NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

July 10, 2009

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

Re: NERC Notice of Penalty regarding Dairyland Power Cooperative, FERC Docket No. NP09-_-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty[1] regarding Dairyland Power Cooperative (DPC), NERC Registry ID NCR00979,[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 an on-site audit conducted on January 30, 2008 and January 31, 2008, Midwest Reliability Organization (MRO) found DPC in violation of Reliability Standard PRC-005-1 Requirement (R) 1[4] for failure to produce a document that provided a summary of the protective system maintenance and testing procedures, including testing intervals and their basis and in violation of PRC-008-0 R1 for failure to produce a document that provided an Under Frequency Load Shedding (UFLS) equipment maintenance and testing program, including equipment identification and schedule for maintenance and testing. This Notice of Penalty is being filed

[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 Dairyland Power Cooperative was included on the NERC Compliance Registry, on May 30, 2007, as a Balancing Authority, Generator Operator, Generator Owner (GO), Resource Planner, Transmission Owner (TO), Transmission Planner and Transmission Service Provider, on June 17, 2007, as a Load Serving Entity and Transmission Operator, and on July 31, 2007, as Distribution Provider (DP). Dairyland Power Cooperative, as a DP, GO and TO, is subject to the requirements of NERC Reliability Standard PRC-005-1. Dairyland Power Cooperative, as a DP and TO, is subject to the requirements of PRC-008-0.

[3] *See* 18 C.F.R § 39.7(c)(2).

[4] DPC self-reported it was noncompliant with PRC-005-1 prior to the mandatory effective date of the NERC Standard; however, that violation involved the failure to complete maintenance and testing on schedule as required by R2. In this instance, all maintenance and testing were being performed according to schedule, but the documentation requirements of R1 were not fully satisfied.

with the Commission because, based on information from MRO, DPC does not dispute the violations of PRC-005-1 R1 and PRC-008-0 R1 and the proposed ten thousand dollar ($10,000) financial penalty to be assessed to DPC.[5] Accordingly, the violations identified as NERC Violation Tracking Identification Numbers MRO200800047 and MRO200800048 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 December 29, 2008, by MRO. 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	Dairyland Power Cooperative	NOC-136	MRO200800047	PRC-005-1	1	High[6]	$10,000
MRO	Dairyland Power Cooperative	NOC-136	MRO200800048	PRC-008-0	1	Medium	

The purpose of Reliability Standard PRC-005-1 is to ensure that all transmission and generation Protection Systems affecting the reliability of the bulk power system are maintained and tested.

In summary, PRC-005-1 R1 requires an entity such as DPC, as a Transmission Owner and Generator Owner, to have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the Bulk Electric System. The program shall include the following: maintenance and testing intervals and their basis; and a summary of maintenance and testing procedures. PRC-005-1 R1 has a "High" Violation Risk Factor (VRF).

[5] After receiving the NOCV, DPC contested the violations and requested a hearing. As a result of discussions with MRO, MRO and DPC entered into settlement negotiations, which continued until October 2008 when DPC verbally indicated its intent to accept the violations and allow the enforcement process to proceed. In its November 10, 2008 letter, DPC formally accepted and acknowledged the violations and submitted a comprehensive *Protection System Maintenance and Testing Procedure* updated to reflect comments and suggestions received during the conference.

[6] When NERC filed VRFs for PRC-005, NERC originally assigned a "Medium" VRF to PRC-005-1 Requirement R1. In the Commission's May 13, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed the modified "High" VRF for PRC-005 Requirement R1 for approval. On August 6, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 6, 2007 and the "High" VRF has been in effect since August 6, 2007.

The purpose of Reliability Standard PRC-008-0 is to provide last resort system preservation measures by implementing a UFLS program.

PRC-008-0 R1 requires an entity such as DPC, as a Transmission Owner, with a UFLS program (as required by its Regional Entity) to have a UFLS equipment maintenance and testing program in place. This UFLS equipment maintenance and testing program shall include UFLS equipment identification, the schedule for UFLS equipment testing, and the schedule for UFLS equipment maintenance. PRC-008-0 R1 has a "Medium" VRF.

MRO enforcement staff verified that during a scheduled on-site audit on January 30 and 31, 2008, DPC was unable to produce a document that provided a summary of the protective system maintenance and testing procedures, including testing intervals and their basis as required by PRC-005-1 R1. In addition, DPC was unable to produce a document that provided a summary of the UFLS protection system maintenance and testing procedures, including testing intervals and their basis as required by PRC-008-0 R1.

For PRC-005-1 R1 and PRC-008-0 R1, DPC staff was able to verbally describe to the MRO audit team the DPC philosophy, scope, maintenance and testing intervals, and provided details of the actual maintenance and testing activity. The compliance evidence provided to the audit team consisted of a spreadsheet containing cursory data regarding transmission, generator, and UFLS relay maintenance and testing. MRO audit staff was informed that information found in the tab of the spreadsheet called "notes" represented the DPC Transmission and Generation Protection System and UFLS Equipment Maintenance and Testing Program. There were six numbered statements consisting of a total of nine sentences found in the "notes" tab that included: (1) the policies for substation and generator relay testing intervals; (2) acceptable "grace" periods for electro-mechanical substation relays; (3) acceptable "grace" periods for electronic substation relays; (4) the policy of prohibiting removal of a generator from service for relay testing while a unit is in operation; (5) the requirement of scheduling UFLS testing on the same day as relay testing; and (6) testing and maintaining all relays per manufacturer's specifications.

MRO determined that these six statements were inadequate to meet the requirements and intent of Reliability Standards PRC-005-1 R1 and PRC-008-0 R1. Specifically, the evidence provided by DPC during the audit did not adequately identify maintenance and testing procedures for protective relays, associated communication systems, station batteries, and DC control circuitry as required by PRC-005-1 R1, and did not adequately identify maintenance and testing procedures for UFLS equipment as required by PRC-008-0 R1.

After MRO audit staff identified this concern to DPC during the audit, DPC provided a document to MRO entitled *DPC Inspection and Maintenance Plan*. This document was revised during the audit to include a "Protective System" section consisting of three paragraphs elaborating on the six statements in the "notes" tab of the spreadsheet previously provided. The *DPC Inspection and Maintenance Plan* document stated the interval for testing transmission relays and under-frequency relays is four years, with a one-year grace period considered acceptable for electro-mechanical relays, and a two-year grace period considered acceptable for electronic relays when unusual circumstances prevent scheduled testing. The revised document also stated that generator protective relays are tested annually, though the test intervals may be

exceeded as the generator relays cannot be removed from service while a unit is in operation. Finally, the revised document described the process through which maintenance and testing records are maintained internally within each substation. MRO determined that the document did not fully satisfy the requirements of PRC-005-1 R1 because it did not provide the basis for the intervals or provide a summary of maintenance and testing procedures as required in R1, but advised DPC that the document was a good start. In addition, the revised document did not expressly address maintenance and testing of UFLS equipment and MRO therefore determined that the document did not satisfy the requirements of PRC-008-0 R1.

Although DPC was not able to produce a document that included all of the necessary elements in PRC-005-1 R1 and PRC-008-1 R1, MRO determined that the actual testing and maintenance was being performed. The software application used to schedule and record the maintenance and test results contained a statement about the periodicity of testing, and that statement indicated the maintenance and testing interval was every four years. The data within the application supported the testing periodicity, both with actual testing dates from past years and scheduled testing dates for the upcoming year.

MRO determined that the violations of PRC-005-1 R1 and PRC-008-0 R1 began June 18, 2007, the date the standard became enforceable, and continued until DPC issued a comprehensive plan titled, *DPC Protection System Testing and Maintenance Procedures,* dated May 30, 2008.[7] MRO determined that the May 30, 2008 document was sufficient to demonstrate compliance with PRC-005-1 R1 and PRC-008-0 R1. MRO determined that the document included a summary of all required maintenance and test procedures, their basis and defined intervals, and thus met all elements of PRC-005-1. Additionally, the document adequately identified the UFLS equipment, the schedule for UFLS equipment testing and the schedule for UFLS equipment maintenance, and thus met all elements of PRC-008-0.

MRO exercised discretion to assess a ten thousand dollar ($10,000) financial penalty for these violations because: (1) DPC was cooperative and forthcoming throughout the audit; (2) DPC's commitment to compliance was demonstrated through the participation and presence of executive level management throughout the audit and enforcement process; (3) the violations were corrected; (4) MRO determined that this was the first incidence of violation by DPC of PRC-005-1 R1 and PRC-008-0 R1; and (5) the violations were deemed by MRO not to be violations that put bulk power system reliability at serious or substantial risk as the protection system maintenance and testing was being performed, but the comprehensive program and UFLS equipment maintenance program were not adequately documented.

[7] MRO originally determined the violation ended on March 28, 2008 when DPC first issued a plan titled *DPC Protection System Testing and Maintenance Procedures*. However, upon further review, MRO enforcement staff has determined that the March 28, 2008 document was deficient as it did not include the basis for testing intervals, nor address DC Control Circuitry. These deficiencies were corrected in the May 30, 2008 version of *DPC Protection System Testing and Maintenance Procedures*.

Status of Mitigation Plan[8]

On November 10, 2008, DPC submitted Mitigation Plans to address the referenced violations and a document, *DPC Protection System Testing and Maintenance Procedures*, dated May 30, 2008. DPC's Mitigation Plans were accepted by MRO on December 5, 2008, sent to NERC on December 10, 2008, and approved by NERC on April 22, 2009. The Mitigation Plans for the violations listed, designated MIT-08-1573 and MIT-08-1574, were submitted as non-public information to FERC on April 22, 2009 in accordance with FERC orders. DPC's Mitigation Plans specified that DPC's existing documentation was significantly expanded to include more detail of the testing and maintenance program. The revised documentation expanded the six bulleted items provided during the compliance audit to a six page comprehensive program document identifying the elements included in the maintenance and testing program, describing the basis and defining intervals for maintenance and testing of each of the elements, and including a summary of maintenance and testing procedures. As noted in the Mitigations Plans, DPC will carry out a periodic review and modification of its documentation as necessary on an ongoing basis in order to prevent recurrence of the referenced violations.

On December 18, 2008, DPC certified that its Mitigation Plans were completed for PRC-005-1 R1 and PRC-008-0 R1 as of December 18, 2008. In its Mitigation Plans, DPC indicated that if MRO accepted the revised program document dated May 30, 2008, the Mitigation Plans would be considered complete. DPC included a completion date of December 31, 2008 to allow time to revise the program document, if necessary. On December 5, 2008, MRO accepted the Mitigation Plans. Upon reviewing the revised program document dated May 30, 2008, *DPC Protection System Testing and Maintenance Procedures*, MRO notified DPC on December 29, 2008 that it found DPC to be fully compliant with Reliability Standards PRC-005-1 R1 and PRC-008-0 R1. MRO determined that DPC was compliant as of May 30, 2008, when it implemented its comprehensive program document, *DPC Protection System Testing and Maintenance Procedures*.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed[9]

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,[10] the NERC BOTCC reviewed the NOCV and supporting documentation on May 4, 2009. The NERC BOTCC approved the assessment of a ten thousand dollar ($10,000) penalty against DPC based upon MRO's findings and determinations, 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.

[8] *See* 18 C.F.R § 39.7(d)(7).
[9] *See* 18 C.F.R § 39.7(d)(4).
[10] *Guidance on Filing Reliability Notices of Penalty*, 124 FERC ¶ 61,015 (2008).

In reaching this determination, NERC BOTCC considered the following:

- The violations of PRC-005-1 R1 and PRC-008-0 R1 were deemed not to be violations that put bulk power system reliability at serious or substantial risk, because the protection system maintenance and testing was being performed, but the comprehensive program and UFLS equipment maintenance program was not adequately documented;
- The violations are the first incidence of violations of PRC-005-1, R1 and PRC-008-0, R1 by DPC;
- DPC was cooperative and forthcoming throughout the audit;
- DPC's commitment to compliance was demonstrated through the participation and presence of executive level management throughout the audit and enforcement process;
- The violations were mitigated and MRO has verified DPC's Certification of Completion, as discussed above; and
- The actions taken by DPC ensure that reliability is maintained.

Therefore, NERC believes that the proposed ten thousand dollar ($10,000) 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.

Attachments Included as Part of the Notice of Penalty

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

a) Compliance Audit Report – Public Version, dated February 4, 2008, included as Attachment a;

b) DPC's Response to Notice of Alleged Violation and Proposed Penalty or Sanction, dated April 3, 2008, included as Attachment b;

c) DPC's November 10, 2008 Letter, included as Attachment c;

d) Mitigation Plans designated as MIT-08-1573 and MIT-08-1574 submitted November 10, 2008, included as Attachment d;

e) DPC's Certification of Completion of the Mitigation Plans dated December 18, 2008, included as Attachment e; and

f) MRO's Verification of Completion of the Mitigation Plans dated December 29, 2008, included as Attachment f.

A Form of Notice Suitable for Publication[11]

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

[11] *See* 18 C.F.R § 39.7(d)(6).

Notices and Communications

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

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*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,

/s/ *Rebecca J. Michael*

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cc: Dairyland Power Cooperative
Midwest Reliability Organization

Attachments

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment a

Compliance Audit Report – Public Version, dated February 4, 2008

Compliance Audit Report
Public Version

Dairyland Power Cooperative
NCR00979
January 30-31, 2008

Confidential Information
(including Privileged and Critical Energy Infrastructure Information)
Has Been Removed

February 4, 2008

TABLE OF CONTENTS

Executive Summary

This final compliance audit report is the public version. Confidential information (including privileged and critical energy infrastructure information) has been redacted from this report. The full final compliance audit report was submitted to the audited entity and NERC.

NERC has designated a subset of Reliability Standards for active compliance monitoring and reporting by the regional entities in their 2008 implementation plan. For 2008, NERC has identified 62 standards as "actively monitored" which contain 294 requirements. The 2008 compliance audits focus on the last 12 months.

DPC is registered with the MRO as conducting 10 different functions. As a result of this registration and for this audit, DPC is Responsible for meeting compliance with 47 Reliability Standards which contain 229 requirements. DPC is found to be in full compliance with 186 requirements and found 2 instances of alleged non-compliance. An additional 8 standards and their requirements were monitored as a part of the 2007 CIPs (Critical Infrastructure Protection) survey.

DPC staff completed an Audit Questionnaire and provided the MRO with supporting documentation prior to the on site audit. The MRO staff spent several days sorting through the questionnaire and supporting documentation at the MRO offices. Upon completion of the initial review of evidence, the audit team requested additional documentation as well as identified the subject matter experts we desired to interview.

Once on site, the DPC staff was found to be quite cordial and willing to clarify any questions and when needed, direct the audit team to the correct evidence. The subject matter experts were open with their responses and were cooperative throughout the process.

During the review of the supporting evidence for PRC-005-1, Transmission and Generation Protection System Maintenance and Testing, and PRC-008-0 UFLS Equipment Maintenance the audit team requested further supporting documentation of theses programs. DPC was able to provide sufficient evidence indicating the testing and maintenance activities were being conducted on this equipment. However, the audit team felt, in its professional judgment, there was insufficient documentation of the testing and maintenance programs for these two standards.

This audit report includes information about how far DPC missed the requirements for the alleged compliance violations. This information will be used to help determine the severity level of sanctions and penalties. The possible compliance violations will be processed through the MRO's NERC Compliance Monitoring and Enforcement Program. Any further actions related to possible compliance violations will be through that process.

Audit Process

The compliance audit process steps are detailed in the NERC CMEP. The NERC CMEP generally conforms to the United States Government Accountability Office Government Auditing Standards and other generally accepted audit practices.

Objectives

All registered entities are subject to audit for compliance with all reliability standards applicable to the functions for which the registered entity is registered.[1] The audit objectives are:

- Independently review DPC's compliance with the requirements of the reliability standards that are applicable to DPC based on the DPC's registered functions.
- Validate compliance with applicable reliability standards from the NERC 2008 Implementation Plan list of actively monitored standards.
- Validate evidence of self-reported violations and previous self-certifications, confirm compliance with other requirements of the reliability standard, and review the status of associated mitigation plans.
- Document the DPC's compliance culture.
- Review compliance of the MRO standard MBAL-002.

Scope

The DPC Compliance Audit was conducted as a part of its normal three year cycle. The 2008 Compliance Program consists of 54 actively monitored Standards. Eight of these Standards were deemed not applicable, seven of which are related directly to the RC function and FAC-003-1, Transmission and Vegetation Management. DPC does not own any transmission at the 200 kV level or above or any lower deemed by the RRO as being critical to the Bulk Electric System. Documentation was viewed for the past 12 months.

Confidentiality and Conflict of Interest

Confidentiality agreements and code of conduct documentation for the NERC representative and regional entity staff were available to the audited entity in advance of the audit. Work history and conflict of interest forms submitted by each audit team member were available to the audited entity if requested. The audited entity was given an opportunity to object to an audit team member on the basis of a possible conflict of interest or the existence of other circumstances that could interfere with the audit team member's impartial performance of duties. The audited entity accepted the audit team member participants with no objections.

[1] North American Electric Reliability Corporation CMEP, paragraph 3.1, Compliance Audits

On-site Audit

Upon arrival the first day, DPC was given the opportunity to present and overview of their company. The MRO presented an opening presentation which gave a high level overview of the status of the compliance audit.

The auditor code of conduct was reviewed. MRO staff must adhere to confidentiality as required through the NERC Delegation Agreement. NERC staff has their own Code of Conduct. MRO staff requested DPC's cooperation in complying with the following guidelines: MRO must be billed for all meals and snacks, auditors may not fraternize with employees of DPC during breaks and outside of work during the period of the audit, and the audit team members may not accept gifts, regardless of value.

Methodology

Audit criteria included standards, measures, and expectations based on best practices. The criteria were objective, measurable, complete and relevant to the objectives. The audit team accepted and was not limited to policies, procedures, screen-prints of EMS, copies of operator logs, audio clips, and correspondence. If needed, additional supporting documentation or clarification was requested.

The Audit team used the Reliability Standards Auditor Worksheets (RSAW) to review each reliability standard during the compliance audit. This is done to ensure consistency and fairness during each compliance audit.

Audit Overview

In September of 2007 DPC agreed to the MRO's proposed schedule of conducting a Compliance Audit January 30-31, 2008. The 60 day packet went out November 28, 2007. In the packet, DPC received a copy of the Two Month Prior On-Site Audit Notification, the Pre-Audit Survey, an Audit Questionnaire, the MRO Regional Procedure for conducting audits, the MRO Preparing for Compliance and Compliance Audit document and the Subject Matter Expert Document. In addition, the Midwest ISO Reliability Coordinator was requested to fill out a questionnaire regarding DPC's response to reliability concerns on the bulk electric system.

Audit

DPC supplied the MRO office with approximately 80% of the supporting documentation needed to show compliance on DPC's behalf prior to the site visit. The MRO requested additional documentation prior to the on site visit which DPC produced prior to the visit.

Prior to the site visit, MRO staff reviewed the documentation in the MRO offices. The compliance staff utilized the NERC Standards and the RSAW while reviewing the supporting documents and the Audit Questionnaire provided by DPC.

Prior to the on site visit, the MRO requested DPC to have subject matter experts available for the following Standards: BAL-002, BAL-003, BAL-005, COM-001, COM-002, EOP-001, EOP-004, EOP-005, IRO-004, IR0-005, PER-002, PRC-004, PRC-005, PRC-008, TOP-002, TOP-003, TOP-005, TPL-001 through 004, and VAR-001.

The audit team leader requested interviews with DPC employees representing subject matter expertise regarding the previously mentioned Standards. These interviews in conjunction with evidence provide the audit team with a basis for professional judgment when validating compliance with reliability standards.

During the review of the supporting evidence for PRC-005-1 requirement 1, Transmission and Generation Protection System Maintenance and Testing, and PRC-008-0 requirement 1, UFLS Equipment Maintenance the audit team requested further supporting documentation of theses programs. DPC was able to provide sufficient evidence indicating the testing and maintenance activities were being conducted on this equipment. However, the audit team felt, in its professional judgment, there was insufficient documentation of the testing and maintenance programs for these two standards.

In 2007, DPC self-reported a violation of PRC-005. DPC had scheduled relay testing and maintenance at two of its substations in 2006 which was not completed. The MRO audit team requested relay and maintenance test records of these two substations as a part of the audit. The testing and maintenance of the relays at these two substations was verified as being complete.

Exit Briefing

Upon completion of the audit process, the MRO presented DPC staff with the exit PowerPoint presentation. This presentation covered the future activities needed to complete the audit process, the audit findings and DPC's options as a result of the audit.

Due to the nature of the MRO compliance audits starting at the MRO office, the MRO has the supporting documentation needed as evidence for the alleged violations. All documentation is stored on site in a fire proof locked cabinet.

Company Profile

With headquarters in La Crosse, Wis., Dairyland Power Cooperative is a generation and transmission cooperative (G&T) that provides the wholesale electrical requirements and other services for 25 electric distribution cooperatives and 18 municipal utilities in the Upper Midwest. In turn, these cooperatives and municipals deliver the electricity to consumers--meeting the energy needs of more than half a million people.

Dairyland was formed in December 1941. Today, the cooperative's generating stations (coal, hydro, natural gas, landfill gas, animal waste-to-energy) have more than 1,100 megawatt capacity. Dairyland delivers electricity via more than 3,100 miles of transmission lines and nearly 300 substations located throughout the system's 44,500 square mile service area.

Dairyland's service area encompasses 62 counties in four states (Wisconsin, Minnesota, Iowa and Illinois). Dairyland, a Touchstone Energy Cooperative, has provided low-cost, reliable electrical energy and related services for 65 years.

DPC is a balancing authority, a transmission operator, and operates its own control center for the operation of its transmission system, generating plants and sets interchange schedules with its neighboring systems.

DPC owns coal-fired units at the Genoa, Alma, and JPM stations that provide the majority of the capacity and energy for the DPC system. Capacity and energy is also provided by gas/oil fired combustion turbines at Elk Mound, the Flambeau hydro station, the McNeilus Winds Farm, biogas (manure digesters), landfill gas, and municipal utility systems with gas or oil-fired diesels. The total MAPP-accredited capacity is approximately 1,200 MW when including municipal generation and other generation under contract.

DPC operates transmission lines at 34.5, 69, 115, and 161 kV.

DPC is a member of the Midwest Reliability Organization. The DPC Reliability Coordinator is MISO, under contract with MAPP. DPC registration with NERC includes Balancing Authority, Generator Operator, Generator Owner, Resource Planner, Transmission Owner, Transmission Planner, Transmission Service Provider, and Load Serving Entity.

Audit Specifics

The compliance audit was conducted on January 30-31, 2008 at the DPC office in La Crosse, WI.

Audit Team

Audit Team Role	Title	Company
Lead	Russel Mountjoy	MRO
Member	Jim Burley	MRO
Member	Wayne Van Osdol	MRO

DPC Audit Participants

Title	[Audited Entity] Organization
Director	Plant Operations
Manager	System Operations Center
Team Leader	Transmission Security
Director	System Operations
Manager	Operations Compliance and Support
Manager	Operations Control Systems
Information Security	Operations Control Systems
Manager	Telecommunications Services
Engineer	System Operations, Transmission and Security
Director	Electrical Engineering
Dispatcher	System Operations
Dispatcher	System Operations
Dispatcher	System Operations
Vice President	Power Delivery Division

Audit Results

- DPC has supplied the audit team with a significant amount of supporting documentation. The team received approximately 80% of the supporting documentation needed prior to the site visit. The audit team reviewed each requirement and then identified how DPC met the requirement in the supporting documentation. Any questions the team had regarding the documents were recorded and addressed while on site.
- DPC supplied the audit team with a number of documents covering policies and procedures that take into consideration the reliability standards. To show DPC follows these procedures, they openly discussed instances where these procedures had been put into action.
- All DPC personnel were open in their communications with the audit team. Management allowed employees to speak freely without interruption.
- The Midwest ISO RC supplied a response to the MRO questionnaire; there are no instances of non-compliance associated with the RC.
- Through their supporting documentation, management interviews, and subject matter expert interviews, DPC has exhibited a commitment to safe and reliable operation of the bulk electric system.
- The audit reviewed supporting documentation from a self reported violation in 2007 regarding relay testing and maintenance. The audit team found DPC compliant on this issue.
- The Vice-President of the Power Delivery Division was available for the opening and exit presentations and is aware of the two possible violations.

Findings

[Reliability Standard	Requirement	Finding
BAL-001-0	R1.	Compliant
BAL-001-0	R2.	Compliant
BAL-001-0	R3.	Compliant
BAL-001-0	R4.	Compliant
BAL-002-0	R1.	Compliant
BAL-002-0	R2.	N/A
BAL-002-0	R3.	Compliant
BAL-002-0	R4.	Compliant
BAL-002-0	R5.	Compliant
BAL-002-0	R6.	Compliant
BAL-003-0	R1.	Compliant
BAL-003-0	R2.	Compliant
BAL-003-0	R3.	Compliant
BAL-003-0	R4.	Compliant
BAL-003-0	R5.	Compliant
BAL-003-0	R6.	Compliant
BAL-004-0	R1.	N/A
BAL-004-0	R2.	N/A
BAL-004-0	R3.	Compliant
BAL-004-0	R4.	Compliant
BAL-005-0	R1.	Compliant
BAL-005-0	R2.	Compliant
BAL-005-0	R3.	Compliant
BAL-005-0	R4.	Compliant
BAL-005-0	R5.	Compliant
BAL-005-0	R6.	Compliant
BAL-005-0	R7.	Compliant
BAL-005-0	R8.	Compliant
BAL-005-0	R9.	Compliant
BAL-005-0	R10.	Compliant
BAL-005-0	R11.	Compliant
BAL-005-0	R12.	Compliant
BAL-005-0	R13.	Compliant
BAL-005-0	R14.	Compliant
BAL-005-0	R15.	Compliant
BAL-005-0	R16.	Compliant
BAL-005-0	R17.	Compliant
BAL-006-1	R1.	Compliant
BAL-006-1	R2.	Compliant

[Reliability Standard	Requirement	Finding
BAL-006-1	R3.	Compliant
BAL-006-1	R4.	Compliant
BAL-006-1	R5.	Compliant
CIP-001-1	R1.	Compliant
CIP-001-1	R2.	Compliant
CIP-001-1	R3.	Compliant
CIP-001-1	R4.	Compliant
COM-001-1	R2.	Compliant
COM-001-1	R5.	Compliant
COM-002-2	R1.	Compliant
COM-002-2	R2.	Compliant
EOP-001-0	R1.	Compliant
EOP-001-0	R2.	Compliant
EOP-001-0	R3.	Compliant
EOP-001-0	R4.	Compliant
EOP-001-0	R5.	Compliant
EOP-001-0	R6.	Compliant
EOP-001-0	R7.	Compliant
EOP-002-2	R1.	Compliant
EOP-002-2	R2.	Compliant
EOP-002-2	R3.	Compliant
EOP-002-2	R4.	Compliant
EOP-002-2	R5.	Compliant
EOP-002-2	R6.	Compliant
EOP-002-2	R7.	Compliant
EOP-002-2	R8.	N/A
EOP-002-2	R9.	Compliant
EOP-003-1	R1.	Compliant
EOP-003-1	R2.	Compliant
EOP-003-1	R3.	Compliant
EOP-003-1	R4.	Compliant
EOP-003-1	R5.	Compliant
EOP-003-1	R6.	Compliant
EOP-003-1	R7.	Compliant
EOP-003-1	R8.	Compliant
EOP-004-1	R1.	N/A
EOP-004-1	R2.	Compliant
EOP-004-1	R3.	Compliant
EOP-004-1	R4.	N/A
EOP-004-1	R5.	N/A
EOP-005-1	R1.	Compliant
EOP-005-1	R2.	Compliant

[Reliability Standard	Requirement	Finding
EOP-005-1	R3.	Compliant
EOP-005-1	R4.	Compliant
EOP-005-1	R5.	Compliant
EOP-005-1	R6.	Compliant
EOP-005-1	R7.	Compliant
EOP-005-1	R8.	Compliant
EOP-005-1	R9.	Compliant
EOP-005-1	R10.	Compliant
EOP-005-1	R11.	Compliant
EOP-006-1	R1.	N/A
EOP-006-1	R2.	N/A
EOP-006-1	R3.	N/A
EOP-006-1	R4.	N/A
EOP-006-1	R5.	N/A
EOP-006-1	R6.	N/A
EOP-008-0	R1.	Compliant
EOP-009-0	R1.	Compliant
EOP-009-0	R2.	Compliant
FAC-003-1	R1.	Compliant
FAC-003-1	R2.	Compliant
FAC-003-1	R3.	Compliant
FAC-003-1	R4.	N/A
FAC-008-1	R1.	Compliant
FAC-008-1	R2.	Compliant
FAC-008-1	R3.	Compliant
FAC-009-1	R1.	Compliant
FAC-009-1	R2.	Compliant
FAC-013-1	R1.	N/A
FAC-013-1	R2.	N/A
INT-001-2	R1.	Compliant
INT-001-2	R2.	Compliant
INT-003-2	R1.	Compliant
INT-004-1	R1.	Compliant
INT-004-1	R2.	Compliant
IRO-001-1	R1.	N/A
IRO-001-1	R2.	N/A
IRO-001-1	R3.	N/A
IRO-001-1	R4.	N/A
IRO-001-1	R5.	N/A
IRO-001-1	R6.	N/A
IRO-001-1	R7.	N/A
IRO-001-1	R8.	Compliant

[Reliability Standard	Requirement	Finding
IRO-001-1	R9.	N/A
IRO-003-2	R1.	N/A
IRO-003-2	R2.	N/A
IRO-004-1	R1.	N/A
IRO-004-1	R2.	N/A
IRO-004-1	R3.	Compliant
IRO-004-1	R4.	Compliant
IRO-004-1	R5.	N/A
IRO-004-1	R6.	N/A
IRO-004-1	R7.	Compliant
IRO-005-1	R1.	N/A
IRO-005-1	R2.	N/A
IRO-005-1	R3.	N/A
IRO-005-1	R4.	N/A
IRO-005-1	R5.	N/A
IRO-005-1	R6.	N/A
IRO-005-1	R7.	N/A
IRO-005-1	R8.	Compliant
IRO-005-1	R9.	N/A
IRO-005-1	R10.	N/A
IRO-005-1	R11.	N/A
IRO-005-1	R12.	Compliant
IRO-005-1	R13.	Compliant
IRO-005-1	R14.	Compliant
IRO-005-1	R15.	N/A
IRO-005-1	R16.	N/A
IRO-005-1	R17.	N/A
IRO-006-3	R1.	N/A
IRO-006-3	R2.	N/A
IRO-006-3	R3.	N/A
IRO-006-3	R4.	N/A
IRO-006-3	R5.	N/A
IRO-006-3	R6.	Compliant
IRO-014-1	R1.	N/A
IRO-014-1	R2.	N/A
IRO-014-1	R3.	N/A
IRO-014-1	R4.	N/A
IRO-015-1	R1.	N/A
IRO-015-1	R2.	N/A
IRO-015-1	R3.	N/A
IRO-016-1	R1.	N/A
IRO-016-1	R2.	N/A

[Reliability Standard	Requirement	Finding
PER-002-0	R1.	Compliant
PER-002-0	R2.	Compliant
PER-002-0	R3.	Compliant
PER-002-0	R4.	Compliant
PER-003-0	R1.	Compliant
PER-004-1	R1.	N/A
PER-004-1	R2.	N/A
PER-004-1	R3.	N/A
PER-004-1	R4.	N/A
PER-004-1	R5.	N/A
PRC-004-1	R1.	Compliant
PRC-004-1	R2.	Compliant
PRC-004-1	R3.	Compliant
PRC-005-1	R1.	Possible Violation
PRC-005-1	R2.	Compliant
PRC-008-0	R1.	Possible Violation
PRC-008-0	R2.	Compliant
PRC-010-0	R1.	Compliant
PRC-010-0	R2.	Compliant
PRC-011-0	R1.	Compliant
PRC-011-0	R2.	Compliant
PRC-016-0	R1.	Compliant
PRC-016-0	R2.	Compliant
PRC-016-0	R3.	Compliant
PRC-017-0	R1.	Compliant
PRC-017-0	R2.	Compliant
PRC-021-1	R1.	Compliant
PRC-021-1	R2.	Compliant
TOP-002-2	R1.	Compliant
TOP-002-2	R2.	Compliant
TOP-002-2	R3.	Compliant
TOP-002-2	R4.	Compliant
TOP-002-2	R5.	Compliant
TOP-002-2	R6.	Compliant
TOP-002-2	R7.	Compliant
TOP-002-2	R8.	Compliant
TOP-002-2	R9.	Compliant
TOP-002-2	R10.	Compliant
TOP-002-2	R11.	Compliant
TOP-002-2	R12.	Compliant
TOP-002-2	R13.	Compliant

[Reliability Standard	Requirement	Finding
TOP-002-2	R14.	Compliant
TOP-002-2	R15.	Compliant
TOP-002-2	R16.	Compliant
TOP-002-2	R17.	Compliant
TOP-002-2	R18.	Compliant
TOP-002-2	R19.	Compliant
TOP-003-0	R1.	Compliant
TOP-003-0	R2.	Compliant
TOP-003-0	R3.	Compliant
TOP-003-0	R4.	N/A
TOP-004-1	R6.	Compliant
TOP-005-1	R1.	Compliant
TOP-005-1	R2.	Compliant
TOP-005-1	R3.	Compliant
TOP-005-1	R4.	N/A
TOP-007-0	R1.	Compliant
TOP-007-0	R2.	Compliant
TOP-007-0	R3.	Compliant
TOP-007-0	R4.	N/A
TPL-001-0	R1.	Compliant
TPL-001-0	R2.	Compliant
TPL-001-0	R3.	Compliant
TPL-002-0	R1.	Compliant
TPL-002-0	R2.	Compliant
TPL-002-0	R3.	Compliant
TPL-003-0	R1.	Compliant
TPL-003-0	R2.	Compliant
TPL-003-0	R3.	Compliant
TPL-004-0	R1.	Compliant
TPL-004-0	R2.	Compliant
VAR-001-1	R1.	Compliant
VAR-001-1	R2.	Compliant
VAR-001-1	R3.	Compliant
VAR-001-1	R4.	Compliant
VAR-001-1	R5.	N/A
VAR-001-1	R6.	Compliant
VAR-001-1	R7.	Compliant
VAR-001-1	R8.	Compliant
VAR-001-1	R9.	Compliant
VAR-001-1	R10.	Compliant
VAR-001-1	R11.	Compliant
VAR-001-1	R12.	Compliant

[Reliability Standard	Requirement	Finding
VAR-002-1	R1.	Compliant
VAR-002-1	R2.	Compliant
VAR-002-1	R3.	Compliant
VAR-002-1	R4.	Compliant
VAR-002-1	R5.	Compliant

Compliance Culture

The DPC compliance culture was not reviewed by the audit team. The Regional Entity compliance staff will review the DPC's compliance culture at a future date.

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment b

DPC's Response to Notice of Alleged Violation and Proposed Penalty or Sanction, dated April 3, 2008

CHUCK CALLIES
Vice President, Power Delivery

DAIRYLAND POWER
COOPERATIVE

April 3, 2008

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

By Fax: 651-855-1712
By DHL Express

Dear Mr. Schoenecker:

SUBJECT: Notice of Alleged Violation
NERC Violation Tracking Identification Numbers:
MRO200800047, MRO200800048
Registered Entity: Dairyland Power Cooperative

Dairyland Power Cooperative ("Dairyland") is in receipt of a Notice of Alleged Violation and Proposed Penalty or Sanction dated March 7, 2008, referencing the above NERC Violation Tracking Identification Numbers. Dairyland hereby contests the Alleged Violations and the proposed penalty and sanction for the Alleged Violations.

MRO200800047:

With respect to the allegations that Dairyland has violated Standard PRC-005-1, Requirement 1, Dairyland respectfully contends that at all relevant times it has been in compliance. Standard PRC-005-1, Requirement R1, requires that Dairyland have a Protection System maintenance and testing program in place which includes maintenance and testing intervals and a summary of maintenance and testing procedures. As the Notice of Alleged Violation recognizes, during the audit in question, Dairyland personnel were able to confirm and document the existence of a satisfactory, substantive program for testing and maintenance activity. In fact, at the time of the audit, we provided the auditors with a high level overview document of all of our test and maintenance programs, which includes relay testing. The auditors told us at the time it was presented that they would accept it as adequate documentation.

The Alleged Violation is based on Dairyland's inability to produce a document that allegedly met the requirements of Standard PRC-005-1, Requirement R1. However, Standard PRC-005-1, Requirement R1, as drafted, does not require the Registered Entity to create a unified document

to outline or memorialize the maintenance and testing practices it employs. It simply requires that a program be in place. If there is a requirement in Standard PRC-005-1, Requirement R1, that a Registered Entity create and keep a unified document summarizing its maintenance and testing practices, it is so vaguely and ambiguously stated that a finding of violation for failure to have such a document in hand at the time of audit cannot be fairly maintained.

Moreover, Standard PRC-005-1, Requirement R2, provides that the Registered Entity shall provide "documentation of its Protection System maintenance and testing program…on request (within 30 calendar days)." Thus, if there be any requirement that a program summary document be maintained, PRC-005-01 only requires that it be produced within a reasonable time (30 days) of a formal request.

While Dairyland does not concede, and specifically denies any violation, we also now recognize that MRO desires that a summary document be maintained that describes the Protection System maintenance and testing program, and we treat the Notice of Alleged Violation as a request pursuant to Standard PRC-005-1, Requirement R2, for that documentation. In that interest, we enclose a copy of a document we have prepared entitled "Dairyland Power Cooperative Protection System Testing and Maintenance Procedures" that outlines the nature of our Protection System maintenance and testing program. We believe this document satisfies the inquiry at the time of the audit even as we contest our obligation to have had such a document in hand at the time of the audit.

MRO200800048:

With respect to the allegations that Dairyland has violated Standard PRC-008-0, Requirement 1, Dairyland respectfully contends that it is, and at all relevant times, has been in compliance with said Standard.

This Alleged Violation is also based on Dairyland's failure to produce a "document" that summarizes or memorializes Dairyland's UFLS equipment and maintenance program. Standard PRC-008-0, Requirement 1, requires Dairyland to have such a program in place, and, as recognized in the Notice of Alleged Violation, Dairyland satisfactorily substantiated the existence and implementation of such a program during the audit. At the time of the audit, we provided the auditors with a high level overview document of all of our test and maintenance programs. The auditors told us at the time it was presented that they would accept it as adequate documentation. However, Standard PRC-008-0, Requirement 1, as drafted, also does not articulate a requirement that the Registered Entity maintain a "document" which memorializes the program as much as it requires such a program to be in place.

Standard PRC-008-0, Requirement 2, provides that UFLS equipment maintenance and testing results must be produced on request. However, the Registered Entity has 30 calendar days from the request to provide documentation.

Once again, any requirement that a document summarizing the program be created and maintained in the absence of request (as opposed to the creating and implementation of the program itself) is so vaguely and ambiguously stated in the Standard that a finding of violation cannot be fairly maintained for not having such a document at the time of audit. At the same time, we are including the document "Dairyland Power Cooperative Protection System Testing and Maintenance Procedures." We believe this document satisfies the inquiry made at the time of the audit even as we contest our obligation to have had such a document in hand at the time of the audit.

With respect to both Alleged Violations, we note that in the past, Dairyland has been audited under what we understand to be similar standards, and that our level of documentation has been satisfactory.

Primary Contact:

The primary contact for answering questions regarding this or any related matter including discussions of settlement is:

Mr. Chuck Callies
Vice President, Power Delivery
Dairyland Power Cooperative
3200 East Avenue South
P.O. Box 817
La Crosse, WI 54602-0817

(608)-787-1474 office
(608)-787-1475 fax
(608)-792-5871 cell
csc@dairynet.com

Request for Hearing:

Please take notice that in the event this matter is not resolved by withdrawal of the allegations or other satisfactory disposition, Dairyland requests a full hearing to contest the alleged violations and any imposition of sanctions or penalty.

Anticipated Conference:

We understand that within ten business days of receipt of this objection, a conference will be scheduled with us to review further proceedings and potential options. We look forward to that opportunity to review the situation with you further.

Thank you for your consideration. Please contact us with any questions.

Sincerely,

DAIRYLAND POWER COOPERATIVE

Chuck Callies

Chuck Callies
Vice President, Power Delivery

CSC:daj

Enclosure

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment c

DPC's November 10, 2008 Letter

CHUCK CALLIES
Vice President, Power Delivery

DAIRYLAND POWER
COOPERATIVE

November 10, 2008

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

Notice of Alleged Violation
NERC Violation Tracking Identification Numbers:
MR0200800047, MR0200800048
Registered Entity: Dairyland Power Cooperative

Dear Mr. Schoenecker:

Dairyland Power Cooperative has considered the procedural status of this matter along with the cost and distraction that continued resistance to the allegations of violations and hearing will present. Once again, we note the administrative burden that the hearing and appeal process would create. Contesting the charges under the circumstances would distract Dairyland personnel and expend Dairyland resources that otherwise should be directed towards tasks essential to maintaining system reliability, and would in effect degrade efforts to maintain system reliability rather than promote system reliability.

Dairyland Power Cooperative is concerned that the current administration of the audit and compliance enforcement process has taken on the appearance of being "heavy handed." The determination of violation in this particular matter was apparently not based on the reliability standard itself, but rather on a document (Reliability Standard Audit Worksheets, RSAWS) developed specifically to help auditors "interpret" reliability standards. The audit team in this instance very specifically noted that DPC had a well defined process, including comprehensive relay testing documentation, but at the same time lacked a summary document describing the relay testing program. As a result of this interpretation, Dairyland must now contend with allegations of violations relating to the relay testing program that we have been diligent in administering for many years before there was a standard. Dairyland and the interests of promoting system reliability would have benefited more from an administrative clarification of the standard, including an associated fine if appropriate, than from these allegations of what were at worst technical and not substantive violations, with the accompanying procedural waste of resources. Such a clarification from the Midwest Reliability Organization (MRO) would have enhanced the clarity and effectiveness of important reliability standards. Unfortunately, because resources are best applied to productive efforts, Dairyland is left to accept "violations" that imply a lack of awareness or a casual attitude regarding reliability when the reality is that the standards on which the violations are based are vague.

Utilities historically have respected and appreciated the help and input of the audit teams when it was recognized that there were areas that needed improvements or that standards have been clarified. That is put at risk when a serious violation can arise from such a minor rule interpretation and the audit team is left to defend the violation based on a new perspective grounded in documentation, or direction from something other than the standard itself. This is unfair to both the utility and the audit team. Dairyland urges NERC and the Regional Entities to explore the creation of an additional non-compliance category for minor infractions, such as those identified technicalities that do not implicate a critical reliability issue. Such a category would provide audit teams a mechanism for providing clarification, guidance and interpretation of standards while still formally documenting the infraction and addressing reliability concerns. Dairyland believes that such a category would re-enforce the cooperative and helpful environment that has historically benefited the audit process and compliance efforts for both the auditors and utilities.

Dairyland respects the demands that the compliance and enforcement programs have placed on NERC and the Regional Entities. Those demands have resulted in significant documentation efforts for the utilities as well. Dairyland appreciates the opportunity to express our concern as well as advance a recommendation that would help ensure that the documentation effort does not overshadow, or impair the intended goal of system reliability, and would, we believe, help foster a cooperative approach to a mutual goal.

Notwithstanding our belief that the violations in this case were not justified, Dairyland will no longer contest the allegations. Please accept this letter as Dairyland's withdrawal of its previously filed denial and resistance to the allegations, withdrawal of its request for Hearing, and as acknowledgement and acceptance of the alleged violations.

Contemporaneous with our sending this letter, we are submitting our Mitigation Plan using the MRO Compliance Database Management System (CDMS). We believe that the plan is in compliance with Section 6.2 of the NERC CMEP as required.

Please confirm receipt of this withdrawal of our objection to the above referenced violations and related request for hearing. We look forward to hearing from you with regard to formalizing any further documentation related to this withdrawal.

Sincerely,

DAIRYLAND POWER COOPERATIVE

Chuck Callies

Chuck Callies
Vice President, Power Delivery

CSC:daj

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment d

Mitigation Plans designated as MIT-08-1573 and MIT-08-1574, dated November 10, 2008

Mitigation Plan

Mitigation Plan submitted on: ***Nov 10, 2008***
Mitigation Plan Completed (Yes/No): ***Yes***
Mitigation Plan Completed On: ***Dec 29, 2008***

Section A: Compliance Notices

• Section 6.2 of the NERC CMEP [1] sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

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

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

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

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

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

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

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

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

(9) Any other information deemed necessary or appropriate.

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

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

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

• This Mitigation Plan form may be used to address one or more related alleged or confirmed violations of one Reliability Standard. A separate mitigation plan is required to address alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.

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.

- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.

- Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.

- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

- The user has read and accepts the conditions set forth in these Compliance Notices.

Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: ***Dairyland Power Cooperative***
Address: ***3200 East Ave South, La Crosse, Wisconsin 54601, United States***
NERC Compliance Registry ID: *[If known]* ***NCR00979***

B.2

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

Name: ***Warren Schaefer***
Title: ***Manager -Operations Compliance***
Email: ***wjs@dairynet.com***
Phone: ***608-787-1252***

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

C.1

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

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

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

Violation Date: ***Jan 31, 2008***

C.2

Identify the cause of the violation(s) identified above:
Alleged insufficient documentation of the DPC relay testing program (PRC-005-1, R1). It was not alleged that DPC was failing in any way to carry out proper relay and protection system testing or maintenance. The alleged violation was identified in the process of an on-site compliance audit conducted in January 2008.

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: *[If known]*
The only violation alleged in the review of compliance with this Standard is that DPC has insufficient documentation defining our relay and protection system testing maintenance program.

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1

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

Existing documentation has been significantly expanded to include more detail of the testing and maintenance program. If the revised documentation is accepted by the MRO reviewers, the Mitigation Plan will be considered completed.

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: ***Dec 31, 2008***

D.3

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

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

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

Additional Relevant Information (Optional)

D.4

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

An earlier version of the expanded documentation was provided to MRO in April 2008. That material has had a preliminary review by members of the MRO Staff and by several members of the MRO Compliance Committee. The suggestions made at that time have been incorporated into a revision dated May 6, 2008, issued May 30, 2008, and attached to this mitigation plan.

Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1

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

There is not an apparent reliability risk during the implementation of this Mitigation Plan, as the alleged violation only involved documentation of our testing and maintenance plan, not the actual testing and maintenance activities.

Prevention of Future BPS Reliability Risk

E.2

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

Successful completion of the Mitigation Plan will assure a solid basis for documentation of our testing and maintenance program. It would be our expectation to carry out periodic review of our documentation and, modification of our documentation as necessary on an ongoing basis.

E.3

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

Documentation for other standards is being reviewed to assure that it is maintained on an ongoing basis.

Section F: Authorization

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

(a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance and approval by NERC, and

(b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and

(c) Acknowledges:

1. I am ***Vice President Power Delivery*** of ***Dairyland Power Cooperative***.

2. I am qualified to sign this Mitigation Plan on behalf of ***Dairyland Power Cooperative***.

3. I have read and understand ***Dairyland Power Cooperative***'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. ***Dairyland Power Cooperative*** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity and approved by NERC.

Authorized Individual Signature _____

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

Name: ***Chuck Callies***
Title: ***Vice President Power Delivery***
Authorized On: ***Nov 10, 2008***

Midwest Reliability Organization

Mitigation Plan

Mitigation Plan submitted on: ***Nov 10, 2008***

Mitigation Plan Completed (Yes/No):

Mitigation Plan Completed On:

Section A: Compliance Notices

• Section 6.2 of the NERC CMEP [1] sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

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

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

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

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

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

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

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

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

(9) Any other information deemed necessary or appropriate.

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

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

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

• This Mitigation Plan form may be used to address one or more related alleged or confirmed violations of one Reliability Standard. A separate mitigation plan is required to address alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.

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.

• If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.

• Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.

• Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

• The user has read and accepts the conditions set forth in these Compliance Notices.

Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: ***Dairyland Power Cooperative***
Address: ***3200 East Ave South, La Crosse, Wisconsin 54601, United States***
NERC Compliance Registry ID: *[If known]* ***NCR00979***

B.2

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

Name: ***Warren Schaefer***
Title: ***Manager Operations Compliance***
Email: ***wjs@dairynet.com***
Phone: ***608-787-1252***

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

C.1

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

Standard Requirement: ***PRC-008-0 R1***

Description: ***The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall have a UFLS equipment maintenance and testing program in place. This UFLS equipment maintenance and testing program shall include UFLS equipment identification, the schedule for UFLS equipment testing, and the schedule for UFLS equipment maintenance.***

Violation Date: ***Jan 31, 2008***

C.2

Identify the cause of the violation(s) identified above:
Alleged insufficient documentation of the DPC relay testing program (PRC-008-0, R1). It was not alleged that DPC was failing in any way to carry out proper relay and protection system testing or maintenance. The alleged violation was identified in the process of an on-site compliance audit conducted in January 2008.

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: *[If known]*
The only violation alleged in the review of compliance with this Standard is that DPC has insufficient documentation defining our relay and protection system testing maintenance program.

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1

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

Existing documentation has been significantly expanded to include more detail of the testing and maintenance program. If the revised documentation is accepted by the MRO reviewers, the Mitigation Plan will be considered completed.

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: ***Dec 31, 2008***

D.3

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

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

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

Additional Relevant Information (Optional)

D.4

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

An earlier version of the expanded documentation was provided to MRO in April 2008. That material has had a preliminary review by members of the MRO Staff and by several members of the MRO Compliance Committee. The suggestions made at that time have been incorporated into a revision dated May 6, 2008, issued May 30, 2008, and attached to this mitigation plan.

Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1

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There is not an apparent reliability risk during the implementation of this Mitigation Plan, as the alleged violation only involved documentation of our testing and maintenance plan, not the actual testing and maintenance activities.

Prevention of Future BPS Reliability Risk

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

Sucessful completion of the Mitigation Plan will assure a solid basis for documentation of our testing and maintenance program. It would be our expectation to carry out periodic review of our documentation and, modification of our documentation as necessary on an ongoing basis.

E.3

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

Documentation for other standards is being reviewed to assure that it is maintained on an ongoing basis.

Section F: Authorization

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

(a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance and approval by NERC, and

(b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and

(c) Acknowledges:

1. I am ***Vice President Power Delivery*** of ***Dairyland Power Cooperative***.

2. I am qualified to sign this Mitigation Plan on behalf of ***Dairyland Power Cooperative***.

3. I have read and understand ***Dairyland Power Cooperative***'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. ***Dairyland Power Cooperative*** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity and approved by NERC.

Authorized Individual Signature _____

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

Name: ***Chuck Callies***
Title: ***Vice President Power Delivery***
Authorized On: ***Nov 10, 2008***

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment e

DPC's Certification of Completion of the Mitigation Plans (MIT-08-1573 and MIT-08-1574), dated December 18, 2008

Riaz Islam

From: Warren J Schaefer [wjs@dairynet.com]
Sent: Thursday, December 18, 2008 2:53 PM
To: mco@midwestreliability.org
Cc: Dan Schoenecker; Chuck S Callies; Randy J Baranczyk; Penny Schieber; Thomas F Drea
Subject: [mco] DPC mitigation plan
Attachments: DPC Protective Maint & Testing_5_6_08.doc

Follow Up Flag: Follow up
Flag Status: Flagged

I wish to inform you that Dairyland Power Cooperative has submitted , as an attachment to our mitigation plans for PRC-005-1 R1 and PRC-008-0 R1, a document, entitled "Dairyland Power Cooperative Protection System Testing and Maintenance Procedures", also attached to this message, We believe that the document satisfies requirement R1 of both standards. At this time we wish to declare our mitigation plans completed, and would request that MRO proceed to review of our document and closing of the mitigation process.

The concern which caused me to set a completion date of December 31 was that if we declared the mitigation plan complete at the time of our submission, we might be subjected to additional violations of the 2 standards if a review by MRO staff found any remaining shortcomings in our document.. From my conversation with Dan Schoenecker at the MRO Compliance Workshop last week, it is my understanding that the scenario of "new" violations based on our documentation would not be a factor. If my understanding is incorrect, please provide me with some direction to allow timely completion.

Warren Schaefer

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment f

MRO's Verification of Completion of the Mitigation Plans (MIT-08-1573 and MIT-08-1574), dated December 29, 2008

Sara E. Patrick

From: Riaz Islam
Sent: Monday, December 29, 2008 9:31 AM
To: Warren J Schaefer
Cc: Wayne W. Van Osdol; James D. Burley; Julie R. Sikes; Shel L. Berg; Sara E. Patrick; Dan R. Schoenecker; Russ W. Mountjoy
Subject: DPC mitigation plan

Importance: High

Hello Warren,

MRO compliance office has reviewed the verification data that DPC provided earlier and validated the completion of the following Mitigation Plan.

- PRC-005-1 R1 (NERC Violation Id - MRO200800047)
- PRC-008-0 R1 (NERC Violation Id - MRO200800048)

We have closed this mitigation plan that you submitted in 2008. All the supporting documentation that you provided are uploaded into the CDMS 4.0 (Please select 'Mitigation Plans' on the 'Enforcement' menu).We will also notify NERC of the completion of this mitigation plan.

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

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Dairyland Power Cooperative Docket No. NP09-___-000

NOTICE OF FILING
July 10, 2009

Take notice that on July 10, 2009, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Dairyland Power Cooperative 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