 12, 2009 and last saved on March 5, 2009. To the best of its ability, MRO has determined that the procedure for reporting imminent threats of vegetation contact was added on March 5, 2009.

MRO reviewed these documents and determined that MP has a documented procedure for reporting imminent threats to the transmission system from vegetation conditions as required by Reliability Standard FAC-003-1, R1.5. This procedure was effective on March 5, 2009.

RELIABILITY STANDARD PRC-005-1, R1: During the compliance audit, MRO determined that MP's current Protection System Maintenance and Testing program document was fully compliant with Reliability Standard PRC-005-1, R1. The current version of the program document includes defined intervals, basis, and a summary of maintenance and testing procedures for protective relays, communication systems, voltage and current sensing devices, station batteries, and DC control circuitry. However, prior program documents did not include all elements of the protection system. The current, compliant program document was implemented on January 21, 2009.

The evidence submitted by MP meets the requirements of NERC RELIABILITY STANDARD CIP-001-1, R1 as of July 28, 2009 ; FAC-003-1, R1 as of March 5, 2009; and PRC-005-1, R1 as of January 21, 2009.

Sincerely,

James D. Burley
Manager of Enforcement and Mitigation

cc: Bethany Owen, MP
Tim Kucey, NERC



Attachment i

**MP's PRC-008-0 R2 Mitigation Plan MIT-07-2057
dated October 16, 2009**

Midwest Reliability Organization



Mitigation Plan

Mitigation Plan submitted on: **Oct 16, 2009**

Mitigation Plan Completed (Yes/No):

Mitigation Plan Completed On:

Midwest Reliability Organization



Section A: Compliance Notices

• Section 6.2 of the NERC CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

(1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.

(2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.

(3) The cause of the Alleged or Confirmed Violation(s).

(4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).

(5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).

(6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.

(7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.

(8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the applicable governmental authorities for not completing work associated with accepted milestones.²

(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.

(11) This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.

• The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

1. Uniform Compliance Monitoring and Enforcement Program ("NERC CMEP") of the North American Electric Reliability Corporation (a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.) Or the North American Electric Reliability Corporation Compliance Monitoring and Enforcement Program - Province of Manitoba, Schedule "B" to the Interim Agreement on Compliance Monitoring and Enforcement in Manitoba between NERC, the Regional Entity, and Manitoba Hydro (available upon request from the Regional Entity).

2. Implementation milestones that precede the date that a Mitigation Plan becomes effective in Manitoba will be considered to be extended until the date that the Mitigation Plan becomes effective.

Midwest Reliability Organization



- 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 alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission or filed with the applicable governmental authorities for approval in Canada.
- Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
- The user has read and accepts the conditions set forth in these Compliance Notices.



Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: **Minnesota Power (Allete, Inc.)**

Address: **30 West Superior Street, Duluth, Minnesota 55802, United States**

NERC Compliance Registry ID: *[If known]* **NCR00674**

B.2

Identify the individual in your organization who will serve as the Contact to Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan.:

Name: **Paul Koskela**

Title: **Senior Engineer**

Email: **pkoskela@mnpower.com**

Phone: **218-722-1972**



Section C: Identity of Reliability Standard Violation associated with this Mitigation Plan

C.1

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

Standard Requirement: **PRC-008-0 R2**

Description: ***The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall implement its UFLS equipment maintenance and testing program and shall provide UFLS maintenance and testing program results to its Regional Reliability Organization and NERC on request (within 30 calendar days).***

Violation Date: ***Jun 18, 2007***

C.2

Identify the cause of the violation(s) identified above:

As a result of Minnesota Power's 2009 Compliance Audit, the MRO Audit Team found deficiencies in Minnesota Power's UFLS equipment maintenance and testing program, as described below:

Minnesota Power failed to follow its maintenance and testing procedures to test the installed UFLS at the Hibbing substation within the required time frame. Also, the maintenance and testing of three Hibbing Taconite owned UFLS relays did not occur within the defined testing interval.

Minnesota Power failed to test the UFLS at the Hibbing Substation within the defined time frame because when it was tested on January 29, 2002, the related work order was not closed out in Maximo. In fact, the work order was not closed until March 15, 2005 when a review of the open Maximo work orders was completed. At that time, Maximo automatically generated the next scheduled date for maintenance and testing, based on Minnesota Power's established 5-year maintenance and testing cycle. Since Maximo automatically generated the test date for 2010, the relay was not tested in 2007, as it should have been under Minnesota Power's established maintenance cycle. Hibbing Taconite supplied test results from eleven of their UFLS relays; however only eight were tested within MP's established maintenance period. The remaining three customer owned UFLS relays were not tested within the established maintenance period.

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: *[If known]*



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 violation(s) identified above in Section C.1 of this form:

- 1. On March 26, 2009, the day after this issue was identified during the Compliance Audit, Minnesota Power immediately tested the Hibbing Substation UFLS and updated the Maximo database.**

- 2. Minnesota Power also re-checked test dates for ALL UFLS systems in Maximo to verify that the test dates matched the test documentation. This re-check was completed on April 27, 2009. Maximo records showed that all tests had been completed within the proper time frames. While Maximo showed all relays had been tested, one of the associated physical records could not be located, so Minnesota Power re-tested that relay on April 23, 2009.**

- 3. On October 9, 2009 Minnesota Power received documentation confirming that testing of the three Hibbing Taconite owned UFLS relays is complete.**

- 4. Minnesota Power will continue to check that testing documentation is received and filed for each UFLS system and will insure that all completed relay maintenance work orders are closed out by the end of the year.**

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: **Oct 09, 2009**

D.3

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

Milestone Activity	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
--------------------	---	------------------------

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

Additional Relevant Information (Optional)

D.4

Midwest Reliability Organization



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:



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1

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

Since the Hibbing Substation UFLS sheds 1 MW out of a total of 643 MW of load shed on the Minnesota Power system, the risk to the Bulk Power System was minimal for the period of time that the Hibbing UFLS was not tested. Minnesota Power provided a statement during the on-site audit, that it received from Hibbing Taconite, which stated that the three Hibbing Taconite owned UFLS relays are not significant to the 130.8 MW load shed capacity for underfrequency at Hibbing Taconite Company. Even without the Hibbing Substation UFLS relay load and the three Hibbing Taconite UFLS relays loads, Minnesota Power continued to meet MRO under frequency load shed obligations.

Prevention of Future BPS Reliability Risk

E.2

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

Minnesota Power will continue to check that testing documentation is received and filed for each UFLS system and will insure that all completed relay maintenance work orders are closed out by the end of the year.

E.3

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

As part of Minnesota Power's culture of compliance, we routinely review processes, procedures, tools and equipment and make changes to improve our effectiveness in maintaining the reliability of the Bulk Power System.

Midwest Reliability Organization**Section F: Authorization**

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance 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 **Chief Operating Officer of Minnesota Power (Allete, Inc.)**.
 - 2. I am qualified to sign this Mitigation Plan on behalf of **Minnesota Power (Allete, Inc.)**.
 - 3. I have read and understand **Minnesota Power (Allete, Inc.)**'s obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the NERC CMEP currently in effect or the NERC CMEP-Province of Manitoba, Schedule B currently in effect, whichever is applicable.
 - 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 - 5. **Minnesota Power (Allete, Inc.)** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authorities in Canada.

Authorized Individual Signature _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Name: **Bradley W. Oachs**
Title: **Chief Operating Officer**
Authorized On: **Oct 16, 2009**

Attachment j

**MP's Certification of Mitigation Plan MIT-07-
2057 Completion dated October 19, 2009**



Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Midwest Reliability Organization to verify completion of the Mitigation Plan. Midwest Reliability Organization may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity Name: Minnesota Power (ALLETE, Inc.)

NERC Registry ID: NCR00674

Date of Submittal of Certification: October 19, 2009

NERC Violation ID No(s): MRO200900095

Reliability Standard and the Requirement(s) of which a violation was mitigated: PRC-008-0 R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: October 9, 2009

Date Mitigation Plan was actually completed: October 9, 2009

Additional Comments (or List of Documents Attached): N/A

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Bradley W. Oachs

Title: Chief Operating Officer

Email: boachs@mnpower.com

Phone: (218) 720-2662

Authorized Signature Bradley W. Oachs

Date October 19, 2009

Please direct any questions regarding completion of this form to the Midwest Reliability Organization e-mail address mco@midwestreliability.org

Please submit the completed form via CDMS at www.midwestreliability.org



Attachment k

**MP's COM-002-2 R2 Mitigation Plan MIT-09-
2306 submitted January 25, 2010**



Mitigation Plan

Mitigation Plan submitted on: **Jan 25, 2010**

Mitigation Plan Completed (Yes/No):

Mitigation Plan Completed On:

Midwest Reliability Organization Confidential Non Public Information



Section A: Compliance Notices

• Section 6.2 of the NERC CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

(1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.

(2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.

(3) The cause of the Alleged or Confirmed Violation(s).

(4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).

(5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).

(6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.

(7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.

(8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the applicable governmental authorities for not completing work associated with accepted milestones.²

(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.

(11) This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.

• The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.

1. Uniform Compliance Monitoring and Enforcement Program ("NERC CMEP") of the North American Electric Reliability Corporation (a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.) Or the North American Electric Reliability Corporation Compliance Monitoring and Enforcement Program – Province of Manitoba, Schedule "B" to the Interim Agreement on Compliance Monitoring and Enforcement in Manitoba between NERC, the Regional Entity, and Manitoba Hydro (available upon request from the Regional Entity).

2. Implementation milestones that precede the date that a Mitigation Plan becomes effective in Manitoba will be considered to be extended until the date that the Mitigation Plan becomes effective.



- 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 alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission or filed with the applicable governmental authorities for approval in Canada.
- Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
- The user has read and accepts the conditions set forth in these Compliance Notices.



Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: **Minnesota Power (Allete, Inc.)**

Address: **30 West Superior Street, Duluth, Minnesota 55802, United States**

NERC Compliance Registry ID: *[If known]* **NCR00674**

B.2

Identify the individual in your organization who will serve as the Contact to Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan.:

Name: **Bethany Owen**

Title: **Dir - Trans Reg Compliance**

Email: **bowen@mnpower.com**

Phone: **218-35-52761**



Section C: Identity of Reliability Standard Violation associated with this Mitigation Plan

C.1

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

Standard Requirement: **COM-002-2 R2**

Description: ***Each Reliability Coordinator, Transmission Operator, and Balancing Authority shall issue directives in a clear, concise, and definitive manner; shall ensure the recipient of the directive repeats the information back correctly; and shall acknowledge the response as correct or repeat the original statement to resolve any misunderstandings.***

Violation Date: **Apr 02, 2008**

C.2

Identify the cause of the violation(s) identified above:

The Minnesota Power System Operator received a call from the Midwest ISO Reliability Coordinator stating in relevant part, "Hello, xxx this is xxx from MISO with the Stone Lake Gardener Park that put us in an IROL on Eau Claire Arpen.. . We are instituting the FAST procedure to back that down. We need you to back down Boswell 3 160 megawatts..." The Midwest ISO did not state that the instruction was a Reliability Directive.

Upon terminating the call with the Midwest ISO Reliability Coordinator, the Minnesota Power System Operator called the Minnesota Power Generator Operator and instructed them to back-down Boswell Generating Unit #3, which was done immediately.

The Minnesota Power System Operator interpreted the Midwest ISO Reliability Coordinator's instructions as a regular unit operating instruction, not a Reliability Directive. As a result, the System Operator did not utilize three-way communication in its conversation with the Minnesota Power Generator Operator.

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: *[If known]*
While investigating the root cause of this event, Minnesota Power has determined the following, which it believes materially affected the actions taken:

- The FAST Procedure is a legacy procedure formerly used in the Mid-Continent Area Power Pool (MAPP), but which has never formally existed or been communicated within the Midwest ISO footprint.

- The Midwest ISO formally implemented the Procedure for Issuing, Logging and Reporting Reliability Directives (RTO-RA-OP-005-R1) on February 13, 2008. This procedure requires the



Midwest ISO Reliability Coordinator to issue all Reliability Directives in a clear, concise, and definitive manner using the following language: "This is a Reliability Directive, and I will need you to repeat back the Reliability Directive for clarity." This Midwest ISO procedure was in effect but was not followed by the Midwest ISO Reliability Coordinator in its communication with Minnesota Power on April 2, 2008.

- The Midwest ISO utilizes published Operating Guides to mitigate IROL's. In the April 2, 2008 instance, the Midwest ISO Reliability Coordinator implemented the MISO Temporary Operating Guide for Minnesota Wisconsin Export Interface (MWEX) (Revision 5, 2008-T-041-W). However, in its communication with the Minnesota Power System Operator, the Midwest ISO Reliability Coordinator did not clearly state that it was implementing a Reliability Directive or an Operating Guide, but rather made reference to a step within that Operating Guide - the "FAST procedure." That step or procedure is not clearly defined in the Midwest ISO Operating Guide, and as a result, the FAST procedure was not recognized by the Minnesota Power System Operator as either the implementation of an Operating Guide or a Reliability Directive.



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 violation(s) identified above in Section C.1 of this form:

Minnesota Power has updated its Communication Procedure (MP-OP-001), which now clearly defines the telephone communications protocol to be utilized by the Minnesota Power System Operator when communicating with the Midwest ISO and all Minnesota Power Operating Personnel. Additionally, the updated procedure clarifies the responsibilities of the Minnesota Power System Operator and Operating Personnel when either issuing or receiving Reliability Directives and communicating other real-time operating conditions that affect or could impact the Bulk Power System.

Minnesota Power has distributed its updated communication procedure to all Minnesota Power Operating areas. In addition, Minnesota Power has expanded its Qualified Switching Training Program to include a review and discussion of this procedure. All Operating Personnel are required to complete the Qualified Switching Training Program on a regular basis.

In addition to the actions that have already been taken, Minnesota Power commits to completing the following to ensure that Minnesota Power Operating Personnel are adequately informed and trained on the telephone communications protocol described in the Communication Procedure (MP-OP-001).

- By February 28, 2010, all Minnesota Power System Operators will review the updated Communication Procedure (MP-OP-001) and sign the checklist stating that they have read and understand the new procedure.***
- By February 28, 2010, the Minnesota Power System Operations Training Administrator will develop a training program that covers the proper procedure for giving and receiving Reliability Directives and the need for three-way communication.***
- By April 30, 2010, all Minnesota Power System Operators will complete the training program described above.***

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: ***Apr 30, 2010***

D.3

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



Milestone Activity	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
MP's updated Communication Procedure was approved and distributed to all Operating areas	Jan 08, 2010	Jan 08, 2010
MP's updated Communication Procedure was reviewed and signed off on by the MP System Operators	Feb 28, 2010	
MP Training Administrator created training that specifically covers MP's Communication Procedure	Feb 28, 2010	
MP System Operators completed training on the MP Communication Procedure	Apr 30, 2010	

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

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:

Minnesota Power believes it is important to note that, although the Minnesota Power System Operator did not utilize three-way communications in its April 2, 2008 instruction to the Minnesota Power Generator Operator, Minnesota Power carried out the Midwest ISO Reliability Coordinator's instructions accurately and immediately upon receipt. Thus, the Minnesota Power System Operator's failure to use three-way communications with the Minnesota Power Generator Operator in this instance was immediately mitigated by accurate, thorough, and immediate performance.

The Midwest ISO Reliability Coordinator's instruction to Minnesota Power was immediately communicated by the Minnesota Power System Operator and carried out accurately and promptly by the Minnesota Power Generator Operator.

In addition, Minnesota Power's updated Communication Procedure (MP-OP-001) was approved and distributed to all Operating areas on January 8, 2010.

Minnesota Power has updated its communication policy to include awareness of references to IROL's, FAST procedure, or other statements which may signal that the Reliability Coordinator is issuing a Reliability Directive if the Midwest ISO fails to follow its procedure for issuing Reliability Directives. The updated Minnesota Power communication procedure states that it is the responsibility of the MP System Operator to clarify whether a Reliability Directive is being issued.



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1

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

Minnesota Power believes that there was no impact on the reliability of the Bulk Power System as a result of Minnesota Power's failure to utilize three-way communication on April 2, 2008. While the Minnesota Power System Operator did not interpret the Midwest ISO Reliability Coordinator's operating instruction as a Reliability Directive, the System Operator immediately communicated the instruction to the Generator Operator who immediately backed down Boswell Generating Unit #3 - all in accordance with the instructions received.

Prevention of Future BPS Reliability Risk

E.2

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

As a part of the regular Qualified Switching Training Program, Minnesota Power Operating Personnel will be regularly instructed in the proper procedure for giving and receiving Reliability Directives and the need for three-way communication. In addition, to prevent future instances of operating instruction misidentification, Minnesota Power has specifically referenced the term "FAST procedure" in its Communication Procedure (MP-OP-001). This reference will increase the awareness of the Minnesota Power System Operators and will lead them to ask for clarification from the Midwest ISO Reliability Coordinator when they are unsure whether an instruction constitutes a Reliability Directive.

In addition, the new training module, covering the content of the Communication Procedure (MP-OP-001), will be a part of the System Operators required training. This will insure that all System Operators are routinely made aware of the proper procedure for giving and receiving Reliability Directives and the need for three-way communication.

E.3

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

As part of Minnesota Power's culture of compliance, we routinely review processes, procedures, tools and equipment and make changes to improve our effectiveness in maintaining the



reliability of the Bulk Power System.

Minnesota Power has worked directly with the Midwest ISO to remove the term FAST procedure from the Midwest ISO Operating Guides as it was no longer a valid reference.



Section F: Authorization

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance 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 **Chief Operating Officer of Minnesota Power (Allele, Inc.)**.
 2. I am qualified to sign this Mitigation Plan on behalf of **Minnesota Power (Allele, Inc.)**.
 3. I have read and understand **Minnesota Power (Allele, Inc.)**'s obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the NERC CMEP currently in effect or the NERC CMEP-Province of Manitoba, Schedule B currently in effect, whichever is applicable.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. **Minnesota Power (Allele, Inc.)** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authorities in Canada.

Authorized Individual Signature _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Name: **Brad Oachs**

Title: **Chief Operating Officer**

Authorized On: **Jan 25, 2010**

Attachment I

**MP's Certification of Mitigation Plan MIT-09-
2306 Completion dated March 29, 2010**



Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Midwest Reliability Organization to verify completion of the Mitigation Plan. Midwest Reliability Organization may request additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6)

Registered Entity Name: Minnesota Power (Allete, Inc.)

NERC Registry ID: NCR00674

Date of Submittal of Certification: March 29, 2010

NERC Violation ID No(s): MRO200900098

Reliability Standard and the Requirement(s) of which a violation was mitigated: COM-002-2, R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: April 30, 2010

Date Mitigation Plan was actually completed: March 2, 2010

Additional Comments (or List of Documents Attached): None

I certify that the Mitigation Plan for the above named violation has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: Bradley W. Oachs

Title: Chief Operating Officer

Email: boachs@mnpower.com

Phone: (218) 723-3906

Authorized Signature Bradley W. Oachs Date 3/29/10

When completed, please submit by adding this document into the CDMS application at www.midwestreliability.org and sending a notification email to enforcement@midwestreliability.org that the document has been uploaded.

Questions regarding completion of this form can be sent to enforcement@midwestreliability.org.



Attachment m

MRO's Verification of Mitigation Plans MIT-07-2057 and MIT-09-2306 Completion dated June 10, 2010



Date: June 10, 2010

To: Mr. Brad Oachs
Minnesota Power (Allete, Inc.)
30 West Superior Street
Duluth, MN 55802

Re: MRO Verification of Mitigation Plan Completion: MRO200900095 and
MRO200900098

Dear Mr. Oachs,

MRO completed its review on November 19, 2009, of evidence of completion and compliance provided by Minnesota Power (Allete, Inc.) (MP) for the mitigation plan addressing the PRC-008-0, R2 (MRO200900095) violation and completed its review on March 30, 2010 of evidence of completion and compliance provided by MP for the mitigation plan addressing the COM-002-2, R2 (MRO200900098) violation.

As a result of the compliance audit conducted by MRO on March 16, 2009 through March 25, 2009, MRO found MP noncompliant with NERC Reliability Standard PRC-008-0, R2. MRO determined during the compliance audit that MP was deficient in the implementation of its UFLS Maintenance and Testing Program as required by Reliability Standard PRC-008-0, R2.

As a result of a spot check conducted by MRO on March 24, 2009, MRO found MP noncompliant with NERC Reliability Standard COM-002-2, R2. MRO determined that the MP Transmission Operator issued a directive to the MP Generator Operator that was not clear and concise, and did not utilize three part communication.

MP provided the following supporting evidence:

RELIABILITY STANDARD PRC-008-0, R2: MRO determined during the compliance audit that MP did not have maintenance and testing records for four UFLS relays as required by Reliability Standard PRC-008-0, R2. On March 26, 2009, MP tested the Hibbing Substation UFLS and updated its database. On April 27, 2009, MP re-checked the test dates for all MP UFLS systems to verify that the test dates matched MP's test documentation. MP was unable to find one of the associated physical records, so MP re-tested that relay on April 23, 2009. MP received documentation confirming that the testing of the three Hibbing Taconite owned UFLS relays was complete on October 9, 2009.

MRO reviewed MP's UFLS test results, MP's Protection Systems Preventative Maintenance Plan, MP's UFLS list and drawings, Customer UFLS test records, and Tech Systems Preventative Maintenance Last Tested List. MRO determined that these documents demonstrate that MP has completed and documented its UFLS testing and maintenance, as required by Reliability Standard PRC-008-0, R2, as of October 9, 2009.





RELIABILITY STANDARD COM-002-2, R2: MRO determined during a spot check that the MP Transmission Operator did not follow proper communication procedures when it issued a reliability directive to the MP Generator Operator on April 2, 2008, as required by COM-002-2, R2. On January 8, 2010, MP updated and distributed its Communications Procedure (MO-OP-001) for Operating Personnel and System Operators. The updated Communication Procedure was reviewed and signed by all MP System Operators by February 28, 2010. MP also developed a training program regarding the proper procedure for giving and receiving Reliability Directives and the need for three-way communication on February 28, 2010. By April 30, 2010, all MP System Operators completed the training program.

MRO reviewed the updated Communications Procedure (MO-OP-001), the Roster showing that all MP System Operators completed Communication Procedure training, MP's NERC approved training program, and a checklist indicating all MP Systems Operators reviewed and signed off on the updated Communication Procedure. MRO determined that these actions demonstrate that MP completed its Mitigation Plan and implemented proper communications procedures and training as of March 2, 2010.

Sincerely,

A handwritten signature in black ink that reads "James D. Burley".

James D. Burley

Senior Director of Mitigation, Reliability Standards, Education & Training

cc: Bethany Owen, MP
Valerie Agnew, NERC
Joel deJesus, NERC



Attachment n

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Minnesota Power [Allete, Inc.]

Docket No. NP11-____-000

NOTICE OF FILING
November 5, 2010

Take notice that on November 5, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Minnesota Power [Allete, Inc.] in the Midwest Reliability Organization region.

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

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

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

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary