



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

September 30, 2010

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

**Re: NERC Abbreviated Notice of Penalty regarding NorthWestern Energy,  
FERC Docket No. NP10-\_\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding NorthWestern Energy (NWE),<sup>1</sup> with information and details regarding the nature and resolution of the violations<sup>2</sup> discussed in detail in the Settlement Agreement (Attachment a) and the Disposition Document (Attachment d), in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).<sup>3</sup>

On September 18, 2009, NWE self-reported violations of PRC-005-1 Requirements (R) 1 and R2 to the Midwest Reliability Organization (MRO) because NWE (1) did not have a documented maintenance and testing program; and (2) had not performed maintenance and testing on all of

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<sup>1</sup> On May 4, 2009, NERC filed a Notice of Penalty designated as NOC-069 and issued FERC Docket No. NP09-23-000 regarding a Notice of Confirmed Violation for NWE's violation of CIP-001-1 R1 through R4. On May 29, 2009, FERC issued an order stating it would not engage in further review of the Notice of Penalty. MRO determined that the prior violations should not serve as a basis for aggravating the penalty because the violations related to a different Reliability Standard, were self-certified as non-compliant during the first five months of mandatory reliability, and the 12 month performance-reset time frame for CIP-001-1 had expired without another violation.

<sup>2</sup> 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.

<sup>3</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2010). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R. § 39.7(c)(2).

the required protection system devices subject to PRC-005-1, R2. This NOP is being filed with the Commission because MRO and NWE have entered into a Settlement Agreement to resolve all outstanding issues arising from MRO's determination and findings of the enforceable violations of PRC-005-1 R1 and R2. According to the Settlement Agreement, NWE admits the violations and has agreed to the assessed penalty of twenty three thousand dollars (\$23,000), 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 MRO200900116 and MRO200900117 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 May 26, 2010, by and between MRO and NWE. 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.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
MRO	Northwestern Energy	NOC-529	MRO200900116	PRC-005-1	1	High <sup>4</sup>	23,000
			MRO200900117	PRC-005-1	2	High <sup>5</sup>	

The text of the Reliability Standards at issue is set forth in the Disposition Documents.

### PRC-005-1 R1 and R2 - OVERVIEW<sup>6</sup>

MRO determined that NWE, as a Generator Owner<sup>7</sup> and Transmission Owner, did not have a formal Protection System Maintenance and Testing program and did not perform maintenance and testing on all of the required protection system devices in accordance with PRC-005-1, R1 and R2. With regard to PRC-005-1 R1 violation, NWE had an informal maintenance and testing

<sup>4</sup> 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.

<sup>5</sup> PRC-005-1 R2 has a "Lower" VRF; R2.1 and R2.2 each have a "High" VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

<sup>6</sup> Further information on this violation is contained in the Disposition Document included as Attachment d to the Settlement Agreement.

<sup>7</sup> On November 13, 2009, NWE was removed as a Generator Owner from the NERC Compliance Registry.

program; however, the informal program did not identify all of the applicable components of the protection system nor did it include maintenance and testing intervals and their basis or a summary of maintenance and testing procedures. With regard to the PRC-005-1 R2 violation, NWE was able to provide evidence that it had performed maintenance and testing on 263 of the 462 (approximately 57%) protection system devices applicable to the subject Standards requirement.

The duration of the PRC-005-1 R1 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through November 23, 2009, the date NWE's documented Protection System Maintenance and Testing Program went into effect. The duration of the PRC-005-1 R2 violation was from June 18, 2007, when the Standard became mandatory and enforceable, through December 31, 2009, the date NWE completed the required maintenance and testing.

MRO determined that the violations posed a moderate risk to the reliability of the bulk power system (BPS), but did not pose a serious or substantial risk because, although NWE was not able to provide evidence that it was maintaining and testing forty-three percent (43%) of its Protection System devices, NWE employees maintained that the maintenance and testing had been completed. NWE was able to demonstrate to MRO that it had an informal protection system maintenance and testing program and was able to provide evidence that it was performing maintenance and testing on fifty-seven percent (57%) of its protection system devices. Additionally, although NWE has a large presence in the WECC region, it is a small rural entity in the MRO region. NWE has a unique NERC Compliance Registry ID (NCR) in the MRO region; under this NCR, NWE generates approximately 312 MW and is responsible for one 115 kV transmission line covering 266 miles.

## **Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>8</sup>**

### **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,<sup>9</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on July 12, 2010. The NERC BOTCC approved the Settlement Agreement, including MRO's assessment of a twenty three thousand dollar (\$23,000) financial penalty against NWE 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.

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<sup>8</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>9</sup> *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).

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

1. the violations constituted NWE's first occurrence of violation of the subject NERC Reliability Standards;
2. NWE self-reported the violations;
3. MRO reported that NWE was cooperative throughout the compliance enforcement process;
4. NWE has a compliance program,<sup>10</sup> as discussed in the Disposition Documents;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. MRO determined that the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above and in the Disposition Documents; and
7. 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 twenty three thousand dollars (\$23,000) 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.

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<sup>10</sup> The internal compliance program was a neutral factor in the penalty determination.

**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 NWE executed May 26, 2010, included as Attachment a;
  - i. Exhibit a to the Settlement Agreement - Self-Reports for PRC-005-1 R1 and R2 dated September 18, 2009;
  - ii. Exhibit b to the Settlement Agreement - NWE's Mitigation Plan for PRC-005-1 R1 submitted October 21, 2009<sup>11</sup> and NWE's Mitigation Plan for PRC-005-1 R2 submitted October 21, 2009;<sup>12,13</sup>
  - iii. Exhibit c to the Settlement Agreement - NWE'S Certification of Mitigation Plan Completion for PRC-005-1 R1 dated November 23, 2009; and
  - iv. NWE'S Certification of Mitigation Plan Completion for PRC-005-1 R2 dated December 31, 2009.
  - v. MRO'S Verification of Mitigation Plan Completion for PRC-005-1 R1, included in Section IV of the Disposition Document dated April 30, 2010.
  - vi. MRO'S Verification of Mitigation Plan Completion for PRC-005-1 R2, included in Section IV of the Disposition Document dated April 30, 2010.
- b) A Form of Notice Suitable for Publication<sup>14</sup>

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

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<sup>11</sup> The Mitigation Plan was dated October 20, 2009.

<sup>12</sup> *Id.*

<sup>13</sup> The Disposition Document incorrectly states that NERC approved this Mitigation Plan on October 26, 2009 instead of November 4, 2009.

<sup>14</sup> See 18 C.F.R. § 39.7(d)(6).

## Notices and Communications

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

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* 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>David Gates* Vice President, Wholesale Operations NorthWestern Energy 40 East Broadway Butte, MT 59701 (406) 497-2164 david.gates@northwestern.com</p> <p>John Canavan* Compliance Manager NorthWestern Energy 40 East Broadway Butte, MT 59701 (406)497-4309 john.canavan@northwestern.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,

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

/s/ Rebecca J. Michael  
Rebecca J. Michael  
Assistant General Counsel  
North American Electric Reliability  
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(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net

cc: NorthWestern Energy  
Midwest Reliability Organization

Attachments

## **Attachment a**

### **Settlement Agreement by and between MRO and NWE executed May 26, 2010**



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**SETTLEMENT AGREEMENT  
OF  
MIDWEST RELIABILITY ORGANIZATION  
AND  
NORTHWESTERN ENERGY**

**I. Introduction**

1. MIDWEST RELIABILITY ORGANIZATION (MRO) and NORTHWESTERN ENERGY (NWE) (NERC Compliance Registry ID# NCR01021) enter into this Settlement Agreement ("Agreement") to resolve all outstanding issues arising from a 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 NWE of NERC Reliability Standard PRC-005-1, R1 and R2.
2. NWE admits the violations of NERC Reliability Standard PRC-005-1, R1 and R2 and has agreed to the proposed remedial and mitigation actions to mitigate the instant alleged violations and facilitate future compliance under the terms and conditions of the Agreement.

**II. Stipulation**

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

**Background**

4. See section I of the Disposition document for a description of NWE.

**Alleged Violations of NERC Reliability Standard PRC-005-1, Requirement 1 and Requirement 2**

5. See Section II of the Disposition document for a description of the violations.

**III. PARTIES' SEPARATE REPRESENTATIONS**

**STATEMENT OF MRO AND SUMMARY OF FINDINGS**

6. On September 18, 2009, NWE self reported a violation of Reliability Standard PRC-005-1, R1 because it was adhering to an informal

NWE's five year asset replacement schedule for 2010 through 2014. The relay upgrade at the West Park Substation will be completed by the later of May 1, 2011 or 250 days after approval of this Settlement Agreement by FERC. The estimated cost for this relay replacement including materials, relays, racks, labor, and engineering is \$85,000.

12. MRO and NWE agree that NWE has completed and MRO has verified completion of the mitigating actions set forth in Section IV of the Disposition document.
13. MRO also considered the specific facts and circumstances of the violation and NWE's actions in response to the violations in determining a proposed penalty that meets the requirement in Section 215 of the Federal Power Act that "[a]ny penalty imposed under this section shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of [NWE] to remedy the violation in a timely manner." The factors considered by MRO in the determination of the appropriate penalty are set forth in Section V of the Disposition document.
14. Failure to comply with any of the terms and conditions agreed to herein, or any other conditions of this Agreement shall be deemed to be either the same alleged violation that initiated this Agreement and/or additional violation(s) and may subject NWE to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. NWE shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.
15. In order to ensure accountability for the action plans addressed above, NWE shall provide to MRO a written report upon completion of the relay replacement described in Paragraph 11 of this Agreement. NWE shall maintain records and other evidentiary material to support completion of the mitigation and remedies in this Agreement. The written report shall include scope, progress, and actual expenditures for each of the mitigation and remedies. MRO staff will audit the progress, as necessary, within its discretion and adequately coordinate with NWE personnel. The purpose of the audit is to validate that the actions resulting from this settlement are performed in accordance with the terms and conditions of this Agreement.

## **V. ADDITIONAL TERMS**

16. 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 NWE has been made to induce the signatories or any other party to enter into the Agreement.

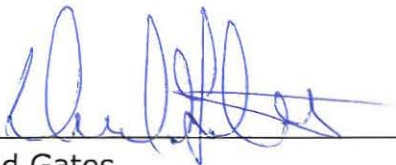
17. MRO shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify MRO and NWE 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 NWE 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.
18. 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.
19. 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.
20. NWE agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and NWE waives its right to further hearings and appeal, unless and only to the extent that NWE 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 NWE in accordance with the NERC Rules of Procedure in the event that NWE fails to comply with the mitigation plan and compliance program agreed to in this Agreement. In the event NWE 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 NWE to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. NWE shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
21. NWE 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 NWE 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 NWE consent to the use of this Agreement by any other party in any other action or proceeding.

22. 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.
23. 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.
24. The Agreement may be signed in counterparts.
25. 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:



David Gates  
Vice President—Wholesale Operations  
NorthWestern Energy

5-26-10

Date



Daniel P. Skaar  
President  
Midwest Reliability Organization

5-20-2010

Date



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

5-20-2010

Date



## DISPOSITION OF ALLEGED/CONFIRMED VIOLATION

Date: April 30, 2010

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
<b>MRO200900116</b>	<b>MRO2009091809_NWE_PRC-005-1_R1</b>	<b>NOC-529</b>
<b>MRO200900117</b>	<b>MRO2009091809_NWE_PRC-005-1_R2</b>	

REGISTERED ENTITY  
**Northwestern Energy (NWE)**

NERC REGISTRY ID.  
**NCR01021**

### I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

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

\*ALLEGED/CONFIRMED VIOLATION APPLIES TO ITALICIZED FUNCTIONS

#### DESCRIPTION OF REGISTERED ENTITY

**NWE is a provider of electricity and natural gas in the Upper Midwest and Northwest, serving approximately 640,000 customers in Montana, South Dakota and Nebraska. NWE jointly owns three coal-fired generating plants for electricity requirements in South Dakota. NWE utilizes nine wholly-owned peaking generating units located throughout its service territory. NWE also jointly owns a 500kV transmission system that transfers electricity generated from the Colstrip generation facility to markets in Montana and west of Montana. NWE is responsible for one 115kV transmission line that contains bulk electric system equipment in the MRO region. This line covers a distance of 266 miles between Yankton Junction, SD and Ellendale, ND.**

### II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>PRC-005-1</b>	<b>1</b>	<b>1.1 and 1.2</b>	<b>High</b>	<b>Severe</b>
<b>PRC-005-1</b>	<b>2</b>	<b>2.1 and 2.2</b>	<b>High</b>	<b>Moderate</b>

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





**Standard PRC-005-1:** 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:** Each Transmission Owner and 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 Requirement further provides that the program shall include:

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

**R1.2. Summary of maintenance and testing procedures.**

**Requirement 2 provides:** Each Transmission Owner and 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 Entity on request (within 30 calendar days). The Requirement further provides that documentation of the program implementation shall include:

**R2.1. Evidence Protection System devices were maintained and tested within the defined intervals.**

**R2.2. Date each Protection System device was last tested/maintained.**

#### ALLEGED/CONFIRMED VIOLATION DESCRIPTION

##### **Violation Tracking Number MRO200900116**

On September 18, 2009, NWE self reported a violation of Reliability Standard PRC-005-1, R1. NWE discovered this alleged violation upon conducting an internal review of its processes. This internal review revealed that NWE was adhering to an informal protection system maintenance and testing program that was not documented. NWE indicated that this informal protection system maintenance and testing program did not identify all of the components in the protection system. Additionally, the informal program did not include maintenance and testing intervals and their basis or a summary of maintenance and testing procedures. Because there was no documented procedure in place, NWE failed to comply with PRC-005-1, R1.

#### RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

MRO determined that this violation posed a moderate risk to the bulk power system. Although NWE failed to maintain a formal, documented Protection System Maintenance and Testing Program, it was following an informal, undocumented program. NWE provided evidence that some maintenance and testing was being conducted in accordance with the informal program. In addition, NWE had







developed and implemented a documented Protection System Maintenance and Testing Program by November 23, 2009. Because NWE had an informal program and was conducting maintenance and testing in accordance with this program for the majority of its protection system devices subject to PRC-005-1, MRO determined that this violation did not pose a serious or significant risk to reliability of the bulk power system.

**Violation Tracking Number MRO200900117**

On September 18, 2009, NWE also self reported a violation of Reliability Standard PRC-005-1, R2 to MRO. NWE reported that because it did not have a formal documented Protection System maintenance and testing program in place, it had not performed maintenance and testing for certain required protection system devices subject to PRC-005-1, R2.

In developing its Mitigation Plan for this violation, NWE worked with MRO to gather an inventory of the required devices. NWE then provided a spreadsheet listing the devices and their last maintenance and test dates. Based on this information, NWE was not able to provide evidence of maintenance and testing for 199 of the 462 protection system devices subject to PRC-005-1, R2. This represents a 57% completion rate for the required maintenance and testing.

**RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL**

MRO determined that this violation posed a moderate risk to the reliability of the bulk power system. NWE had maintenance and testing records for approximately 57% of its protection system devices. Additionally, MRO considered that NWE's program applies to eight high voltage transmission stations with only one 115kV transmission line covering 266 miles from Yankton Junction, SD to Ellendale, ND. Therefore, MRO determined that this violation did not pose a serious or significant risk to reliability of the bulk power system.

IS THERE A SETTLEMENT AGREEMENT      YES ☒      NO ☐

WITH RESPECT TO THE ALLEGED/CONFIRMED VIOLATION, 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 PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT      YES ☒  
 DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)      YES ☐







### III. DISCOVERY INFORMATION

#### METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

#### DURATION DATE(S)

**PRC-005-1, R1 (MRO200900116) began on June 18, 2007 and continued until November 23, 2009 the effective date of NWE's documented Protection System Maintenance and Testing Program.**

**PRC-005-1, R2 (MRO200900117) began on June 18, 2007 and continued until December 31, 2009 when NWE completed the required maintenance and testing.**

#### DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY

**Both violations were Self Reported on September 18, 2009**

IS THE ALLEGED/CONFIRMED VIOLATION STILL OCCURRING

YES ☐ NO ☒

EXPLAIN

**MRO verified completion of the Mitigation Plan for PRC-005-1, R1 as of November 23, 2009.**

**MRO verified completion of the Mitigation Plan for PRC-005-1, R2 as of December 31, 2009.**

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"/>

### IV. MITIGATION INFORMATION

MITIGATION PLAN NO. **MIT-09-2090 (MRO200900116)**

DATE ACCEPTED BY REGIONAL ENTITY **10/21/2009**

DATE APPROVED BY NERC **10/26/2009**

DATE PROVIDED TO FERC **11/03/2009**

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

**N/A**

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **12/31/2009**





EXTENSIONS GRANTED            **N/A**  
ACTUAL COMPLETION DATE    **11/23/2009**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY  
**NWE certified on 11/23/2009 that mitigation was complete as of 11/23/2009**

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY  
**MRO verified on 11/25/2009 that NWE mitigation was complete as of 11/23/2009**

MITIGATION PLAN NO.    **MIT-09-2104 (MRO200900117)**

DATE ACCEPTED BY REGIONAL ENTITY    **10/21/2009**  
DATE APPROVED BY NERC                **10/26/2009**  
DATE PROVIDED TO FERC                **11/04/2009**  
IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED  
**N/A**

MITIGATION PLAN COMPLETED    YES ☒    NO ☐

EXPECTED COMPLETION DATE    **12/31/2009**  
EXTENSIONS GRANTED                **N/A**  
ACTUAL COMPLETION DATE    **12/31/2009**

DATE CERTIFIED AS COMPLETE BY REGISTERED ENTITY  
**NWE certified on 12/31/2009 that mitigation was complete as of 12/31/2009**

DATE VERIFIED AS COMPLETE BY REGIONAL ENTITY  
**MRO verified on 2/09/2010 that mitigation was complete as of 12/31/2009**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

**NWE's Mitigation Plans to address the referenced violations were submitted to MRO on October 21, 2009. MRO accepted the plans on October 21, 2009, and they were forwarded to NERC on October 26, 2009. The Mitigation Plan for the alleged violation of PRC-005-1, R1 is designated as MIT-09-2090 (MRO200900116) and was submitted as non-public information to FERC on November 3, 2009 in accordance with FERC orders. The Mitigation Plan for the alleged violation of PRC-005-1, R2 is designated as MIT-09-2104 (MRO200900117) and was submitted as non-public information to FERC on November 4, 2009 in accordance with FERC orders.**





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

**PRC-005-1, R1 (MRO200900116)**

NWE provided its Protection System Maintenance and Testing Program document with an effective date of November 23, 2009. MRO reviewed the Program document and determined that it identifies all required protection system devices, establishes intervals for the protection system devices, and describes the basis for these intervals. Additionally, the Program document includes a summary of maintenance and testing procedures. On November 25, 2009, MRO verified completion of the Mitigation Plan as of November 23, 2009.

**PRC-005-1, R2 (MRO200900117)**

NWE provided its Protection System Maintenance and Testing Program document with an effective date of November 23, 2009. NWE also provided a spreadsheet identifying the protection system devices and their test dates. At MRO's request, on February 5, 2010, NWE provided the actual test records for a random sample of the protection system devices identified in the spreadsheet. MRO reviewed the information submitted by NWE and verified completion of the Mitigation Plan as of December 31, 2009.

V. **PENALTY INFORMATION**

PROPOSED PENALTY OR SANCTION  
**\$23,000**

NWE shall pay a monetary penalty of \$23,000 to MRO, via wire transfer or check to an MRO account that will be outlined in an invoice sent to NWE 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 twenty days after the receipt of the invoice, and MRO shall notify NERC if the payment is not received.

ADDITIONAL SUPPORT FOR PROPOSED PENALTY OR SANCTION

Reliability Standard PRC-005-1, Requirement 1 has a "high" Violation Risk Factor (VRF), and MRO assessed the violation of Reliability Standard PRC-005-1, Requirement 1 to be a "severe" Violation Severity Level (VSL) based on the failure to maintain a formal, documented Protection System Maintenance and Testing program.

Because there was no formal, documented program in place, MRO considered this alleged violation as a failure to perform the requirement rather than a documentation deficiency where the program document was insufficient to satisfy the requirement. According to the Base Penalty Table of the NERC Sanction Guidelines the ERO base penalty range for a "high" VRF violation with a "severe" VSL is \$20,000 to \$1,000,000. This violation began on June 18, 2007 the date the





**Standard became mandatorily enforceable and continued until November 23, 2009 when NWE implemented a formal, documented Protection System Maintenance and Testing program that met the requirements of PRC-005-1, R1.**

**Reliability Standard PRC-005-1, Requirement 2 has a "high" VRF, and MRO assessed the violation of Reliability Standard PRC-005-1, Requirement 2 to be a "moderate" VSL based on the percentage of devices for which maintenance and testing records were not available. According to the Base Penalty Table of the NERC Sanction Guidelines the ERO base penalty range for a "high" VRF violation with a "moderate" VSL is \$8,000 to \$300,000. This violation began on June 18, 2007, the date the Standard became mandatorily enforceable and continued until December 31, 2009 when all required maintenance and testing was completed.**

**MRO determined that these violations did not pose a serious or significant risk to the bulk power system. Although NWE failed to maintain a formal, documented Protection System Maintenance and Testing Program, it had an informal, undocumented program and was able to demonstrate that the majority of the required maintenance and testing was being performed in accordance with the informal, undocumented program.**

**Additionally, for purposes of settling any and all disputes arising from MRO's assessment into the matter self reported by NWE, MRO and NWE agree that on and after the effective date of this Agreement, NWE has or shall take the following actions to prevent recurrence of these alleged violations and increase the reliability of the bulk electric system:**

**NWE will accelerate the replacement of relays associated with the 115kV circuit 3701 at its West Park Substation. NWE will replace 9 existing electro-mechanical relays with 2 microprocessor based relays. This upgrade is not included in NWE's five year asset replacement schedule for 2010 through 2014. The relay upgrade at the West Park Substation will be completed by the later of May 1, 2011 or 250 days after approval of the Settlement Agreement by FERC. The estimated cost for this relay replacement including materials, relays, racks, labor, and engineering is \$85,000.**

#### **(1) THE RELATION OF THE PENALTY TO THE SERIOUSNESS OF THE VIOLATION**

**MRO has determined that a penalty of \$23,000 bears a reasonable relationship to the severity of the violation and considers the actions taken by NWE to mitigate the violation. This determination is based on the following facts:**

- NWE self reported these violations;**
- NWE had no documented Protection System Maintenance and Testing Program in place;**
- NWE was not able to provide evidence of maintenance and testing for approximately 43% of its protection system devices;**
- NWE took prompt action to implement a formal, documented Protection System Maintenance and Testing program;**
- NWE took prompt action to ensure that all required maintenance and testing is being performed as required;**
- NWE made no attempt to conceal the alleged violations;**





- **NWE fully cooperated with MRO;**
- **NWE has agreed to replace 9 electro-mechanical relays with 2 microprocessor based relays at its West Park Substation; and**
- **These are the first violations of Reliability Standard PRC-005-1, R1 and R2 by NWE.**

**This proposed penalty or sanction is subject to review and possible revision by NERC and FERC. NERC will include its determination of the proposed penalty or sanction in a Notice of Penalty to be filed with FERC.**

DOCUMENTATION ☐ PERFORMANCE ☒ BOTH ☐

EXPLAIN (FOR DOCUMENTATION-TYPE VIOLATIONS, INCLUDE A DESCRIPTION OF HOW THE REGIONAL ENTITY VERIFIED THAT THE REGISTERED ENTITY HAD PERFORMED IN ACCORDANCE WITH THE RELIABILITY STANDARD(S)/REQUIREMENT(S))

**See above.**

## (2) REGISTERED ENTITY'S COMPLIANCE HISTORY

PRIOR VIOLATIONS OF THIS RELIABILITY STANDARD OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒  
NUMBER OF SUCH VIOLATIONS

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

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

YES ☒ NO ☐  
NUMBER OF SUCH VIOLATIONS

**NWE self certified non-compliant with Reliability Standard CIP-001-1, R1, R2, R3 and R4 on October 23, 2007.**

LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS  
**NP09-23-000 was submitted to FERC on May 4, 2009 for the self certified violations of Reliability Standard CIP-001-1, R1, R2, R3 and R4. FERC issued an order approving the Notice of Penalty on May 29, 2009.**

(3) 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.)





**NWE cooperated in a timely and satisfactory manner with MRO staff at all times during the processing of this self reported noncompliance with Reliability Standard PRC-005-1, R1 and R2. NWE provided prompt responses to all MRO data requests.**

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

IS THERE A DOCUMENTED COMPLIANCE PROGRAM

YES ☒ NO ☐

EXPLAIN

**NWE has had a documented FERC Compliance Policy since June 2007. The objective of the Policy is to assure that the Company's electric transmission and generation and natural gas transmission and storage operations are in compliance with all applicable FERC related regulatory requirements. Additionally, in May 2009, NWE established a separate Electric Reliability Internal Compliance Program. The purpose of the Compliance Program is to continue and reinforce the Company's culture of compliance specifically related to the NERC, WECC, and MRO reliability standards.**

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

**NWE has established a Compliance Management Committee to provide senior management sponsorship and guidance to ensure the objectives of the FERC Compliance Policy and Electric Reliability Internal Compliance Program are achieved. The Committee is comprised of five members including three Vice President level representatives, the Chief Transmission Officer, and the Manager of Compliance. The Committee serves as the corporate-level clearinghouse for guidance, policy, direction, coordination, and assessment of the internal compliance efforts and initiatives.**

(5) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒

EXPLAIN

**There was no attempt by NWE to conceal the violations. The violations were self-reported.**

(6) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒

EXPLAIN

**No evidence was present to suggest these violations were intentional.**





(7) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒  
EXPLAIN

**No other mitigating factors were considered.**

(8) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒  
EXPLAIN

**No aggravating factors were present.**

(9) ANY OTHER EXTENUATING CIRCUMSTANCES (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒  
EXPLAIN

**There were no extenuating circumstances to consider.**

VI. OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION  
ISSUED

DATE: **March 15, 2010** OR N/A ☐

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) \_ \_ \_ \_ OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐

HEARING REQUESTED

YES ☐ NO ☒

DATE





OUTCOME

APPEAL REQUESTED

EXHIBITS:

- a. **NWE SELF REPORTS, dated September 18, 2009**
- b. **NWE MITIGATION PLANS, submitted on October 21, 2009**
- c. **NWE CERTIFICATION OF MITIGATION COMPLETE for PRC-005-1, R1, dated November 23, 2009**
- d. **NWE CERTIFICATION OF MITIGATION COMPLETE for PRC-005-1, R2, dated December 31, 2009**





## Exhibit a

### NWE Self Reports, dated September 18, 2009

<u>Registered Entity</u>	<u>Requirement</u>	<u>Description</u>	<u>Violation Risk Factor</u>	<u>Date Of Occurrence</u>	<u>Submitted On</u>	<u>Status</u>
NorthWestern Energy	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 Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:	High	Sep 18, 2009	Sep 18, 2009	Validated

#### Self Report Details

\* Standard Requirement  
PRC-005-1 R1

\* Date Alleged Violation  
Occurred Sep 18, 2009

#### \* Alleged Violation Description and Cause:

NorthWestern Energy (NWE) discovered this alleged violation through an internal compliance review. NWE found that the company was adhering to an informal protection system maintenance and testing program, but the program was not documented and was missing certain components required by the standard. Please note that this program is only applicable to the 115kV 266 mile line between Yankton Junction and Ellendale as this section of line contains the only BES protection systems that NWE is directly responsible for testing/maintaining.

#### \* Potential Impact to the Bulk Power System:

This violation poses minimal risk to the BES for several reasons. First, NWE has now formalized and approved a Protections System Maintenance and Testing Program that has been modeled after the Program used for NWE's Montana operations, which was found to be compliant in a recent audit by WECC. This Program has been uploaded to CDMS for this requirement's self-report. Further, the majority of the relays have been tested and maintained on logical intervals, in spite of the lack of a formal documented maintenance and testing program. To be specific, 95% of the primary relays have been maintained and tested per the intervals defined in the recently approved Program and technicians are currently working to bring the other 5% into compliance. Also, 57% of the auxiliary relays (lockout relays, sudden pressure, and zone timers) have been tested/maintained in accordance with the plan.

The DC Control Circuitry has been properly tested and maintained for 3 of the 8 substations on



## Exhibit a

this line, making NWE 37.5% compliant. Also, the station batteries all have maintenance/test records indicating that attention has been given to these devices. However, the records were not within the parameters of the informal program and records are not available for load tests. Further, NWE examines switch action reports daily to identify potential areas of concern and will take action should a mis-operation be suspected.

NWE is committed to reliable system operation and has directed the appropriate resources to complete 100% of the testing/maintenance on the devices subject to this standard by December 31, 2009. This effort has included NWE hiring a consultant to help us develop our maintenance and testing Program and internal procedures.



**Exhibit a**

<u>Registered Entity</u>	<u>Requirement</u>	<u>Description</u>	<u>Violation Risk Factor</u>	<u>Date Of Occurrence</u>	<u>Submitted On</u>	<u>Status</u>
NorthWestern Energy	PRC-005-1 R2	Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:	Low	Sep 18, 2009	Sep 18, 2009	Validated

## Self Report Details

\* Standard Requirement

PRC-005-1 R2

\* Date Alleged Violation

Occurred Sep 18, 2009

## \* Alleged Violation Description and Cause:

NorthWestern Energy (NWE) discovered this alleged violation through an internal compliance review. NWE found that the company was adhering to an informal protection system maintenance and testing program, but the program was not documented and was missing certain components required by the standard. Please note that this program is only applicable to the 115kV 266 mile line between Yankton Junction and Ellendale as this section of line contains the only BES protection systems that NWE is directly responsible for testing/maintaining.

## \* Potential Impact to the Bulk Power System:

This violation poses minimal risk to the BES for several reasons. First, NWE has now formalized and approved a Protections System Maintenance and Testing Program (?Program?) that has been modeled after the Program used for NWE's Montana operations, which was found to be compliant in a recent audit by WECC. This Program has been uploaded to CDMS under the self-report for PRC-005-1, R1. Further, the majority of the relays have been tested and maintained on logical intervals, in spite of the lack of a formal documented maintenance and testing program. To be specific, 95% of the primary relays have been maintained and tested per the intervals defined in the recently approved Program and technicians are currently working to bring the other 5% into compliance. Also, 57% of the auxiliary relays (lockout relays, sudden pressure, and zone timers) have been tested/maintained in accordance with the plan.

The DC Control Circuitry has been properly tested and maintained for 3 of the 8



## Exhibit a


substations on this line, making NWE 37.5% compliant. Also, the station batteries all have maintenance/test records indicating that attention has been given to these devices. However, the records were not within the parameters of the informal program and records are not available for load tests. Further, NWE examines switch action reports daily to identify potential areas of concern and will take action should a mis-operation be suspected.

NWE is committed to reliable system operation and has directed the appropriate resources to complete 100% of the testing/maintenance on the devices subject to this standard by December 31, 2009. This effort has included NWE hiring a consultant to help us develop our maintenance and testing Program and internal procedures.



## Exhibit b

### NWE Mitigation Plans for PRC-005-1, R1 (MRO200900116) and PRC-005-1, R2 (MRO200900117, submitted October 21, 2009

MRO200900116 PRC-005-1, R1	
Midwest Reliability Organization Confidential Non Public Information	
<b>Mitigation Plan</b>	
Mitigation Plan submitted on: <b>Oct 21, 2009</b>	
Mitigation Plan Completed (Yes/No): <b>Yes</b>	
Mitigation Plan Completed On: <b>Nov 25, 2009</b>	
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## Exhibit b



MRO200900116  
PRC-005-1, R1

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#### **Section A: Compliance Notices**

• Section 6.2 of the NERC CMEP<sup>1</sup> 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.<sup>2</sup>
- (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 authorization 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 - Rules of Procedure, Schedule "A" 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: the precise the date the Mitigation Plan becomes effective in Manitoba will be considered. It will be extended until the date the Mitigation Plan becomes effective.



## Exhibit b



MRO 200900116  
PRC-005-1, R1

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- 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.

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## Exhibit b



MRO200900116  
PRC-005-1, R1

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

#### **B.1**

Identify your organization:

Entity Name: **NorthWestern Energy**

Address: **40 East Broadway, Butte, Montana 59701, United States**

NERC Compliance Registry ID: *[If known]* **NCR01021**

#### **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: **John Canavan**

Title: **Compliance Manager**

Email: **john.canavan@northwestern.com**

Phone: **406-497-4309**

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## Exhibit b



MRO200900116  
PRC-005-1, R1

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### **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: **Sep 05, 2009**

#### **C.2**

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

*This potential non-compliance was discovered during an internal compliance review. NWE found that the company was adhering to an informal protection system maintenance and testing program, but the program was not documented and was missing certain components required by the standard. Specifically, the informal program did not include maintenance and testing intervals and their basis or summary of maintenance and testing procedures. Additionally, it did not address all of the protection system components defined in the NERC Glossary of terms. Please note that this program is only applicable to the 115kV 266 mile line between Yankton Junction and Ellendale as this section of line contains the only BES protection systems that NWE is directly responsible for testing/maintaining. NWE has eight substations on its 115kV system that contain protection system devices. These substations are: Yankton Junction, Mitchell NW, Tripp Junction, West Park, Siebrecht, Redfield Transmission, Mitchell Transmission and Aberdeen City.*

#### **C.3**

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

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## Exhibit b



MRO200900116  
PRC-005-1, R1

**Midwest Reliability Organization**  
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### **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:

***NWE submitted a Protection System Testing and Maintenance Program with its Self Report of this potential non-compliance. This Program was reviewed by Jim Burley of the MRO. Jim provided some input for revising the Program, including reviewing the NERC technical reference on Protection System Testing and Maintenance. NWE will submit a revised Program to the MRO by December 31, 2009.***

#### **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: ***Dec 31, 2009***

##### **D.3**

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

<b>Milestone Activity</b>	<b>*Proposed Completion Date (Shall not be greater than 3 months apart)</b>	<b>Actual Completion Date</b>
Submit NorthWestern Energy Protection System Testing and Maintenance Program to MRO for approval	Dec 31, 2009	

(\*) 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:



## Exhibit b



MRO200900116  
PRC-005-1, R1

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### **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:

*There is minimal risk to the BES at this time because as stated in the Plan Details tab of this Mitigation Plan, NWE already submitted a Protection System Maintenance and Testing Program to the MRO when it self reported this potential non-compliance. Even though there are some changes to make to the Program, as recommended by Mr. Burley, this Program is substantially complete. Also, as stated in the Alleged Violation tab of this Mitigation Plan NWE was following an informal program, so there was some maintenance and testing being done. Additionally, even though NWE's new Program has not been completely finalized, NWE has started to do maintenance and testing under the program in order to complete its missing maintenance and testing by year's end - please see NWE's PRC-005, R2 Mitigation Plan for further details.*

#### **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 NWE Protection System Maintenance and Testing Program will ensure that NorthWestern Energy's Protection Systems will be maintained and tested per the requirements of R1 going forward.*

##### **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:

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## Exhibit b



MRO200900116  
PRC-005-1, R1

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### **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- Wholesale Operations** of **NorthWestern Energy**.
  - 2. I am qualified to sign this Mitigation Plan on behalf of **NorthWestern Energy**.
  - 3. I have read and understand **NorthWestern Energy'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. **NorthWestern Energy** 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: **David Gates**

Title: **VP- Wholesale Operations**


Authorized On: **Oct 20, 2009**

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## Exhibit b



MRO200900117 PRC-005-1, R2	
<b>Midwest Reliability Organization</b> <b>Confidential Non Public Information</b>	
<b>Mitigation Plan</b>	
Mitigation Plan submitted on: <b>Oct 21, 2009</b>	
Mitigation Plan Completed (Yes/No): <b>Yes</b>	
Mitigation Plan Completed On: <b>Feb 05, 2010</b>	
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## Exhibit b



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### **Section A: Compliance Notices**

• Section 6.2 of the NERC CMEP<sup>1</sup> 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.<sup>2</sup>
- (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 (copy of the authorization 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 - Purpose: Critical Data, 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 Mitigation Plan becomes effective in Manitoba will be considered to be extended until the date that the Mitigation Plan becomes effective.



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- 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.

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

#### ***B.1***

Identify your organization:

Entity Name: ***NorthWestern Energy***

Address: ***40 East Broadway, Butte, Montana 59701, United States***

NERC Compliance Registry ID: *{If known}* ***NCR01021***

#### ***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: ***John Canavan***

Title: ***Compliance Manager***

Email: ***john.canavan@northwestern.com***

Phone: ***406-497-4309***

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### **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 R2*

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 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:*

Violation Date: *Jun 18, 2007*

#### **C.2**

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

*This potential non-compliance was discovered during an internal compliance review. NWE found that the company was adhering to an informal protection system maintenance and testing program, but the program was not documented and was missing certain components required by the standard. Specifically, the informal program did not include maintenance and testing intervals and their basis or summary of maintenance and testing procedures. To illustrate the devices not tested, the following paragraph describes the percentage complete for each device.*

*NWE has eight substations on its 115kV system that contain protection system devices. These substations are: Yankton Junction, Mitchell NW, Tripp Junction, West Park, Siebrecht, Redfield Transmission, Mitchell Transmission and Aberdeen City. The majority of the relays in these substations have been tested and maintained on logical intervals, in spite of the lack of a formal documented maintenance and testing program. To be specific, 95% of the primary relays have been maintained and tested per the intervals defined in the Program that was submitted with NWE's self report of non-compliance with R1 of PRC-005 and technicians are currently working to bring the other 5% into compliance. Also, 57% of the auxiliary relays (lockout relays, sudden pressure, and zone timers) have been tested/maintained in accordance with that Program. The DC Control Circuitry has been properly tested and maintained for 3 of the 8 substations on this line (Yankton Junction, Mitchell NW and Tripp Junction). Also, the station batteries all have some maintenance/test records indicating that attention has been given to these devices; however, documentation is not complete.*

*Please note that this Program is only applicable to the 115kV 266 mile line between Yankton Junction and Ellendale as this section of line contains the only BES protection systems that NWE is directly responsible for testing/maintaining.*

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**C.3**

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

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### **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:

***NWE is committed to reliable system operation and has directed the appropriate resources to complete 100% of the missing testing/maintenance on the protection system devices in all of NorthWestern's substations identified in the Alleged Violation tab of this Mitigation Plan by year's end.***

#### **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: ***Dec 31, 2009***

##### **D.3**

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

<b>Milestone Activity</b>	<b>*Proposed Completion Date (Shall not be greater than 3 months apart)</b>	<b>Actual Completion Date</b>
Complete missing testing and maintenance of all protection system devices on NWE's 115kV tx. system	Dec 31, 2009	

(\*) 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:

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### **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:

*This violation poses minimal risk to the BES for several reasons. First, NWE has substantially completed its Protection System Maintenance and Testing Program. As discussed in NWE's PRC-005 R1 Mitigation Plan, NWE will submit a revised Program to the MRO for approval no later than 12/31/09. Further, the majority of the relays have been tested and maintained on logical intervals, in spite of the lack of a formal documented maintenance and testing program. To be specific, 95% of the primary relays have been maintained and tested per the intervals defined in the maintenance and testing Program that was submitted with NWE's self report of potential non-compliance with R1 of PRC-005 and technicians are currently working to bring the other 5% into compliance. Also, 57% of the auxiliary relays (lockout relays, sudden pressure, and zone timers) have been tested/maintained in accordance with that Program. The DC Control Circuitry has been properly tested and maintained for 3 of the 8 substations on this line (Yankton Junction, Mitchell NW and Tripp Junction). Also, the station batteries all have some maintenance/test records indicating that attention has been given to these devices; however, the documentation is not complete. Further, NWE examines switch action reports daily to identify potential areas of concern and will take action should a mis-operation be suspected.*

#### **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:

*Having a formal, documented Protection System Maintenance and Testing Program in conjunction with completing the missing testing and maintenance of NWE's protection system devices as described in this Mitigation Plan will ensure NWE is in full compliance with PRC-005 and on track to remain on a timely and compliant schedule for the applicable devices into the future.*

##### **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:

*Compliance with this requirement will be monitored by the NWE Compliance Department*

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*annually to ensure ongoing compliance.*

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### **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- Wholesale Operations** of **NorthWestern Energy**.
  - 2. I am qualified to sign this Mitigation Plan on behalf of **NorthWestern Energy**.
  - 3. I have read and understand **NorthWestern Energy'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. **NorthWestern Energy** 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: **David Gates**

Title: **VP- Wholesale Operations**

Authorized On: **Oct 20, 2009**

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## Exhibit c

### NWE's Certification of Mitigation Complete for PRC-005-1, R1 (MRO200900116), dated November 23, 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: NorthWestern Corporation dba NorthWestern Energy

NERC Registry ID: NCR01021

Date of Submittal of Certification: 11/23/2009

NERC Violation ID No(s): MRO200900116

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: 12/31/2009

Date Mitigation Plan was actually completed: 11/23/2009

Additional Comments (or List of Documents Attached): Please find uploaded to CDMS the NorthWestern Energy Protection System Maintenance and Testing Program for South Dakota Operations, Version 1. This document serves as completion evidence to mitigate NWE's violation of PRC-005-1, R1.

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: David G Gates

Title: VP, Wholesale Operations

Email: [David.Gates@northwestern.com](mailto:David.Gates@northwestern.com)

Phone: 406-497-2164

Authorized Signature

A handwritten signature in black ink, appearing to read 'David G. Gates', written over a horizontal line.

Date 11/23/2009



2774 Cleveland Avenue N • Roseville, MN 55113 • Phone (651) 855-1760 • Fax (651) 855-1712 •



## Exhibit c



MIDWEST  
RELIABILITY  
ORGANIZATION

Please direct any questions regarding completion of this form to the Midwest Reliability Organization e-mail address [mco@midwestreliability.org](mailto:mco@midwestreliability.org)

Please submit the completed form via CDSM at [www.midwestreliability.org](http://www.midwestreliability.org)



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## Exhibit d

### NWE's Certification of Mitigation Complete for PRC-005-1, R2 (MRO200900117), dated December 31, 2009



MIDWEST  
RELIABILITY  
ORGANIZATION

#### 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: NorthWestern Energy

NERC Registry ID: NCR01021

Date of Submittal of Certification: 12/31/2009

NERC Violation ID No(s): MRO200900117

Reliability Standard and the Requirement(s) of which a violation was mitigated: PRC-005-1, R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: 12/31/2009

Date Mitigation Plan was actually completed: 12/31/2009

Additional Comments (or List of Documents Attached): Protection System Maintenance and Testing Summary Spreadsheet

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: David G Gates

Title: VP, Wholesale Operations

Email: david.gates@northwestern.com

Phone: (406)497-2164

*Michael R. Cashell on behalf of David G. Gates*  
**Michael R. Cashell**

Authorized Signature **Chief Transmission Officer**

Date 12/31/2009

Please direct any questions regarding completion of this form to the Midwest Reliability Organization e-mail address [mco@midwestreliability.org](mailto:mco@midwestreliability.org)



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## Exhibit d



MIDWEST  
RELIABILITY  
ORGANIZATION

Please submit the completed form via CDSM at [www.midwestreliability.org](http://www.midwestreliability.org)



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**Attachment b**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

NorthWestern Energy

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

NOTICE OF FILING  
September 30, 2010

Take notice that on September 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding NorthWestern Energy 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](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary