



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

May 4, 2009

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

Re: NERC Notice of Penalty regarding NorthWestern Energy, FERC Docket No. NP09-_-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding NorthWestern Energy, NERC Registry ID NCR01021,² 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)).³

As a result of a self-certification, Midwest Reliability Organization (MRO) found NorthWestern Energy in violation of CIP-001-1, Requirements (R) 1, R2, R3 and R4 for failure to have a written procedure for dealing with possible sabotage events that includes: recognition of sabotage events, communicating information on sabotage events, response guidelines for operating personnel and lists of communications contacts. This Notice of Penalty is being filed with the Commission because, based on information from MRO, NorthWestern Energy does not dispute the violations of CIP-001-1 R1, R2, R3 and R4 and the proposed penalty of zero dollars (\$0) to be assessed to NorthWestern Energy. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers MRO200700027, MRO200700028, MRO200700029 and MRO200700030 are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP.

¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2008). *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).

² Midwest Reliability Organization confirmed that NorthWestern Energy was included on the NERC Compliance Registry as a Transmission Owner, Distribution Provider, Generator Owner, Resource Planner, Purchasing-Selling Entity and Load-Serving Entity on May 30, 2007 and as a Load-Serving Entity was subject to the requirements of NERC Reliability Standard CIP-001-1.

³ See 18 C.F.R. § 39.7(c)(2).

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on June 11, 2008, by MRO, and the Supplemental Record Information letter issued by MRO to NorthWestern Energy on November 12, 2008. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying each Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
MRO	NorthWestern Energy	NOC-59	MRO200700027	CIP-001-1	1	Medium	0
MRO	NorthWestern Energy	NOC-59	MRO200700028	CIP-001-1	2	Medium	
MRO	NorthWestern Energy	NOC-59	MRO200700029	CIP-001-1	3	Medium	
MRO	NorthWestern Energy	NOC-59	MRO200700030	CIP-001-1	4	Medium	

In summary, CIP-001-1 R1 requires an entity such as NorthWestern Energy to 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. CIP-001-1 R1 has a "Medium" Violation Risk Factor (VRF).

NorthWestern Energy reported in its October 23, 2007 self-certification that it did not have a written procedure for the recognition of sabotage events. According to NorthWestern Energy, it did not have a final documented plan for sabotage reporting; however, it did have a draft plan that existed after the mandatory and enforceable Reliability Standards and prior to October 2007 but the plan was not implemented or distributed until February 29, 2008. However, MRO determined that the NorthWestern Energy operators responded appropriately with the actual events of vandalism that have occurred in the past years.

CIP-001-1 R2 requires an entity such as NorthWestern Energy to have procedures for the communication of information regarding sabotage events to appropriate parties in the Interconnection. CIP-001-1 R2 has a "Medium" VRF.

In the self-certification, NorthWestern Energy stated that it did not have a written procedure for the communication of information regarding sabotage events, but it did have a draft procedure developed prior to the October 2007 self-certification that addressed the necessary communication plans. However, the plan was not distributed or implemented until February 29, 2008.

CIP-001-1 R3 requires NorthWestern Energy to provide its operating personnel with sabotage response guidelines, including personnel to contact, for reporting disturbances due to sabotage events. CIP-001-1 R3 has a "Medium" VRF.

In the self-certification, NorthWestern Energy stated that it did not have a written sabotage report guidelines for operators, but it had a draft procedure that existed prior to the October 2007 self-certification that included response guidelines, including personnel to contact, for reporting disturbances. However, the plan was not distributed or implemented until February 29, 2008.

CIP-001-1 R4 requires NorthWestern Energy to establish communication contacts, as applicable, with local Federal Bureau of Investigation (FBI) or Royal Canadian Mounted Police (RCMP) officials and develop reporting procedures as appropriate to their circumstances. CIP-001-1 R4 has a “Medium” VRF.

In the self-certification, NorthWestern Energy stated that it had not established communication contacts as specified in the Requirement, but it had a draft procedure that included communication contacts with the local FBI office.

MRO reviewed NorthWestern Energy’s self-certification and determined NorthWestern Energy violated CIP-001-1 R1, R2, R3 and R4.

NorthWestern Energy submitted its written procedure, dated January 24, 2008 that was developed and implemented in accordance with Reliability Standard CIP-001-1. This procedure was approved and communicated on February 29, 2008 and became effective on March 1, 2008. NorthWestern Energy also provided a letter dated March 1, 2008 that was sent to all its divisions, its call center and the South Dakota 911 Dispatchers detailing instructions on how to identify and who to contact to report events of sabotage. The written procedure identified contact information for the FBI, the Department of Energy, the Department of Homeland Security, NERC, MRO, and the Midwest Independent Transmission System Operator. Upon reviewing the documents, MRO determined the written procedure incorporated all of the required elements in the Reliability Standard CIP-001-1. MRO determined the duration of the subject violations was from June 18, 2007, when the standard became enforceable, through February 29, 2008 when NorthWestern Energy successfully completed its Mitigation Plan and showed full compliance with the CIP-001-1 Reliability Standard. MRO verified on April 21, 2008 that the Mitigation Plan was completed on February 29, 2009. NorthWestern Energy’s Sabotage Reporting Policy was approved on January 24, 2008 and communicated to its personnel on February 29, 2008. Although NorthWestern Energy’s procedure has an effective date of March 1, 2008, NorthWestern Energy explained in its Certification of Completion of Mitigation that the procedure was approved and communicated as of February 29, 2008.

Section 4.2.2 of the NERC Sanction Guidelines states that:

If the actual or foreseen impact of the violation is judged to be inconsequential by NERC or the regional entity and the violation is the first incidence of violation of the requirement in question by the violator, NERC or the regional entity may at its discretion: (i) set the Base Penalty Amount to a value it deems appropriate within the initial value range set above pursuant to Section 4.1, *or (ii) excuse the penalty for the violation (i.e. set the Base Penalty Amount to 0\$).*⁴

⁴ See NERC Sanction Guidelines (emphasis added).

MRO exercised its discretion to assess no penalty for these violations based on a number of factors. MRO Staff considered the following mitigating factors with respect to the facts and circumstances of the referenced violation: (1) NorthWestern Energy had informal processes, other than the draft plan, in place for identifying, communicating, and responding to events of sabotage that had been proven effective in the past; (2) NorthWestern Energy's informal plan for dealing with sabotage reporting has been effective because there have been several events in the recent past years in which the operators responded appropriately; (3) NorthWestern Energy self-certified its non-compliance with Reliability Standard CIP-001-1 although it had a completed draft of the required documentation; and (4) these violations were the first violations for NorthWestern Energy.

Furthermore, MRO Staff determined that these violations were deemed not to be violations that put bulk power system reliability at serious or substantial risk because NorthWestern Energy had an informal process for responding to instances of sabotage that had been appropriately utilized in the recent past. In addition, NorthWestern Energy had a draft of its written procedure that included recognition of sabotage events, communicating information on sabotage events, response guidelines for operating personnel and lists of communications contacts, but the draft was undergoing review and approval prior to implementation. There was no repetitive violation, no negative relevant compliance history, no applicable compliance directives, no evidence of any attempt by NorthWestern Energy to conceal the violations, or that the violations were intentional, and no aggravating extenuating circumstances that would have led MRO Staff to recommend any penalty beyond zero dollars.

Status of Mitigation Plan

NorthWestern Energy's Mitigation Plan to address the referenced violations was submitted to MRO on January 7, 2008, accepted by MRO on January 18, 2008 and approved by NERC on February 27, 2008. The Mitigation Plan for the violations listed is designated as MIT-07-0284 and was submitted as non-public information to FERC on February 28, 2008 in accordance with FERC orders.

NorthWestern Energy identified in its Mitigation Plan that it did not have a working procedure in place for dealing with possible sabotage events. NorthWestern Energy stated that there was a draft plan completed and in place since October 2007 and it was waiting for officer approval for implementation.

After a March 17, 2008 request from MRO, NorthWestern Energy provided the final procedure for sabotage reporting, including the sabotage response guidelines, to support completion of its Mitigation Plan. On April 21, 2008, MRO reviewed the written procedure for sabotage reporting and the March 1, 2008 letter that was sent to NorthWestern Energy's divisions, call centers and the South Dakota 911 Dispatchers that NorthWestern Energy submitted in support of its

completion of the Mitigation Plan and determined that NorthWestern Energy was compliant with the Requirements of CIP-001-1 and that the Mitigation Plan was timely completed.⁵

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,⁶ the NERC BOTCC reviewed the NOCV and supporting documentation on January 9, 2009. The NERC BOTCC affirmed MRO's findings and determination to impose a zero dollar (\$0) financial penalty against NorthWestern Energy, based upon the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

In reaching this determination, NERC BOTCC considered the following factors: (1) NorthWestern Energy had informal processes in place, even prior to the draft plan in place prior to the October 2007 self-certification, for identifying, communicating, and responding to events of sabotage, even though they did not conform to the specific requirements of the Reliability Standard CIP-001-1; (2) NorthWestern Energy self-certified its non-compliance with Reliability Standard CIP-001-1; (3) NorthWestern Energy worked diligently to correct the violations and to prevent future violations; (4) these violations were the first violations for NorthWestern Energy; (5) these violations were deemed not to be violations that put bulk power system reliability at serious or substantial risk because there were informal processes in place; and (6) there was no repetitive violation, no negative relevant compliance history, no applicable compliance directives, no evidence that the violations were intentional to warrant a different penalty amount.

Therefore, NERC believes that the proposed zero dollar (\$0) financial penalty is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the thirty (30) day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

⁵ On the June 10, 2008 MRO Review Process document, it incorrectly states that NorthWestern Energy self-certified the CIP-001-1 violations on October 24, 2007 instead of October 23, 2007.

⁶ *Guidance on Filing Reliability Notices of Penalty*, 124 FERC ¶ 61,015 (2008).

Attachments Included as Part of this Notice of Penalty

The attachments included as part of this Notice of Penalty are the following documents and material:

- a) NorthWestern Energy Self-Certification documents dated October 23, 2007, included as Attachment a;
- b) Mitigation Plan designated as MIT-07-0284, included as Attachment b;
- c) NorthWestern Energy's Certification of Completion of the Mitigation Plan dated May 1, 2009, included as Attachment c;
- d) Verification statement of MRO Regarding Completion of Mitigation Plan dated April 21, 2008, included as Attachment d.

A Form of Notice Suitable for Publication

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

Notices and Communications

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

Rick Sergel
President and Chief Executive Officer
David N. Cook*
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
david.cook@nerc.net

For NorthWestern Energy:

David Gates*
VP—Transmission Operations
NorthWestern Energy
40 East Broadway
Butte, MT 59701
Phone: 406-497-2164
Email: david.gates@northwestern.com

John Canavan*
NorthWestern Energy
40 East Broadway
Butte, MT 59701
Phone: 406-497-4309
Email: john.canavan@northwestern.com

Cory Huber*
Resource/Load Dispatch Coordinator
NorthWestern Energy
40 East Broadway
Butte, MT 59701
Phone: 605-353-7465
Email: cory.huber@northwestern.com

Rebecca J. Michael*
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Holly A. Hawkins*
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(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

For MRO:

Daniel P. Skaar*
President
Midwest Reliability Organization
2774 Cleveland Avenue North
Roseville, MN 55113
Phone: 651-855-1731
Email: dp.skaar@midwestreliability.org

Sara E. Patrick*
Director of Regulatory Affairs and
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Midwest Reliability Organization
2774 Cleveland Avenue North
Roseville, MN 55113
Phone: 651-855-1708
Email: se.patrick@midwestreliability.org

*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.

Conclusion

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

Respectfully submitted,

Rick Sergel
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
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(609) 452-8060
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Rebecca J. Michael
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(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

cc: NorthWestern Energy
Midwest Reliability Organization

Attachments

Attachment a

Self-Certification Worksheets of North Western Energy, dated October 23, 2007

Compliance Data Management System
2007 Self-Certification Worksheet
NorthWestern Energy

<u>STANDARD</u>	CIP-001-1 R1	Sabotage Reporting		
<u>RESPONSIBLE FOR COMPLYING</u>	Yes	<u>RECEIVED_DATE</u>	10/23/2007	
<u>DUE DATE</u>	10/24/2007	<u>COMPLIANCE LEVEL</u>	NC Level 1	
<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted	

NOT_RESPONSIBLE_REASON

MEMBER_COMMENTS

Will be working on mitigation plan.

MEMBER_CONTACT

***** End of Report *****

Compliance Data Management System
2007 Self-Certification Worksheet
NorthWestern Energy

<u>STANDARD</u>	CIP-001-1 R2	Sabotage Reporting		
<u>RESPONSIBLE FOR COMPLYING</u>	Yes	<u>RECEIVED_DATE</u>	10/23/2007	
	<u>DUE DATE</u>	10/24/2007	<u>COMPLIANCE LEVEL</u>	NC Level 1
	<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT_RESPONSIBLE_REASON

MEMBER_COMMENTS

MEMBER_CONTACT

***** End of Report *****

Compliance Data Management System
2007 Self-Certification Worksheet
NorthWestern Energy

STANDARD	CIP-001-1 R3	Sabotage Reporting	
<u>RESPONSIBLE FOR COMPLYING</u>	Yes	<u>RECEIVED_DATE</u>	10/23/2007
<u>DUE DATE</u>	10/24/2007	<u>COMPLIANCE LEVEL</u>	NC Level 1
<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT_RESPONSIBLE_REASON

MEMBER_COMMENTS

MEMBER_CONTACT

***** End of Report *****

Compliance Data Management System
2007 Self-Certification Worksheet
NorthWestern Energy

<u>STANDARD</u>	CIP-001-1 R4	Sabotage Reporting	
<u>RESPONSIBLE FOR COMPLYING</u>	Yes	<u>RECEIVED_DATE</u>	10/23/2007
<u>DUE DATE</u>	10/24/2007	<u>COMPLIANCE LEVEL</u>	NC Level 1
<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT_RESPONSIBLE_REASON

MEMBER_COMMENTS

MEMBER_CONTACT

***** End of Report *****

Attachment b

Mitigation Plan designated as MIT-07-0284



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: January 7, 2008

If the mitigation described in this plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan:

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 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined 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 MRO and NERC.

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.



- 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 violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is approved by MRO and 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.
- MRO 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.

Section B: Registered Entity Information

B.1 Identify your organization:

Company Name: NorthWestern Energy
Company Address: 600 Market St W
NERC Compliance Registry ID *[if known]*: 13809

B.2 Identify the individual in your organization who will serve as the Contact to MRO regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to MRO regarding this Mitigation Plan.

Name: Cory Huber
Title: Resource/Load Dispatch Coordinator
Email: cory.huber@northwestern.com
Phone: 605-353-7465

Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

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

C.1 Standard: CIP-001 *[Identify by Standard Acronym (e.g. FAC-001-1)]*



C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	MRO Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
		R1	10/23/07
		R2	10/23/07
		R3	10/23/07
		R4	10/23/07

(*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by MRO. Questions regarding the date to use should be directed to the MRO.

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

NorthWestern did not have a working plan in place at the time of self-reporting.
A plan has been completed and waiting for officer approval for implementation.

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

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

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

Since October 2007, a plan for compliance with CIP 001 has been written and currently under review by management. The plan is expected to be implemented by February 29, 2008.



Check this box ☐ and proceed to Section E of this form if the mitigation as described in this plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Written Plan	December 31, 2007
Plan Review	January 31, 2008
Officer/Management Approval	February 15, 2008
Plan Implementation	February 29, 2008

(*) 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.

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

Additional Relevant Information (Optional)

D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

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



Section E: Interim and Future Reliability Risk

Check this box ☐ and proceed and respond to Part E.2 and E.3, below, if the mitigation as described in this plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, 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:

NorthWestern personnel will continue to notify law enforcement and the MRO of any suspicious activity.

Prevention of Future BPS Reliability Risk

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

The written plan will provide a quick and planned response to any future sabotage incidents.

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

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



Section F: Authorization

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to mco@midwestreliability.org for acceptance by MRO 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 Resource/Load Dispatch Coordinator 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, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
 - 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, the Mitigation Plan, including the timetable completion date, as approved by MRO and approved by NERC.

Authorized Individual Signature

Name (Print): Cory Huber
Title: Resource/Load Dispatch Coordinator
Date: 1/7/08

*This signature page must be submitted to the MRO.
It can be scanned and sent electronically to mco@midwestreliability.org,
or printed and faxed to: MRO Compliance Office at 651.855.1712.*



Section G: Comments and Additional Information

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

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

Please direct any questions regarding completion of this form to:

Riaz Islam
Midwest Reliability Organization
Tel: 651-855-1734
e-mail: r.islam@midwestreliability.org

Attachment c

NorthWestern Energy's Certification of Completion of the Mitigation Plan, dated May 1, 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 Energy

NERC Registry ID:NCR01021

Date of Submittal of Certification: 5/1/09

NERC Violation ID No(s): MRO200700027, MRO200700028, MRO200700029, MRO200700030

Reliability Standard and the Requirement(s) of which a violation was mitigated:CIP-001 R1,R2,R3,R4

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan: 2/29/08

Date Mitigation Plan was actually completed: 2/29/2008

Additional Comments (or List of Documents Attached): Please see the attached email for evidence that NorthWestern Energy's approved Sabotage Reporting Procedure was communicated to the appropriate employees on 2/29/08, which is the date our Mitigation Plan was scheduled to be complete. NorthWestern Energy considers this email communication to be the completion of our Mitigation Plan. Our intent was to make the effective date of the policy match the completion date of the Mitigation Plan. Our logic was that the completion date ended at midnight on 2/29/08 and the effective date of the procedure started immediately after midnight on 3/1/08.

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





MIDWEST
RELIABILITY
ORGANIZATION



Authorized Signature _____

Date 5/1/09

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 CDSM at www.midwestreliability.org



Attachment d

Midwest Reliability Organization's Notice of Verification of Completion of Mitigation Plan, dated April 21, 2008



June 10, 2008

MRO Review Process:

NorthWestern Energy (NWPS) self certified thru Annual MRO Self Certification Program four violations on 10/24/2007 and submitted a mitigation plan on 1/7/08. MRO compliance staff reviewed the mitigation plan and accepted the plan on 01/18/2008 with the completion date of 2/29/2008. MRO Compliance Office (MCO) never received any email stating completion of mitigation from the entity. However, MCO requested evidence to support completion of this mitigation plan on 03/17/2008. MRO Compliance Staff reviewed the supporting documentation and validated the completion of the mitigation on 04/21/2008.

Mitigation Verification Completed: 04/21/2008.

Riaz Islam
Engineer III
The Midwest Reliability Organization
2774 Cleveland Ave. North Roseville, MN 55113



From: Riaz Islam
Sent: Monday, April 21, 2008 4:45 PM
To: 'cory.huber@northwestern.com'
Cc: mco@midwestreliability.org
Subject: NWPS - Post June 18 Violation

Hello Cory,

MRO compliance office has reviewed the verification data you provided earlier and validated the completion of the following Mitigation Plans.

- CIP-001-1 R1 (NERC Violation Id - MRO200700027)
- CIP-001-1 R2 (NERC Violation Id - MRO200700028)
- CIP-001-1 R3 (NERC Violation Id - MRO200700029)
- CIP-001-1 R4 (NERC Violation Id - MRO200700030)

We have closed these mitigation plans that you submitted in 2008. We will also notify NERC of the completion of these mitigation plans. Thanks again for participating in the NERC/MRO Compliance Program.

Let me know if you have any questions. Thanks

Riaz Islam
Engineer
Midwest Reliability Organization (MRO)
Roseville, MN 55113-1127
(651)-855-1734

Central Facsimile (651) 855-1712

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Attachment e

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

NorthWestern Energy

Docket No. NP09-____-000

NOTICE OF FILING
(May 4, 2009)

Take notice that on May 4, 2009, 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, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary