



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

May 7, 2009

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

**Re: NERC Notice of Penalty regarding Upper Peninsula Power Company, FERC
Docket No. NP09-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Upper Peninsula Power Company, NERC Registry ID NCR01033,² 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

Upper Peninsula Power Company self-certified to Midwest Reliability Organization (MRO) that it was in violation of FAC-008-1,⁴ Requirements (R) 1.2.2, R2, and R3; FAC-009-1, R1 and R2;

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 MRO confirmed that Upper Peninsula Power Company was included on the NERC Compliance Registry as a Balancing Authority, Distribution Provider, Generator Owner, Generator Operator, Load Serving Entity, Purchasing-Selling Entity, and Resource Planner, and was subject to the requirements of NERC Reliability Standards FAC-008-1, FAC-009-1, and PRC-005-1.

³ See 18 C.F.R. § 39.7(c)(2).

⁴ Upper Peninsula Power Company operates under the umbrella organization of Integrys Energy Group, which also includes Wisconsin Public Service Corporation (WPSC). WPSC Compliance Staff is responsible for compliance activities at both WPSC and Upper Peninsula Power Company. WPSC self-reported violations of FAC-008-1, FAC-009-1 and PRC-004-1 for WPSC prior to the effective date of the mandatory standards, but failed to identify the same violation for Upper Peninsula Power Company. At the time of the self-certification by Upper Peninsula Power Company, the WPSC Mitigation Plan, which addressed violations of FAC-008-1, R1.2.2, R2, and R3 and FAC-009-1, R1 and R2, had been accepted by MRO on June 4, 2007 and was in progress to document the Facilities Ratings methodology and define the normal and emergency ratings. Because Upper Peninsula Power Company operates under the same umbrella as WPSC, Upper Peninsula Power Company used the same Facility Ratings Methodology, including normal and emergency ratings, as WPSC, which was provided to MRO on December 17, 2007. On March 14, 2008, MRO determined that Upper Peninsula Power Company was in full compliance with Reliability Standard FAC-008-1, R1.2.2, R2, R3 and FAC-009-1, R1 and R2. On April 7, 2009, MRO dismissed the self certified violations of PRC-004-1 R1, R2 and R3.

and PRC-005-1, R1 and R2. Reliability Standards FAC-008-1 and FAC-009-1 relate to violations concerning Upper Peninsula Power Company's Facilities Ratings. Upper Peninsula Power Company was found to be in violation of these standards for failure to implement a formalized procedure to define normal and emergency ratings in its Facility Ratings Methodology; for its inability to provide Facility Ratings methodology for inspection and technical review in the event of a request from its Reliability Coordinator, Transmission Operation, Transmission Planner, and/or Planning Authority; and for its inability to certify that it had established and communicated Facility Ratings consistent with the associated Facility Ratings Methodology. Reliability Standard PRC-005-1 relates to the operation of transmission and generation Protection Systems. Upper Peninsula Power Company was found to be in violation of this standard for failing to have in place a Protection System Maintenance and Testing Program for protection systems that affect the reliability of the Bulk Electric System; and for failing to timely develop and conduct testing of its protection system and maintenance testing program.

This Notice of Penalty is being filed with the Commission because, based on information from MRO, Upper Peninsula Power Company does not dispute the violations and the proposed penalty of \$0 to be assessed to Upper Peninsula Power Company. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers MRO200700033, MRO200700034, MRO200700035, MRO200700036, MRO200700037, MRO200700041, and MRO200700043 are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP.

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 13, 2008, by MRO, and the Supplemental Record Information letters issued by MRO to Upper Peninsula Power Company on October 8, 2008, October 31, 2008, and November 6, 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	Upper Peninsula Power Company	NOC-71	MRO200700033	FAC-008-1	1.2.2	Medium	0
MRO	Upper Peninsula Power Company	NOC-71	MRO200700034	FAC-008-1	2	Lower	
MRO	Upper Peninsula Power Company	NOC-71	MRO200700035	FAC-008-1	3	Lower	
MRO	Upper Peninsula Power Company	NOC-71	MRO200700036	FAC-009-1	1	Medium	
MRO	Upper Peninsula Power Company	NOC-71	MRO200700037	FAC-009-1	2	Medium	
MRO	Upper Peninsula Power Company	NOC-71	MRO200700043	PRC-005-1	1	High	
MRO	Upper Peninsula Power Company	NOC-71	MRO200700041	PRC-005-1	2	High ⁵	

In summary, Reliability Standard FAC-008-1, R1 requires that Generator Owners, such as Upper Peninsula Power Company, document the current methodology used for developing Facility Ratings of its solely and jointly owned facilities. Sub-requirement 1.2.2 requires that the scope of Facility Ratings include both normal and emergency ratings, among other things. During the 2007 self-certification process, Upper Peninsula Power Company reported non-compliance with the standard on October 23, 2007, because, although it developed Facility Ratings using the results of the annual capacity tests for each generating station, there was no formalized procedure and documented methodology in place to define the normal and emergency ratings and it did not establish appropriate ratings including recognizing the most limiting element. MRO determined this to be a failure to comply with the Reliability Standard because Facility Ratings had been determined, but were not adequately documented with defined normal and emergency ratings and did not meet other criteria including recognizing the most limiting element and items identified in R1.2.2.

FAC-008-1, R2 requires Generator Owners, such as Upper Peninsula Power Company, to make its Facility Ratings Methodology available for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the associated Facilities are located, within 15 business days of receipt of a request. During the 2007 annual self-certification, Upper Peninsula Power Company self-certified, on October 23, 2007, that it did not have a formalized procedure or documented methodology for determining Facility Ratings in order to define the normal and emergency ratings, among other things. Because this information was not adequately documented, Upper Peninsula Power Company would not have been able to provide its Facility Ratings Methodology for inspection and technical review had it received a request from its Reliability Coordinator, Transmission Owner, Transmission Operator, and/or Planning Authority, which it did not. MRO confirmed the violation and issued a Notice of Alleged Violation and Proposed Penalty or Sanction on January 14, 2008 and issued the Notice of Confirmed Violation on June 13, 2008, and determined it to be a documentation issue because

⁵ PRC-005-1 R2 has a "Lower" VRF and the sub-requirements have "High" VRFs.

Upper Peninsula Power Company had determined Facility Ratings but did not have a written methodology.

FAC-008-1, R3 provides that, if a Reliability Coordinator, Transmission Operator, Transmission Planner, or Planning Authority provides written comments on its technical review of a Generator Owner's Facility Ratings Methodology, the Generator Owner, such as Upper Peninsula Power Company, to provide a written response to that commenting entity within 45 calendar days of receipt of those comments. The response shall indicate whether a change will be made to the Facility Ratings Methodology and, if no change will be made to that Facility Ratings Methodology, the response shall state the reason why. During the 2007 annual self-certification, Upper Peninsula Power Company self-certified, on October 23, 2007, that it did not have a documented methodology for determining Facility Ratings to allow for a technical review and therefore would not have been able to respond to any written comments. MRO confirmed the violation on June 13, 2008, and issued the Notice of Confirmed Violation and determined it to be a documentation issue, because Upper Peninsula Power Company had determined Facility Ratings but did not have a written methodology.

FAC-009-1 R1 requires a Generator Owner, such as Upper Peninsula Power Company, to establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology. During the 2007 annual self-certification, Upper Peninsula Power Company self-certified, on October 23, 2007, that it did not have a documented methodology for determining Facility Ratings. Based on its non-compliance with Standard FAC-008-1 as described above, Upper Peninsula Power Company was unable to certify that it had established and communicated Facility Ratings consistent with the associated Facility Ratings Methodology. MRO confirmed the violation on June 13, 2008, issued the Notice of Confirmed Violation, and determined it to be a documentation issue because Upper Peninsula Power Company had determined Facility Ratings but did not have a written methodology.

FAC-009-1 R2 requires a Generator Owner, such as Upper Peninsula Power Company, to provide Facility Ratings for its solely and jointly owned Facilities that are existing Facilities, new Facilities, modifications to existing Facilities and re-ratings of existing Facilities to its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) as scheduled by such requesting entities. During the 2007 annual self-certification, Upper Peninsula Power Company self-certified, on October 23, 2007, that it did not have a documented methodology for determining Facility Ratings. Based on its non-compliance with Standard FAC-008-1 as described above, Upper Peninsula Power Company was unable to certify that it had established and communicated Facility Ratings consistent with the associated Facility Ratings Methodology. MRO confirmed the violation on June 13, 2008, issued a Notice of Confirmed Violation, and determined it to be a failure to comply with the standard as a documentation issue because Upper Peninsula Power Company had determined Facility Ratings but did not have a written methodology.

PCR-005-1, R1 requires Upper Peninsula Power Company, which owns a Protection System to have a Protection System Maintenance and Testing Program for Protection Systems that affect the reliability of the bulk power system. The program shall include the maintenance and testing intervals and their basis, and the summary of maintenance and testing procedures. During the

2007 self-certification, Upper Peninsula Power Company self-certified, on January 10, 2008,⁶ that it did not have a documented Protection System Maintenance and Testing Program. MRO confirmed the violation on June 13, 2008, issued a Notice of Confirmed Violation, and determined it to be a failure to comply with the Reliability Standard and a documentation issue because Upper Peninsula Power Company did not have a documented Protection System and Maintenance Testing Program in place at the time the standard became enforceable.

PRC-005-1, R2 requires an entity such as Upper Peninsula Power Company, which owns a Protection System to 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 evidence that Protection System devices were maintained and tested within the defined intervals, and the date each Protection System device was last tested/maintained. During the 2007 self-certification, Upper Peninsula Power Company self-certified, on October 23, 2007, that its protection system maintenance and testing program for protection systems that affect the reliability of the bulk electric system was in the process of being developed and was scheduled to be completed by December 31, 2007, which was after the date of self-certification. UPPCO also indicated that the required maintenance and testing was scheduled to be completed by December 31, 2007. MRO identified the violation as confirmed on June 13, 2008, and determined it to be a failure to comply with the Reliability Standard (R2 and sub-requirements 2.1 and 2.2) although the testing of generator protection systems has been performed as needed based on operational reviews of relay performance and unit availability, Upper Peninsula Power Company did not have a protection system maintenance and testing program in place at the time of self-certification and could not provide evidence that the maintenance and testing was being performed.

FAC-008-1 R1.2.2 has a “Medium” Violation Risk Factor (VRF). MRO determined to exercise its discretion and to assess no penalty because Facility Ratings had been developed and were being used, but the methodology was not adequately documented with defined normal and emergency ratings, among other things. Given that there were Facility Ratings in place, MRO determined that this violation was deemed not to be a violation that put bulk power system reliability at serious or substantial risk, and it therefore assessed a zero dollar penalty. MRO determined that the violation by Upper Peninsula Power Company of FAC-008-1, R1 began on June 18, 2007, the mandatory and effective date of the Reliability Standard. The Mitigation Plan for this violation was submitted by WPSC on May 22, 2007, and was amended to include this violation by Upper Peninsula Power Company. The documented Facilities Rating Methodology was submitted by WPSC (for both WPSC and Upper Peninsula Power Company) to MRO on December 17, 2007. A Mitigation Plan worksheet tying the WPSC Mitigation Plan to Upper Peninsula Power Company was submitted on January 31, 2008. On March 14, 2008, MRO determined Upper Peninsula Power Company to be fully compliant with the standard as of December 17, 2007 when the Facilities Rating Methodology was fully documented.

⁶ The self-certification was due on October 24, 2007; after some investigation, Upper Peninsula Power Company certified its non-compliance to PRC-005-1 R1 on January 10, 2008.

FAC-008-1 R2 has a “Lower” VRF. MRO determined to exercise its discretion, for this violation and to assess no penalty because MRO judged the violation not to pose a serious or substantial risk to the reliable operation of the bulk power system because Facility Ratings methodology had been developed, but was not adequately documented and available upon request for inspection and technical review. MRO determined the violation of FAC-008-1, R2 began on June 18, 2007, the mandatory and effective date of the Reliability Standard. The Mitigation Plan for this violation was submitted by WPSC for Upper Peninsula Power Company on May 22, 2007. The Facility Ratings Methodology was submitted to MRO on December 17, 2007. A Mitigation Plan worksheet tying the WPSC Mitigation Plan to Upper Peninsula Power Company was submitted on January 31, 2008. On March 14, 2008, MRO determined Upper Peninsula Power Company to be fully compliant with the standard as of December 17, 2007.

FAC-008-1 R3 has a “Lower” VRF. MRO determined to exercise its discretion, for this violation and to assess no penalty because MRO judged the violation not to pose a serious or substantial risk to the reliable operation of the bulk power system because Facility Ratings were being conducted, but were not adequately documented and available upon request for inspection and technical review or to respond to any written comments. MRO determined that the violation of FAC-008-1, R3 began on June 18, 2007, the mandatory and effective date of the applicable NERC reliability standard. The Mitigation Plan for this violation was submitted by WPSC for Upper Peninsula Power Company on May 22, 2007. The Facility Ratings Methodology was submitted to MRO on December 17, 2007. A Mitigation Plan worksheet tying the WPSC Mitigation Plan to Upper Peninsula Power Company was submitted on January 31, 2008. On March 14, 2008, MRO determined Upper Peninsula Power Company to be fully compliant with the standard as of December 17, 2007.

FAC-009-1 R1 has a “Medium” VRF. MRO determined to exercise its discretion, for this violation and to assess no penalty because MRO determined that the violation did not pose a serious or substantial risk to the reliable operation of the bulk power system because Facility Ratings had been appropriately determined, but the methodology had not been adequately documented. Therefore, Upper Peninsula Power Company was unable to establish Facility Ratings consistent with the methodology required by the standard. MRO determined that the violation of FAC-009-1, R1 began on June 18, 2007, the mandatory and effective date of the applicable NERC reliability standard. The Mitigation Plan for this violation was submitted by WPSC for Upper Peninsula Power Company on May 22, 2007. A Mitigation Plan worksheet tying the WPSC Mitigation Plan to Upper Peninsula Power Company was submitted on January 31, 2008. The Facilities Ratings were submitted to MRO on February 22, 2008. On March 14, 2008, MRO determined Upper Peninsula Power Company to be fully compliant with the standard as of February 22, 2008.

FAC-009-1 R2 has a “Medium” VRF. MRO determined to exercise its discretion, for this violation and to assess no penalty because MRO determined that the violation did not pose a serious or substantial risk to the reliable operation of the bulk power system because the Facility Ratings were being conducted, even though the methodology was not documented. As a result, Upper Peninsula Power Company was not able to demonstrate that it had provided Facility Ratings consistent with the methodology as required by the standard. MRO determined that the violation of FAC-009-1, R2 began on June 18, 2007, the mandatory and effective date of the

applicable NERC reliability standard. The Mitigation Plan for this violation was submitted by WPSC for Upper Peninsula Power Company on May 22, 2007. A Mitigation Plan worksheet tying the WPSC Mitigation Plan to Upper Peninsula Power Company was submitted on January 31, 2008. The Facilities Ratings were submitted to MRO on February 22, 2008. On March 14, 2008, MRO determined Upper Peninsula Power Company to be fully compliant with the standard as of February 22, 2008.

PRC-005-1, R1 has a “High” VRF. MRO determined to exercise its discretion for this violation and assess no penalty because MRO deemed this violation not to have put bulk power system reliability at serious or substantial risk because the violation only concerned two generating units with 22 MVA base ratings. MRO determined that the violation of PRC-005-1, R1 began on June 18, 2007, the mandatory and effective date of the applicable NERC reliability standards and continued until December 31, 2007, the date the violation was completely mitigated. MRO validated completion of the Mitigation Plan on April 29, 2008, after reviewing the program document and test dates and records.

PRC-005-1, R2 has a “Lower” VRF and sub requirements R2.1 and R2.2 have “High” VRFs. MRO determined to exercise its discretion for this violation and assess no penalty because MRO deemed this violation not to have put bulk power system reliability at serious or substantial risk because the violation only concerned two generating units with small MVA base ratings. MRO determined that the violation of PRC-005-1, R2 began on June 18, 2007, the mandatory and effective date of the applicable NERC reliability standards and continued until December 31, 2007, the date the violation was completely mitigated. MRO validated completion of the Mitigation Plan on April 29, 2008, after reviewing the program document and test dates and records.

Status of Mitigation Plan

Upper Peninsula Power Company submitted six (6) Mitigation Plans to address the referenced violations.

Mitigation Plan number MIT-07-0452 (FAC-008-1, R1.2.2; MRO200700033) was submitted to MRO on January 31, 2008 tying the Upper Peninsula Power Company mitigation to the WPSC Mitigation Plan submitted on May 22, 2007, was accepted by MRO on January 31, 2008, and approved by NERC on March 20, 2008. The Mitigation Plan was submitted as non-public information to FERC on March 20, 2008, in accordance with FERC orders. Upper Peninsula Power Company certified to MRO on February 22, 2008, that its Mitigation Plan was completed on December 17, 2007. MRO reviewed the evidence Upper Peninsula Power Company submitted in support of its certification of completion, including the Facilities Rating Methodology and determined that the methodology included normal and emergency ratings, among other things, as required by FAC-008-1, R1.2.2. On March 14, 2008, MRO verified that the Mitigation Plan was timely completed.

Mitigation Plan number MIT-07-0453 (FAC-008-1, R2; MRO200700034) was submitted to MRO on January 31, 2008 tying the Upper Peninsula Power Company mitigation to the WPSC Mitigation Plan submitted on May 22, 2007, was accepted by MRO on January 31, 2008, and

approved by NERC on March 20, 2008. The Mitigation Plan was submitted as non-public information to FERC on March 20, 2008, in accordance with FERC orders. Upper Peninsula Power Company certified to MRO on February 22, 2008, that its Mitigation plan was completed on December 17, 2007. MRO reviewed the evidence Upper Peninsula Power Company submitted in support of its certification of completion, including the Facilities Rating Methodology and determined that the methodology included normal and emergency ratings, among other things, and would be available for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the associated Facilities are located, within 15 business days of receipt of a request. On March 14, 2008, MRO verified that the Mitigation Plan was timely completed.

Mitigation Plan number MIT-07-0454 (FAC-008-1, R3; MRO200700035) was submitted to MRO on January 31, 2008 tying the Upper Peninsula Power Company mitigation to the WPSC Mitigation Plan submitted on May 22, 2007, was accepted by MRO on January 31, 2008, and approved by NERC on March 20, 2008. The Mitigation Plan was submitted as non-public information to FERC on March 20, 2008, in accordance with FERC orders. Upper Peninsula Power Company certified to MRO on February 22, 2008, that its Mitigation plan was completed on December 17, 2007. MRO reviewed the evidence Upper Peninsula Power Company submitted in support of its certification of completion, including the Facilities Rating Methodology and determined that the methodology included normal and emergency ratings, among other things, and would be available for inspection and technical review and that Upper Peninsula Power Company was in a position to provide a response to any written comments as required by FAC-008-1, R3. On March 14, 2008, MRO verified that the Mitigation Plan was timely completed.

Mitigation Plan number MIT-07-0455 (FAC-009-1, R1; MRO200700036) was submitted to MRO on January 31, 2008 tying the Upper Peninsula Power Company mitigation to the WPSC Mitigation Plan submitted on May 22, 2007, was accepted by MRO on January 31, 2008, and approved by NERC on March 20, 2008. The Mitigation Plan was submitted as non-public information to FERC on March 20, 2008, in accordance with FERC orders. Upper Peninsula Power Company certified to MRO on February 22, 2008, that its Mitigation plan was completed on February 22, 2008. MRO reviewed the evidence Upper Peninsula Power Company submitted in support of its certification of completion, including the assigned Facilities Ratings and previously submitted Facility Ratings Methodology to determine sufficiency and consistency in establishing the Facilities Ratings, , and on March 14, 2008, MRO verified that the Mitigation Plan was timely completed.

Mitigation Plan number MIT-07-0456 (FAC-009-1, R2; MRO200700037) was submitted to MRO on January 31, 2008 tying the Upper Peninsula Power Company mitigation to the WPSC Mitigation Plan submitted on May 22, 2007, was accepted by MRO on January 31, 2008, and approved by NERC on March 20, 2008. The Mitigation Plan was submitted as non-public information to FERC on March 20, 2008, in accordance with FERC orders. Upper Peninsula Power Company certified to MRO on February 22, 2008, that its Mitigation plan was completed on February 22, 2008. MRO reviewed the evidence Upper Peninsula Power Company submitted in support of its certification of completion, including the assigned Facilities Ratings and the

previously submitted Facility Ratings Methodology to determine sufficiency and consistency in establishing the Facilities Ratings, and on March 14, 2008, MRO verified that the Mitigation Plan was timely completed.

Mitigation Plan number MIT-07-0447 (PRC-005-1, R1 and R2; MRO200700041 and MRO200700043) was submitted to MRO on February 8, 2008, was accepted by MRO on March 13, 2008, and approved by NERC on March 18, 2008. The Mitigation Plan was submitted as non-public information to FERC on March 18, 2008, in accordance with FERC orders. Upper Peninsula Power Company certified to MRO on February 8, 2008, that its Mitigation plan was completed on December 31, 2008. MRO reviewed the evidence Upper Peninsula Power Company submitted in support of its certification of completion, including the Protection System Maintenance and Testing Program, Testing Activity reports generated by the UPPCO system which indicate the data and time of testing, and test records for individual devices, and on April 29, 2008, MRO verified that the Mitigation Plan was timely completed.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed

Basis for Determination

The NERC BOTCC first reviewed the NOCV and supporting documentation on March 11, 2008. Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,⁷ the NERC BOTCC affirmed MRO's determination to exercise enforcement discretion to impose a zero dollar penalty against Upper Peninsula Power Company 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, subject to timely completion of the Mitigation Plans.

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

- these violations were deemed not to be violations that put bulk power system reliability at serious or substantial risk, because the registered entity had determined ratings for its facilities;
- these violations are the first incidence of violations of the Requirement at issue by Upper Peninsula Power Company;
- Upper Peninsula Power Company worked cooperatively with MRO;
- Upper Peninsula Power Company has corrected the violations;
- as discussed above, the violations were mitigated in accordance with the approved Mitigation Plans, and MRO has verified Upper Peninsula Power Company's Facility Rating Methodology is comprehensive and includes normal and emergency ratings, as well as a statement that facilities ratings shall equal the most limiting applicable equipment rating of the individual equipment that comprises the facility. Additionally, MRO has verified that Upper Peninsula Power Company has established Facility Ratings that are sufficient and consistent with the approved Facility Ratings Methodology. and
- actions taken by Upper Peninsula Power Company ensure that reliability is maintained.

⁷ *Guidance on Filing Reliability Notices of Penalty*, 124 FERC ¶ 61,015 (2008).

Therefore, NERC believes that the proposed zero dollar (\$0) 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.

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) Self-certification documents dated October 23, 2007, which are included as Attachment a;
- b) Upper Peninsula Power Company submitted a response to the NAVAPS dated February 8, 2008, which is included as Attachment b;
- c) Mitigation Plans designated as MIT-07-0452, MIT-07-0453, MIT-07-0454, MIT-07-0455, MIT-07-0456, and MIT-07-0447, included as Attachment c;
- d) Upper Peninsula Power Company's Certification of Completion of the Mitigation Plans dated February 22, 2008, included as Attachment d;
- e) Email from MRO to Upper Peninsula Power Company verification completion of Mitigation Plans MIT-07-0452, MIT-07-0453, MIT-07-0454, MIT-07-0455, and MIT-07-0456, dated March 14, 2008; and Memo from MRO Regarding MRO's Review Process of Mitigation Plan Verification, dated June 11, 2008, included as Attachment e; and,
- f) MRO's Verification of Completion of Mitigation Plan MIT-07-0447, dated April 29, 2008, included as Attachment f.

A Form of Notice Suitable for Publication

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

Notices and Communications

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

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*Persons to be included on the Commission's service list are indicated with an asterisk. NERC respectfully requests waiver of the Commission's regulations to permit more than two persons on the service list.

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Conclusion

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

Respectfully submitted,

Rebecca J. Michael

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cc: Upper Peninsula Power Company
Midwest Reliability Corporation

Attachment

Attachment a

Self-certification documents dated October 23, 2007

Compliance Data Management System
2007 Self-Certification Worksheet
Upper Peninsula Power Company

<u>STANDARD</u>	FAC-008-1 R1	Facility Ratings Methodology	
<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 2
<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT_RESPONSIBLE_REASON

MEMBER_COMMENTS

The work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities will be completed by 12/21/07.

MEMBER_CONTACT

Neal J. Balu
Director, Transmission Policy
Wisconsin Public Service Corporation
700 N. Adams Street

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

Compliance Data Management System
2007 Self-Certification Worksheet**Upper Peninsula Power Company**

<u>STANDARD</u>	FAC-008-1 R2	Facility Ratings Methodology	
<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 2
<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT_RESPONSIBLE_REASONMEMBER_COMMENTS

The work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities will be completed by 12/21/07.

MEMBER_CONTACT

Neal J. Balu
Director, Transmission Policy
Wisconsin Public Service Corporation
700 N. Adams Street

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

Compliance Data Management System
2007 Self-Certification Worksheet**Upper Peninsula Power Company**

<u>STANDARD</u>	FAC-008-1 R3	Facility Ratings Methodology	
<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 2
	<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u> Submitted

NOT_RESPONSIBLE_REASONMEMBER_COMMENTS

The work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities will be completed by 12/21/07.

MEMBER_CONTACT

Neal J. Balu
Director, Transmission Policy
Wisconsin Public Service Corporation
700 N. Adams Street

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

Compliance Data Management System
2007 Self-Certification Worksheet
Upper Peninsula Power Company

<u>STANDARD</u>	FAC-009-1 R1	Establish and Communicate Facility Ratings	
<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 2
<u>MP DUE DATE</u>	11/23/2007	<u>SC_STATUS</u>	Submitted

NOT_RESPONSIBLE_REASON

MEMBER_COMMENTS

The work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities will be completed by 12/21/07.

MEMBER_CONTACT

Neal J. Balu
Director, Transmission Policy
Wisconsin Public Service Corporation
700 N. Adams Street

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

Compliance Data Management System
2007 Self-Certification Worksheet**Upper Peninsula Power Company**

STANDARD FAC-009-1 R2 Establish and Communicate Facility Ratings

RESPONSIBLE FOR COMPLYING Yes RECEIVED_DATE 10/23/2007

DUE DATE 10/24/2007 COMPLIANCE LEVEL NC Level 2

MP DUE DATE 11/23/2007 SC_STATUS Submitted

NOT_RESPONSIBLE_REASON

MEMBER_COMMENTS

The work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities will be completed by 12/21/07.

MEMBER_CONTACT

Neal J. Balu
Director, Transmission Policy
Wisconsin Public Service Corporation
700 N. Adams Street

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

Compliance Data Management System
2007 Self-Certification Worksheet
Upper Peninsula Power Company

STANDARD PRC-005-1 R1 Transmission and Generation Protection System Maintenance and Testing

RESPONSIBLE FOR COMPLYING Yes RECEIVED_DATE 01/10/2008

DUE DATE 10/24/2007 COMPLIANCE LEVEL NC Level 4

MP DUE DATE 11/23/2007 SC_STATUS Submitted

NOT_RESPONSIBLE_REASON

MEMBER_COMMENTS

Protection system maintenance and testing program for protection systems that affect the reliability of the BES is in the process of being developed, which will include stipulating maintenance and testing intervals and their basis, and completing a summary of maintenance and testing procedures.

MEMBER_CONTACT

Neal J. Balu
Director, Transmission Policy
Wisconsin Public Service Corporation
700 N. Adams Street

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

Compliance Data Management System
2007 Self-Certification Worksheet
Upper Peninsula Power Company

STANDARD PRC-005-1 R2 Transmission and Generation Protection System Maintenance and Testing

RESPONSIBLE FOR COMPLYING Yes RECEIVED_DATE 10/23/2007

DUE DATE 10/24/2007 COMPLIANCE LEVEL NC Level 4

MP DUE DATE 11/23/2007 SC_STATUS Submitted

NOT_RESPONSIBLE_REASON

MEMBER_COMMENTS

UPPCo is in the process of developing a protection system maintenance and testing program for its generating units; the draft of the program is scheduled to be completed by December 31, 2007. In addition, the initial testing under the program is also scheduled to be completed by December 31, 2007.

MEMBER_CONTACT

Neal J. Balu
Director, Transmission Policy
Wisconsin Public Service Corporation
700 N. Adams Street

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

Attachment b

Upper Peninsula Power Company's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction, dated February 8, 2008



Upper Peninsula Power Company

600 E. Lakeshore Drive

P.O. Box 130

Houghton, MI 49931-0130

February 8, 2008

Mr. Dan Schoenecker
Enforcement and Mitigation Manager
Midwest Reliability Organization
2774 Cleveland Avenue North
Roseville, MN 55113

RE: MRO Notice of Alleged Violation of Reliability Standard PRC-005-1

In response to your letter of January 14 notifying Upper Peninsula Power Company of its alleged violation of Reliability standard PRC-005-1, we agree with the alleged violations and the penalty and sanction proposal.

Attached is the completed MRO Mitigation Plan Submittal Form which provides the details of our proposed mitigation plan to correct the violations, the underlying causes, and our implementation timeline.

Respectfully submitted,

Charles A. Schrock
CEO

CC: Neal Balu, WPSC Compliance Contact

Attachment

Attachment c

Mitigation Plan designated as MIT-07-0452, MIT-07-0453, MIT-07-0454, MIT-07-0455, MIT-07-0456, and MIT-07-0447

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

<u>PROCESS TYPE</u>	Self-Certification	<u>STANDARD</u>	FAC-008-1 R1
<u>DUE DATE</u>	01/31/2008	<u>STATUS</u>	Submitted
<u>RECEIVED</u>	01/31/2008	<u>TIMELINESS LEVEL</u>	Full
<u>ASSESSMENT DATE</u>		<u>COMPLIANCE LEVEL</u>	
<u>COMPLETED DATE</u>		<u>SUBMITTED BY</u>	UPPC
<u>CONTACT</u>	Neal Balu		
<u>PHONE</u>	920-433-1846	<u>EXPECTED COMPLETION DATE</u>	12/21/2007
<u>EMAIL</u>	NJBalu@wisconsinpublicservice.com		

Is the mitigation plan adequate/compliant? No

Is the recommendation non-compliance? No

REASON FOR MITIGATION PLAN

Currently facility ratings are developed using the results of the annual capacity tests for each generating station. These ratings are then temperature corrected to determine monthly ratings. There is no formalized procedure for verifying the electrical equipment capacity at the sites. ☐

☐

A procedure has been drafted documenting the methodology for determining the facility ratings of the mechanical equipment. The substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These documents and procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

The balance of the work remaining to be done to be compliant under FAC-008-1 R1 includes documenting the methodology for determining electrical ratings at the generating sites.

PLAN STEPS

Substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

Document the methodology for determining electrical ratings at the generating sites.

PLAN SCHEDULE

Complete by December 21, 2007 all the work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities.

MEMBER COMMENTS

UPPCO operates under the umbrella organization of Integrys Energy Group (IEG). WPSC also operates under IEG. WPSC Compliance staff is responsible for both WPSC and UPPCO compliance activities. WPSC self-reported its violations of FAC-008-1 pre-June 18, 2007. However, the WPSC mitigation plans for those violations will also mitigate the UPPCO violations, and these mitigation plans were to be complete by 12/21/07, and WPSC has completed them before the deadline and reported the same to MRO. UPPCO mitigation plans for FAC-008-1 are being reported here in the CDMS mitigation plan template for completeness.

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

REVIEW COMMENTS

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

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

Compliance Data Management System

2008 Mitigation Plan Worksheet

Upper Peninsula Power Company

<u>PROCESS TYPE</u> Self-Certification	<u>STANDARD</u> FAC-008-1 R2
<u>DUE DATE</u> 01/31/2008	<u>STATUS</u> Submitted
<u>RECEIVED</u> 01/31/2008	<u>TIMELINESS LEVEL</u> Full
<u>ASSESSMENT DATE</u>	<u>COMPLIANCE LEVEL</u>
<u>COMPLETED DATE</u>	<u>SUBMITTED BY</u> UPPC
<u>CONTACT</u> Neal Balu	
<u>PHONE</u> 920-433-1846	<u>EXPECTED COMPLETION DATE</u> 12/21/2007
<u>EMAIL</u> NJBalu@wisconsinpublicservice.com	

Is the mitigation plan adequate/compliant? No

Is the recommendation non-compliance? No

REASON FOR MITIGATION PLAN

The following is the reason for the Mitigation plan to address FAC-008-1 R1: ☐

Currently, facility ratings are developed using the results of the annual capacity tests for each generating station. These ratings are then temperature corrected to determine monthly ratings. There is no formalized procedure for verifying the electrical equipment capacity at the sites. ☐

☐

A procedure has been drafted documenting the methodology for determining the facility ratings of the mechanical equipment. The substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These documents and procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

The balance of the work remaining to be done to be compliant under FAC-008-1 includes documenting the methodology for determining electrical ratings at the generating sites. ☐

☐

For FAC-008-1 R2: Facility ratings methodology can be made available for inspection and technical review for responsible parties only after it is completed as detailed above for FAC-008-1 R1.

PLAN STEPS

Mitigation Plan Steps for FAC-008-1 R1 are as follows: ☐

Substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

Document the methodology for determining electrical ratings at the generating sites. ☐

☐

For FAC-008-1 R2: Wait to make the facility ratings methodology availability to responsible entities until the plan steps for FAC-008-1 R1 are completed as described above. ☐

The Facility Ratings methodology will be available for inspection after completing the Mitigation plan steps for FAC-008-1 R1 as described above.

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

PLAN SCHEDULE

For FAC-008-1 R1: Complete by December 21, 2007 all the work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities. ☐

☐

For FAC-008-1 R2: Make the Facility Rating methodology available to responsible entities within 15 business dates of receipt of request.

MEMBER COMMENTS

UPPCO operates under the umbrella organization of Integrys Energy Group (IEG). WPSC also operates under IEG. WPSC Compliance staff is responsible for both WPSC and UPPCO compliance activities. WPSC self-reported its violations of FAC-008-1 pre-June 18, 2007. However, the WPSC mitigation plans for those violations will also mitigate the UPPCO violations, and these mitigation plans were to be complete by 12/21/07, and WPSC has completed them before the deadline and reported the same to MRO. UPPCO mitigation plans for FAC-008-1 are being reported here in the CDMS mitigation plan template for completeness.

REVIEW COMMENTS

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

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

Compliance Data Management System

2008 Mitigation Plan Worksheet

Upper Peninsula Power Company

<u>PROCESS TYPE</u> Self-Certification	<u>STANDARD</u> FAC-008-1 R3
<u>DUE DATE</u> 01/31/2008	<u>STATUS</u> Submitted
<u>RECEIVED</u> 01/31/2008	<u>TIMELINESS LEVEL</u> Full
<u>ASSESSMENT DATE</u>	<u>COMPLIANCE LEVEL</u>
<u>COMPLETED DATE</u>	<u>SUBMITTED BY</u> UPPC
<u>CONTACT</u> Neal Balu	
<u>PHONE</u> 920-433-1846	<u>EXPECTED COMPLETION DATE</u> 12/21/2007
<u>EMAIL</u> NJBalu@wisconsinpublicservice.com	

Is the mitigation plan adequate/compliant? No

Is the recommendation non-compliance? No

REASON FOR MITIGATION PLAN

Reason for Mitigation Plan for For FAC-008-1 R1 is as follows: ☐

Currently facility ratings are developed using the results of the annual capacity tests for each generating station. These ratings are then temperature corrected to determine monthly ratings. There is no formalized procedure for verifying the electrical equipment capacity at the sites. ☐

☐

A procedure has been drafted documenting the methodology for determining the facility ratings of the mechanical equipment. The substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These documents and procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

The balance of the work remaining to be done to be compliant under FAC-008-1 R1 includes documenting the methodology for determining electrical ratings at the generating sites. ☐

☐

For FAC-008-1 R3: A written response to the commenting entity can be provided only after the mitigation plan is completed as described above, and only after receiving written comments from the responsible entity on the mitigation plan.

PLAN STEPS

Plan Steps For FAC-008-1 R1: ☐

Substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

Document the methodology for determining electrical ratings at the generating sites. ☐

☐

For FAC-008-1 R3: After completing the plan steps for FAC-008-1 R1 as described above, the methodology will be made available to responsible entities within 15 days of receipt of a request as required in FAC-008-1 R2, and then written response will be provided to the commenting entities within 45 days of receipt of those comments.

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

PLAN SCHEDULE

For FAC-008-1 R1: Complete by December 21, 2007 all the work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities. ☐

☐

For FAC-008-1 R2: Make facility ratings methodology available to responsible entities for inspection and technical review within 15 business days of receipt of a request. ☐

☐

For FAC-008-1 R3: Provide written response to responsible entities within 45 calendar days of receipt of comments on the technical review from responsible entities.

MEMBER COMMENTS

UPPCO operates under the umbrella organization of Integrys Energy Group (IEG). WPSC also operates under IEG. WPSC Compliance staff is responsible for both WPSC and UPPCO compliance activities. WPSC self-reported its violations of FAC-008-1 pre-June 18, 2007. However, the WPSC mitigation plans for those violations will also mitigate the UPPCO violations, and these mitigation plans were to be complete by 12/21/07, and WPSC has completed them before the deadline and reported the same to MRO. UPPCO mitigation plans for FAC-008-1 are being reported here in the CDMS mitigation plan template for completeness.

REVIEW COMMENTS

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

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

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

<u>PROCESS TYPE</u>	Self-Certification	<u>STANDARD</u>	FAC-009-1 R1
<u>DUE DATE</u>	01/31/2008	<u>STATUS</u>	Submitted
<u>RECEIVED</u>	01/31/2008	<u>TIMELINESS LEVEL</u>	Full
<u>ASSESSMENT DATE</u>		<u>COMPLIANCE LEVEL</u>	
<u>COMPLETED DATE</u>		<u>SUBMITTED BY</u>	UPPC
<u>CONTACT</u>	Neal Balu		
<u>PHONE</u>	920-433-1846	<u>EXPECTED COMPLETION DATE</u>	12/21/2007
<u>EMAIL</u>	NJBalu@wisconsinpublicservice.com		

Is the mitigation plan adequate/compliant? No

Is the recommendation non-compliance? No

REASON FOR MITIGATION PLAN

Currently facility ratings are developed using the results of the annual capacity tests for each generating station. These ratings are then temperature corrected to determine monthly ratings. There is no formalized procedure for verifying the electrical equipment capacity at the sites. ☐

☐

A procedure has been drafted documenting the methodology for determining the facility ratings of the mechanical equipment. The substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These documents and procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

The balance of the work remaining for FAC-009-1 includes developing mechanical normal ratings for the CT and Hydro units, creating a database containing the electrical ratings for the plant generating equipment, and verifying that all mechanical load limits are below the electrical equipment ratings. This work will be completed when the methodology is finalized .

PLAN STEPS

Substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

Develop mechanical normal ratings for the CT and Hydro units, create a database containing the electrical ratings for the plant generating equipment, and verify that all mechanical load limits are below the electrical equipment ratings. This work will be completed when the methodology is finalized.

PLAN SCHEDULE

Complete by December 21, 2007 all the work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities.

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Upper Peninsula Power Company

MEMBER COMMENTS

UPPCO operates under the umbrella organization of Integrys Energy Group (IEG). WPSC also operates under IEG. WPSC Compliance staff is responsible for both WPSC and UPPCO compliance activities. WPSC self-reported its violations of FAC-009-1 pre-June 18, 2007. However, the WPSC mitigation plans for those violations will also mitigate the UPPCO violations, and these mitigation plans were to be complete by 12/21/07, and WPSC has completed them before the deadline and reported the same to MRO. UPPCO mitigation plans for FAC-009-1 is being reported here in the CDMS mitigation plan template for completeness.

REVIEW COMMENTS

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

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

Compliance Data Management System

2008 Mitigation Plan Worksheet

Upper Peninsula Power Company

<u>PROCESS TYPE</u> Self-Certification <u>DUE DATE</u> 01/31/2008 <u>RECEIVED</u> 01/31/2008 <u>ASSESSMENT DATE</u> <u>COMPLETED DATE</u> <u>CONTACT</u> Neal Balu <u>PHONE</u> 920-433-1846 <u>EMAIL</u> NJBalu@wisconsinpublicservice.com	<u>STANDARD</u> FAC-009-1 R2 <u>STATUS</u> Submitted <u>TIMELINESS LEVEL</u> Full <u>COMPLIANCE LEVEL</u> <u>SUBMITTED BY</u> UPPC <u>EXPECTED COMPLETION DATE</u> 12/21/2007
--	--

Is the mitigation plan adequate/compliant? No

Is the recommendation non-compliance? No

REASON FOR MITIGATION PLAN

For FAC-009-1 R1: ☐

Currently facility ratings are developed using the results of the annual capacity tests for each generating station. These ratings are then temperature corrected to determine monthly ratings. There is no formalized procedure for verifying the electrical equipment capacity at the sites. ☐

☐

A procedure has been drafted documenting the methodology for determining the facility ratings of the mechanical equipment. The substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These documents and procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

The balance of the work remaining for FAC-009-1 includes developing mechanical normal ratings for the CT and Hydro units, creating a database containing the electrical ratings for the plant generating equipment, and verifying that all mechanical load limits are below the electrical equipment ratings. This work will be completed when the methodology is finalized. ☐

☐

For FAC-009-1 R2: Only after the Mitigation plan for FAC-009-1 R1 is completed as described above, Facility ratings for its facilities can be provided to the requesting entities when scheduled by such requesting entities.

PLAN STEPS

Plan Steps For FAC-009-1 R1: ☐

Substation Engineering Group of WPSC will develop a process to review and document the electrical equipment ratings at the generating facilities. These procedures will be used to define the normal and emergency ratings for the facility. ☐

☐

Develop mechanical normal ratings for the CT and Hydro units, create a database containing the electrical ratings for the plant generating equipment, and verify that all mechanical load limits are below the electrical equipment ratings. This work will be completed when the methodology is finalized. ☐

☐

For FAC-009-1 R2: After the Plan steps for FAC-009-1 R1 are completed as described above, Facility ratings will be ready to be provided to the requesting entities.

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

PLAN SCHEDULE

For FAC-009-1 R1: Complete by December 21, 2007 all the work required in documenting facility rating methodology and developing normal and emergency ratings for the generating facilities. ☐

☐

For FAC-009-1 R2: After completing all the work required for FAC-009-1 R1 as described above, the facility ratings will be provided to the requesting entities as scheduled by such requesting entities.

MEMBER COMMENTS

UPPCO operates under the umbrella organization of Integrys Energy Group (IEG). WPSC also operates under IEG. WPSC Compliance staff is responsible for both WPSC and UPPCO compliance activities. WPSC self-reported its violations of FAC-009-1 pre-June 18, 2007. However, the WPSC mitigation plans for those violations will also mitigate the UPPCO violations, and these mitigation plans were to be complete by 12/21/07, and WPSC has completed them before the deadline and reported the same to MRO. UPPCO mitigation plans for FAC-009-1 are being reported here in the CDMS mitigation plan template for completeness.

REVIEW COMMENTS

Compliance Data Management System
2008 Mitigation Plan Worksheet
Upper Peninsula Power Company

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



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: **02-08-2008**

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

- Check this box [Y] and
- Provide the Date of Completion of the Mitigation Plan: **12-31-2007**

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: **Upper Peninsula Power Company**
Company Address: **700 N. Adams Street, Green Bay, WI 54301**
NERC Compliance Registry ID *[if known]*: **NCR 01033**

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: **Neal Balu**
Title: **Director, Transmission Policy**
Email: **NJBalu@wisconsinpublicservice.com**
Phone: **920-433-1846**

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: **PRC-005-1**
[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 ^(*)
MRO200700043		R1	10/24/2007
MRO200700041		R2	10/24/2007

(*) 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:

With respect to Requirement R1:

At the time of the violation self-report date, UPPCO did not have a generation protection system maintenance and testing program for generators on its system that could affect the reliability of the Bulk Electric System (BES).

With Respect to Requirement R2:

Since UPPCO did not have a generation protection system maintenance and testing program at the time of the violation self-report date, UPPCO did not have documentation of its protection system maintenance and testing program and its implementation.

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

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

Testing of generation protection systems was performed as needed based on operational reviews of relay performance and unit availability. Many of the UPPCO generating units do not have a material impact on BES due to their small MW rating, connection to transmission grid at voltages less than 100 kV, and their geographic point of connection to the transmission grid. In UPPCO's judgment only the following two generating units on its system may have a potential impact on the BES:

**Portage Combustion Turbine: 22 MVA base rating connected to the 69 kV Grid
Gladstone Combustion Turbine: 22 MVA base rating connected to the 69 kV Grid**



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:

The WPSC generation protection system maintenance and testing program has been modified to include UPPCO generating units that have the potential, albeit modest, to have a material impact on the BES in the Upper Peninsula of Michigan. Including UPPCO with the WPSC testing program helps Integrys Energy Group (IEG) to centrally manage one set of procedures and documents for both operating companies. The computerized maintenance work order tracking system and data base developed for WPSC is designed to manage UPPCO's generation protection systems as well, which allows for standardization across the WPSC and UPPCO protection systems.

The initial testing of the UPPCO generation protection systems under this program was completed by 12/31/07, and the test data are available for verification.

Protection system devices were tested on the following generating units that may have a material impact on the BES:

**Portage Combustion Turbine: 22 MVA base rating connected to the 69 kV Grid
Gladstone Combustion Turbine: 22 MVA base rating connected to the 69 kV Grid**

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

Check this box [Y] 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)

(*) 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 [Y] 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:

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

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:

Integrating UPPCO and WPSC generation protection system maintenance and testing programs into a common program, and developing a common computerized maintenance work order tracking system and data base will:
(a) Standardize and manage the maintenance and testing programs of both companies,
(b) Standardize and manage the compliance programs of both companies, and
(c) Centrally prioritize the resources for testing and maintenance across both companies.

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

- 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 CEO of Upper Peninsula Power Company.
 - 2. I am qualified to sign this Mitigation Plan on behalf of Upper Peninsula Power Company.
 - 3. I have read and understand Upper Peninsula Power Company'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. Upper Peninsula Power Company 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

A handwritten signature in blue ink, reading 'Charles A. Schrock', is written over a horizontal line.

Name (Print): Charles A. Schrock

Title: CEO

Date: February 08, 2008.

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 d

Upper Peninsula Power Company's Certification of Completion of the Mitigation Plans, dated February 22, 2008

From: Balu, Neal J [mailto:NJBalu@wisconsinpublicservice.com]
Sent: Friday, February 22, 2008 1:45 PM
To: Riaz Islam
Subject: Verification reports for WPSC and UPPCO

Riaz:

I have been trying to upload these documents into CDMS but I am not able to. Hence, could you please upload the attached documents for me. With this upload, all the documents needed for PRC-001-1 (for both WPSC and UPPCO) and revised documents for PRC-004-1, and FAC-008-1 and FAC-009-1 would be satisfied.

With these, Jim early should have all the revised documents he is looking for for PRC-001-1 for both WPSC and UPPCO

Thank you for your assistance.

Neal J. Balu
Director, Transmission Policy
Wisconsin Public Service Corporation
700 N. Adams Street
Green Bay, Wisconsin 54301
Office: 920-433-1846
Cell: 920-680-7037
Fax: 920-433-1176
NJBalu@wisconsinpublicservice.com

PRC-005-1 UPPCO Request for Verification Data

The MRO Compliance Office has requested UPPCO to submit verification information/data to verify it has completed the mitigation plan for compliance with NERC Standard PRC-005-1. Several documents are being submitted that illustrate this compliance. Since they are not all self-explanatory, and UPPCO anticipates MRO may have questions on certain details of the documentation, a brief description of each of the attached documents is provided below.

Description of Attachments:

WPSC/UPPCO Relay Maintenance and Testing Program

Our company maintains an internal set of relay and control system standards to guide the design and operation of systems. The document labeled RC30-13-1, defines WPSC and UPPCO's Protection System maintenance and testing program as called for in requirement R1, NERC Standard PRC-005-1.

This internal RC program was originally developed for WPSC, but was fully adopted by UPPCO at the end of 2007 as part of UPPCO's mitigation plan. At that time it was also modified to clearly call out the maintenance and testing requirements for protection systems that affect reliability of the BES. Maintenance and testing intervals were modified to reflect characteristics of modern protection system components and the various factors that influence test cycles for generation protection systems. Section "C4" of the Wisconsin Public Service Corporation "Mitigation Plan Submittal Form", submitted to MRO February 8, 2008, describes how these factors are considered in the maintenance and testing program. This section also identifies an IEEE survey that is one example of the basis for the test intervals. This and other examples are available upon request. Since RC30-13-1 is now a common standard for WPSC and UPPCO the same factors and basis apply to UPPCO.

"ProTest Test Activity" sheets

These are provided as documentation of the testing requirements of PRC-005-1 R1.2, R2.1 and R2.2. The test protocols and macros discussed below serve as the test "procedures", and the output reports document these tests. All the test dates meet the 12/31/07 commitment defined in the UPPCO Mitigation Plan.

This document is actual output from the Doble Relay Test equipment used by UPPCO testers when they test generation protection relays. It provides identifiers for each relay at each location. It lists each test plan and macro appropriate for that relay, the date and time stamps for the test and the results of the test. Software macros in the Doble test equipment establish which tests are appropriate for each relay and what the pass/fail test parameters are. These macros are developed by Doble in some cases, from the relay manufacturer's IL's (instruction leaflets) in other cases, or by our relay personnel based on direct operating needs and experiences. These macros remain in place so that a repeatable test protocol exists for each relay.

When viewing the ProTest reports several questions may arise about the “Eval” test results column. Here is a description of the “Fail” and “OP/NO OP” results:

Portage CT - Relay #3740 (GE type ICW) - IEEE type 32 - Power relay. The fail result occurred because the relay pick-up missed tolerances by 1% and was unable to be adjusted further. Since the result did not seriously impact the reliability of the relay it was decided to investigate possible causes and the performance of the test before making further repairs. The job logs for this relay in Attachment 3 of this compliance documentation further describe the follow up actions.

Portage CT - Relay #3732 (GE SASB) - IEEE type 60 - Voltage matching relay. The "OP" evaluation on the contact closure indicates the contact operated normally during the relay test procedure for test levels are within the relay's "pick-up" band-width. The "NO OP" for the contact 1-3 Close test is a verification check that the relay does not operate when the levels are outside the relay's "pick-up" band-width. Thus, the "OP" & "NO OP" are expected/acceptable results for these tests

Gladstone CT -Relay #4531 (GE Type CFD) - IEEE type 87 - High Speed Differential. The "Fail" on the TARGET test during the 12/13/07 test indicates that the physical target indicator on this relay did not trip at the exact same level that the trip contact on the relay closed. This is not critical to the trip function that this relay performs. Some variation in the target actuation is common on electromechanical protective relays and it's often not cost effective to repair/replace the target unit or the entire relay unless the target completely fails to operate. The target is a visual flag that indicates that the relay has operated.

Relay Test “Job Logs”

Standard PRC-005-1 requires that maintenance on the generation protection system is also documented. The “Job Logs” in this document are examples of how UPPCO records maintenance required on protective relays following results of the relay tests. They show the follow-up actions taken based on test results for the Portage CT – Relay #3740 described above.

UPPCO’s past and current process for recording and tracking maintenance is a manual, paper-based, process. As the UPPCO Mitigation Plan describes, UPPCO and WPSC are in the process of adding UPPCO testing and maintenance plans to the current Avantis CMMS (Computerized Maintenance Management System) used by WPSC. This integration will allow for a common approach to planning and scheduling required activities, and tracking and recording completion of work orders associated with these activities. This effort involves integrating software systems and data bases, training users and purchasing software licenses. The current status of the effort is the licenses have been secured, substation templates are built, and field inventory and verification of in-service equipment is underway. The project is forecasted to take about 6 months.

Attachment e

**E-mail from Midwest Reliability Organization to
Upper Peninsula Power Company Verification
Completion of Mitigation Plans MIT-07-0452,
MIT-07-0453, MIT-07-0454, MIT-07-0455, and
MIT-07-0456, dated March 14, 2008**

From: Riaz Islam
Sent: Friday, March 14, 2008 1:07 PM
To: 'Balu, Neal J'
Cc: mco@midwestreliability.org
Subject: UPPC - Verification Data – Post June 18 Mitigation Plans

Hello Neal,

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

- PRC-004-1 R1 (NERC ID - MRO200700038)
- PRC-004-1 R3 (NERC ID - MRO200700039)
- PRC-004-1 R3 (NERC ID - MRO200700040)
- FAC-008-1 R1 (NERC ID - MRO200700033)
- FAC-008-1 R2 (NERC ID - MRO200700034)
- FAC-008-1 R3 (NERC ID - MRO200700035)
- FAC-009-1 R1 (NERC ID - MRO200700036)
- FAC-009-1 R2 (NERC ID - MRO200700037)

We have closed these mitigation plans that you submitted via CDMS 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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**MIDWEST
RELIABILITY
ORGANIZATION**

June 11, 2008

MRO Review Process:

Upper Peninsula Power Company (UPPCO) operates under the umbrella organization of Integrys Energy Group (IEG). Wisconsin Public Service Corporation (WPSC) also operates under IEG. WPSC self certified non-compliant to FAC-008-1 (R1,R2,R3), FAC-009-1 (R1,R2), PRC-004-1 (R1,R2,R3) in the pre June 18 era and neglected to report those violations for UPPCO. However, the WPSC mitigation plans for these violations have also been used to mitigate the UPPCO violations. These mitigation plans were to be completed by 12/21/2007, and WPSC completed them on 12/17/2007 (referenced in WPSC mitigation plans). MRO Compliance office requested evidence to support completion of these mitigation plans and validated the completion of the mitigation on 03/14/2008. No additional email confirmation was received from the entity since mitigation plan was completed as it was received by MRO

Mitigation Verification Completed: 03/14/2008.

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

Attachment f

**Midwest Reliability Organization's Verification of
Completion of Mitigation Plan MIT-07-0447,
dated April 29, 2008**

Sara E. Patrick

From: Riaz Islam
Sent: Tuesday, April 29, 2008 3:27 PM
To: 'Balu, Neal J'
Cc: 'mco@midwestreliability.org'
Subject: UPPC - Post June 18 Violations

Hello Neal,

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

- PRC-005-1 R1 (NERC ID - MRO200700043)
- PRC-005-1 R2 (NERC ID - MRO200700041)

We have closed these mitigation plans that you submitted via CDMS in 2008. We have also notified 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 g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Upper Peninsula Power Company

Docket No. NP09-____-000

NOTICE OF FILING
(May 7, 2009)

Take notice that on May 5, 2009, the North American Electric Reliability Corporation (NERC), filed a Notice of Penalty regarding Upper Peninsula Power Company 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