

December 30, 2013

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

**Re: NERC Full Notice of Penalty regarding Northern Indiana Public Service Company,
FERC Docket No. NP14-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Northern Indiana Public Service Company (NIPSCO), NERC Registry ID# NCR02610 and NCR02611,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC's Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

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 (2013). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R § 39.7(c)(2).

² ReliabilityFirst confirmed that NIPSCO was included on the NERC Compliance Registry. Prior to July 18, 2012, NIPSCO was registered under two distinct NERC Registry IDs (NCR02610 and NCR02611). Under NCR02610, NIPSCO was registered as a Distribution Provider (DP), Generator Owner (GO), Generator Operator (GOP), Load Serving Entity (LSE), Purchasing-Selling Entity (PSE), Resource Planner (RP), and Transmission Planner (TP). Under NCR02611, NIPSCO was registered as a Balancing Authority (BA), Transmission Owner (TO), and Transmission Operator (TOP). Effective July 18, 2012, NIPSCO's registration was consolidated under NCR02611 for the BA, DP, GO, GOP, LSE, RP, TP, TO, and TOP functions. All functions associated with NCR02610 were deregistered on this date with the exception of the GO and GOP functions, which were left on the NERC Compliance Registry to allow the entity to close out the violations included in this Settlement Agreement. NIPSCO, as registered under NCR02610, and in its capacity as a GO, is subject to compliance with Reliability Standards FAC-009-1 and PRC-005-1. NIPSCO, as registered under NCR02611, and in its capacity as a TO, is subject to compliance with Reliability Standards PRC-023-1 and FAC-009-1.

³ See 18 C.F.R § 39.7(c)(2).

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NIPSCO is a subsidiary of NiSource Inc., headquartered in Merrillville, Indiana. NIPSCO has approximately 457,000 electric customers and covers over 16,000 square miles in the northern part of Indiana. NIPSCO has 1,660 miles of 69 kV transmission lines, 763 miles of 138 kV transmission lines, and 354 miles of 345 kV transmission lines. NIPSCO owns 3,322 MW of generation capacity.

This Notice of Penalty is being filed with the Commission because ReliabilityFirst Corporation (ReliabilityFirst) and NIPSCO have entered into a Settlement Agreement to resolve all outstanding issues arising from ReliabilityFirst’s determination and findings of the violations⁴ of PRC-023-1 R1, FAC-009-1 R1, and PRC-005-1 R1. According to the Settlement Agreement, NIPSCO neither admits nor denies the violations, but has agreed to the assessed monetary penalty of zero dollars (\$0), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers RFC2011001192, RFC2012010008, RFC2012010010, and RFC2012010015 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on September 26, 2013, by and between ReliabilityFirst and NIPSCO, which is included as Attachment a. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission’s regulations, 18 C.F.R. § 39.7 (2013), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty
ReliabilityFirst Corporation	Northern Indiana Public Service Company	NOC-2207	RFC2011001192	PRC-023-1	R1	High	\$0
			RFC2012010008	FAC-009-1	R1	Medium	
			RFC2012010010	PRC-005-1	R1	High	
			RFC2012010015	FAC-009-1	R1	Medium	

⁴ For purposes of this document, each violation at issue is described as a “violation,” regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

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PRC-023-1 R1 (RFC2011001192)

The purpose statement of Reliability Standard PRC-023-1 provides: “Protective relay settings shall not limit transmission loadability; not interfere with system operators’ ability to take remedial action to protect system reliability and; be set to reliably detect all fault conditions and protect the electrical network from these faults.”

PRC-023-1 R1 provides in pertinent part:

- R1.** Each Transmission Owner, Generator Owner, and Distribution Provider shall use any one of the following criteria (R1.1 through R1.13) for any specific circuit terminal to prevent its phase protective relay settings from limiting transmission system loadability while maintaining reliable protection of the Bulk Electric System for all fault conditions. Each Transmission Owner, Generator Owner, and Distribution Provider shall evaluate relay loadability at 0.85 per unit voltage and a power factor angle of 30 degrees:
- R1.1.** Set transmission line relays so they do not operate at or below 150% of the highest seasonal Facility Rating of a circuit, for the available defined loading duration nearest 4 hours (expressed in amperes).

PRC-023-1 R1 has a “High” Violation Risk Factor (VRF) and a “Severe” Violation Severity Level (VSL). The subject violation applies to NIPSCO’s Transmission Owner (TO) function.

On October 31, 2011, NIPSCO submitted a Self-Report to *ReliabilityFirst* stating that it was in violation of PRC-023-1 R1. Specifically, NIPSCO discovered that the trip point for relays on two of its 345 kV transmission lines, specifically circuit 34525 and circuit 34518, were set below 150% of the highest seasonal Facility Rating of the circuit.

Circuit 34525 is a 345 kV tie line between NIPSCO and American Electric Power (AEP) at NIPSCO’s Hiple substation to AEP’s East Elkhart substation. The highest seasonal rating for circuit 34525 is 1,781 MVA. NIPSCO discovered the setting on circuit 34525 would trip at 107% of the line rating. Circuit 34518 is a 345 kV tie line from NIPSCO’s Duke Leesburg substation to Duke Energy’s Deedsville substation. The highest seasonal rating for circuit 34518 is 1,195 MVA. NIPSCO discovered the setting on circuit 34518 would trip at 105% of the line rating. The line relays are now set to trip at 220% and 164% of the line rating, respectively. NIPSCO represented to *ReliabilityFirst* that the loading for the circuits at issue did not come close to the maximum rating of the circuits during the duration of the violation.

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NIPSCO has no Interconnection Reliability Operating Limits (IROLs). An IROL is a system operating limit that, if violated, could lead to instability, uncontrolled separation, or cascading outages that could have an adverse impact on the bulk power system (BPS).

ReliabilityFirst determined that NIPSCO had a violation of PRC-023-1 R1 for failing to set transmission line relays on two of its 345 kV lines so the relays did not operate at or below 150% of the highest seasonal Facility Rating of a circuit, for the available defined loading duration nearest four hours.⁵

ReliabilityFirst determined the duration of the violation to be from July 1, 2010, the date the Standard became mandatory and enforceable, until September 28, 2011, the date NIPSCO modified the relay settings on circuits 34525 and 34518 so the relays would not operate at or below 150% of the highest seasonal Facility Rating of the circuit.⁶

ReliabilityFirst determined that this violation posed a moderate risk to the reliability of the BPS, but did not pose a serious or substantial risk. Specifically, a violation of PRC-023-1 R1 has the potential to affect the reliable operation of the BPS by allowing for premature tripping. However, the risk posed by this violation was mitigated by the fact that NIPSCO's annual Transmission Planning assessment demonstrated that the loss of any one or the combination of both circuits would not cause any thermal violation, voltage violation, or cascading outage on the BPS. Accordingly, the two lines at issue had a limited reliability impact on the BPS.⁷

FAC-009-1

The purpose statement of Reliability Standard FAC-009 provides: "To ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology or methodologies."

FAC-009-1 R1 provides:

- R1.** The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.

⁵ NIPSCO did not use any of the criteria found in PRC-023-1 R1.2 through R1.13 to comply with PRC-023-1 R1.

⁶ ReliabilityFirst determined that the non-compliant settings on the relay associated with line 34518 were set on June 3, 2011.

⁷ In the Settlement Agreement, ReliabilityFirst indicated that it considered NIPSCO's lack of IROLs to be a risk-mitigating factor. In addition, ReliabilityFirst considered the fact that the relays were set at 7% and 5% over the rating of the associated transmission line to be a risk-mitigating factor, as the incorrect relays settings did not impact NIPSCO's ability to operate the associated transmission lines according to their respective ratings.

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FAC-009-1 R1 has a “Medium” VRF and a “Lower” VSL. The subject violation applies to NIPSCO’s Generator Owner (GO) function.

From December 6, 2011 through December 13, 2011, *ReliabilityFirst* conducted a Compliance Audit of NIPSCO (Compliance Audit). During the Compliance Audit, *ReliabilityFirst* determined that NIPSCO failed to establish the Facility Rating for its Baily Unit 7 generating unit (Unit 7) in a manner that was consistent with the associated Facility Ratings Methodology. Specifically, NIPSCO calculated the normal and emergency Facility Ratings for Unit 7 incorrectly. NIPSCO rated the Unit 7’s normal and emergency ratings at 218 MVA; however, that rating was inconsistent with the Facility Ratings Methodology in place at the time of the Compliance Audit and lower than Unit 7’s revised rating of 224 MVA.⁸

ReliabilityFirst determined that NIPSCO had a violation of FAC-009-1 for failing to establish a Facility Rating that was consistent with its associated Facility Ratings Methodology for one generating unit.

ReliabilityFirst determined the duration of the violation to be from June 18, 2007, the mandatory and enforceable date of the Standard, until June 30, 2012, the date NIPSCO completed its Mitigation Plan.

ReliabilityFirst determined that this violation posed a minimal and not serious or substantial risk to the reliability of the BPS. NIPSCO did not operate Unit 7 near its limit during the duration of the violation because operational and environmental concerns limited the output of Unit 7 to 160 MW. Therefore, NIPSCO’s incorrect 218 MVA rating for Unit 7 was still less than Unit 7’s generating output. Furthermore, *ReliabilityFirst* determined that NIPSCO’s incorrect rating of Unit 7 was an isolated incident, as NIPSCO’s other generating units were all rated consistently with the associated Methodology.

PRC-005-1 R1 (RFC2012010010)

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

PRC-005-1 R1 provides:

⁸ NIPSCO’s incorrect facility rating of 218 MVA was the result of NIPSCO calculating the MVA based on a voltage of 143.7 kV, which is slightly lower than the system maximum operating voltage of 138 kV plus 5% tolerance (144.9 kV). The rating should have been based on the manufacturer’s nameplate rating, which is 224 MVA.

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

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

R1.2. Summary of maintenance and testing procedures.

PRC-005-1 R1 has a “High” VRF and a “High” VSL. The subject violation applies to NIPSCO’s GO function.

During the Compliance Audit, *ReliabilityFirst* determined that NIPSCO had a violation of PRC-005-1 R1 for failing to include a maintenance and testing interval, basis for that interval, or a summary of maintenance and testing procedures for its current transformers (CTs) or potential transformers (PTs) in its Protection System maintenance and testing program.⁹

ReliabilityFirst determined the duration of the violation to be from June 18, 2007, the mandatory and enforceable date of the Standard, through April 13, 2012, the date NIPSCO revised its Program to include a maintenance and testing interval for its CTs and PTs, a basis for that interval, and a summary of maintenance and testing procedures for CTs and PTs.

ReliabilityFirst determined that this violation posed a minimal and not serious or substantial risk to the reliability of the BPS. NIPSCO represented that it performed testing on the CTs and PTs upon installation. In addition, all NIPSCO generators had redundant PTs monitored by voltage balance protection, which would alert control room operators if the redundant signals did not agree.

FAC-009-1 R1 (RFC2012010015)

FAC-009-1 R1 provides:

R1. The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.

⁹ In its Program, NIPSCO stated, “[A]ll [CTs and PTs] providing the inputs to the protective relay are acceptance tested at initial installation. Any further testing is done at the discretion of the station electrical engineers.”

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FAC-009-1 R1 has a “Medium” VRF and a “Lower” VSL. The subject violation applies to NIPSCO’s Transmission Owner function.

During the Compliance Audit, NIPSCO reported to *ReliabilityFirst* that it discovered two instances in which NIPSCO’s Facility Ratings for its transmission lines did not match its Facility Ratings Methodology. In the first instance, NIPSCO used the incorrect conductor size for a section of its line 13808 disconnect switch. In the second instance, NIPSCO did not include the equipment rating for a line 13821 disconnect switch. NIPSCO assumed all line switches were sized for the line on which they were located, which was not the case. In both instances, NIPSCO’s Facility Rating was not equal to the most limiting applicable equipment rating of all the individual equipment that comprises the Facility.

Additionally, *ReliabilityFirst* determined NIPSCO did not include terminal equipment ratings in the overall Facility Rating of the transmission line in instances where a transmission line terminates through two parallel circuit breakers.¹⁰

ReliabilityFirst determined that NIPSCO had a violation of FAC-009-1 R1 for failing to establish Facility Ratings consistent with its Facility Ratings Methodology.

ReliabilityFirst determined the duration of the violation to be from June 18, 2007, the mandatory and enforceable date of the Standard, until February 10, 2012, the date NIPSCO revised its Facility Ratings Methodology to reflect the most limiting applicable equipment rating of all the individual equipment that comprises the facilities at issue.

ReliabilityFirst determined that this violation posed a moderate risk to the reliability of the BPS, but did not pose a serious or substantial risk. Specifically, a violation of FAC-009-1 R1 has the potential to affect the reliable operation of the BPS by increasing the likelihood that a Responsible Entity will operate its equipment outside the applicable Facility Rating. However, even though the rating was revised downward, the loading on the line did not approach the revised rating that is now based on the most limiting element. With respect to the parallel circuit breakers issue, *ReliabilityFirst* determined that the issue involved a lack of clarity in the documentation and did not represent a reliability risk.

¹⁰ For example, the stated Facility Rating for the 345005 circuit was 2000 amps; however, there were other elements that were part of the Facility that had a lower Facility Rating. Specifically, NIPSCO’s CTs had a Facility Rating of 1500 amps. NIPSCO represented that the CT Facility Rating is not limiting because there are two branches off of the circuits, and the flow on that circuit would be split along the two branches and the two associated CTs.

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Regional Entity's Basis for Penalty

According to the Settlement Agreement, ReliabilityFirst has assessed a monetary penalty of zero dollars (\$0) for the referenced violations. In reaching this determination, ReliabilityFirst considered the following factors:

1. the violation of PRC-023-1 R1 constituted NIPSCO's first occurrence of violation of this Reliability Standard;
2. NIPSCO had one prior violation of FAC-009-1, which ReliabilityFirst did not consider an aggravating factor;¹¹
3. NIPSCO's prior remediated issue involving PRC-005-1 R1 was not considered an aggravating factor;¹²
4. ReliabilityFirst applied partial mitigating credit for NIPSCO's discovery and disclosure to ReliabilityFirst of the Facility Ratings issues associated with the FAC-009-1 R1 (RFC2012010015) violation;¹³
5. NIPSCO self-reported the violation of PRC-023-1 R1, for which ReliabilityFirst applied partial mitigating credit;¹⁴

¹¹ A Settlement Agreement covering a violation of FAC-009-1 for NIPSCO was filed with FERC under NP10-115-000 on June 2, 2010. On July 2, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty. ReliabilityFirst determined that NIPSCO's prior violation is distinguishable from the instant violation and should not be considered as an aggravating factor in the penalty determination. In the prior violation, NIPSCO did not provide documentation of the method by which it determined Facility Ratings. As a result, ReliabilityFirst could not determine whether NIPSCO's Facility Ratings were developed consistently with its Facility Ratings Methodology. In the instant violation, NIPSCO misapplied its documented Facility Ratings Methodology.

¹² A Find, Fix, Track and Report (FFT) informational filing addressing remediated issues for certain registered entities including noncompliance with PRC-005-1 R1 for NIPSCO was filed with FERC under RC13-10-000 on June 27, 2013. The 60-day review period passed on August 26, 2013. This remediated issue was discovered during the same Compliance Audit as the instant PRC-005-1 R1 violation and therefore was not considered an aggravating factor. ReliabilityFirst determined that the PRC-005-1 R1 remediated issue was distinguishable from the instant violation and warranted separate FFT treatment. Specifically, during the Compliance Audit, ReliabilityFirst determined that NIPSCO failed to address DC control circuitry, CTs, and PTs in its Protection System maintenance and testing program. Although it was not addressed in the program, NIPSCO was performing functional testing of the DC control circuitry on a regular basis. NIPSCO was not testing its CTs and PTs.

¹³ ReliabilityFirst considered favorably NIPSCO's voluntary disclosure of non-compliance with four discrete pieces of equipment, even though the disclosure took place prior to and during a Compliance Audit. ReliabilityFirst considered that the likelihood of those pieces of equipment being included as part of the auditors' sample was relatively small in light of the overall size of NIPSCO's system.

¹⁴ ReliabilityFirst applied partial mitigating credit because the Self-Report was submitted in the weeks leading up to a Compliance Audit.

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6. NIPSCO was cooperative throughout the compliance enforcement process;
7. NIPSCO had a compliance program at the time of the violations, aspects of which *ReliabilityFirst* considered a mitigating factor;¹⁵
8. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
9. the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above;
10. NIPSCO created and implemented a proactive annual review to ensure its transmission line relays are consistent with the requirements of PRC-023 R1, which *ReliabilityFirst* considered a mitigating factor;
11. NIPSCO committed to an aggressive timeline for the completion of mitigating actions, including committing to and completing maintenance and testing on its generation CTs within a one-year accelerated cycle and completing a field verification and review of its 138 kV facilities by November 12, 2012 (more than a year earlier than called for in CAN-009), which *ReliabilityFirst* considered a mitigating factor; and
12. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, *ReliabilityFirst* determined that, in this instance, the penalty amount of zero dollars (\$0) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Status of Mitigation Plans¹⁶

¹⁵ *ReliabilityFirst* reviewed NIPSCO's compliance program and found that: (i) NIPSCO's director of NERC compliance serves as an independent NERC compliance senior leader, oversees the implementation of the internal NERC compliance program, and reports directly to the senior vice president of transmission and engineering, who maintains responsibility for all gas and electric operational compliance programs; (ii) the senior vice president of transmission and engineering serves as the chief NERC compliance officer and is responsible for promoting compliance throughout the organization; (iii) NIPSCO also has a director of compliance governance who independently monitors all of NIPSCO's compliance programs, including the NIPSCO NERC compliance program. The director of compliance governance reports directly to the executive vice president of NiSource and chief executive officer of NIPSCO, who has direct access to the NiSource board of directors. This structure provides multiple open communication channels to NIPSCO's executives, allowing company executives and the board of directors to understand program risks and to take action to correct deficiencies; and (iv) NIPSCO reviews its compliance-related performance targets during employee performance reviews. NIPSCO considers these performance reviews when determining compensation, promotion, or disciplinary action.

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PRC-023-1 R1 (RFC2011001192)

NIPSCO's Mitigation Plan to address its violation of PRC-023-1 R1 was submitted to ReliabilityFirst on February 2, 2012 stating it had been completed on September 28, 2011. The Mitigation Plan was accepted by ReliabilityFirst on February 28, 2012 and approved by NERC on March 15, 2012. The Mitigation Plan for this violation is designated as RFCMIT006868 and was submitted as non-public information to FERC on March 16, 2012 in accordance with FERC orders.

NIPSCO's Mitigation Plan required NIPSCO to:

1. determine the appropriate relay settings above 150% and set the relays to comply with PRC-023-1 R1; and
2. create a new procedure, effective September 1, 2011, that includes an annual assessment of relay settings performed by NIPSCO's electrical system protection engineering group to ensure the relay settings comply with PRC-023-1.

NIPSCO certified on February 2, 2012 that the above Mitigation Plan requirements were completed on September 28, 2011. As evidence of completion of its Mitigation Plan, NIPSCO submitted the following:

1. *Certification of a Completed Mitigation Plan RFC2011001192.pdf*
 - o pages 2 and 3 contain the calculations required for appropriate relay settings, with page 2 demonstrating the old settings, and page 3 demonstrating the updated settings, above 150% as required; and
 - o pages 4 through 11 contain the NIPSCO *Transmission Relay Loadability Procedure for Compliance with NERC Standard PRC-023-1* Version 1.0, dated September 1, 2011.

On June 14, 2012, after reviewing NIPSCO's submitted evidence, ReliabilityFirst verified that NIPSCO's Mitigation Plan was completed on September 28, 2011.

FAC-009-1 R1 (RFC2012010008)

NIPSCO's Mitigation Plan to address its violation of FAC-009-1 R1 was submitted to ReliabilityFirst on May 4, 2012 with an approved completion date of June 30, 2012. The Mitigation Plan was accepted by ReliabilityFirst on June 4, 2012 and approved by NERC on September 18, 2012. The Mitigation Plan

¹⁶ See 18 C.F.R § 39.7(d)(7).

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for this violation is designated as RFCMIT007718 and was submitted as non-public information to FERC on September 20, 2012 in accordance with FERC orders.

NIPSCO's Mitigation Plan required NIPSCO to:

1. revise its Facility Rating for Unit 7 so that it is consistent with its Facility Ratings Methodology;
2. revise its Facility Ratings Methodology to list all ratings in common units (amps);
3. revise its Facility Ratings Methodology to correct smallest conductor sizes listed in the electrical equipment ratings table when necessary for each unit;
4. invite subject matter experts to perform the final review of the revised Facility Ratings Methodology; and
5. place the revised Facility Ratings Methodology into production.

NIPSCO certified on July 12, 2012 that the above Mitigation Plan requirements were completed on June 29, 2012. As evidence of completion of its Mitigation Plan, NIPSCO submitted the following:

1. *FAC-009-1 R1 Mitigation Plan NCR02610 for 2011 Audit final.pdf*
 - a. Pages 11 through 44 are version 4 of NIPSCO's Facility Ratings Methodology, with all units now having the normal and emergency ratings listed in amps instead of MVA;
 - b. Pages 45 through 78 contain a draft version 5 of NIPSCO's Facility Ratings Methodology, with two conduct rating corrections on 138 kV units;
2. *RFC2012010008 FAC-009 R1.pdf*
 - a. Pages 5 and 6 are meeting invitations sent to subject matter experts to perform the final review of the draft version 5 Facility Ratings Methodology;
 - b. Page 7 is a screenshot of NIPSCO's document management system showing that the final version 5 of the Facility Ratings Methodology was published on June 29, 2012.

On June 7, 2013, after reviewing NIPSCO's submitted evidence, ReliabilityFirst verified that NIPSCO's Mitigation Plan was completed on June 29, 2012.

PRC-005-1 R1 (RFC2012010010)

NIPSCO's Mitigation Plan to address its violation of PRC-005-1 R1 was submitted to ReliabilityFirst on May 4, 2012 with a proposed completion date of May 4, 2013. The Mitigation Plan was accepted by ReliabilityFirst on June 4, 2012 and approved by NERC on September 18, 2012. The Mitigation Plan for this violation is designated as RFCMIT007720 and was submitted as non-public information to

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FERC on September 20, 2012 in accordance with FERC orders.

NIPSCO's Mitigation Plan required NIPSCO to:

1. implement a new Protection System maintenance and testing program that includes a six-year interval for maintenance and testing of CTs and PTs as well as a summary of maintenance and testing for its CTs and PTs; and
2. perform initial maintenance and testing on the generation CTs within an accelerated one-year cycle.

NIPSCO certified on July 30, 2013 that the above Mitigation Plan requirements were completed on December 20, 2012. As evidence of completion of its Mitigation Plan, NIPSCO submitted the following:

1. *Combined_ProtectionSystemMaint_and Testing program.pdf* – NIPSCO's updated Protection System maintenance and testing program which indicates that the testing interval for CTs and PTs is six years with a one-year grace period; and
2. Testing Records for all overdue CT devices at NIPSCO's four applicable generating stations:
 - a. *In-Service Load Checks 2012 GT1A.pdf*
 - b. *In-Service Load Checks 2012 GT1B.pdf*
 - c. *In-Service Load Checks 2012 STG.pdf*
 - d. *MCGS Current-Potential Data 20130730.pdf*
 - e. *Unit 7 CT PT Testing minus Expected.pdf*
 - f. *Unit 8 CT PT Test Results minus expected.pdf*
 - g. *Unit 10 PT CT Test Results minus expected.pdf*
 - h. *U14.pdf*
 - i. *U15.pdf*
 - j. *U16A.pdf*
 - k. *U16B.pdf*
 - l. *U17.pdf*
 - m. *U18.pdf*

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On August 7, 2013, after reviewing NIPSCO's submitted evidence, ReliabilityFirst verified that NIPSCO's Mitigation Plan was completed on December 20, 2012.

FAC-009-1 R1 (RFC20120100015)

NIPSCO's Mitigation Plan to address its violation of FAC-009-1 R1 was submitted to ReliabilityFirst on May 4, 2012 with a proposed completion date of December 31, 2012. The Mitigation Plan was accepted by ReliabilityFirst on June 4, 2012 and approved by NERC on September 18, 2012. The Mitigation Plan for this violation is designated as RFCMIT007722 and was submitted as non-public information to FERC on September 20, 2012 in accordance with FERC orders.

NIPSCO's Mitigation Plan required NIPSCO to:

1. revise its Facility Ratings Methodology to include the rating methodology for a ring bus or breaker-and-a-half scheme;
2. complete a field verification/review of 345 kV circuits and correct any ratings if necessary;
3. complete a field verification/review of all BES transformers and correct any ratings if necessary;
4. complete a field/verification review of 138 kV circuits and correct any ratings if necessary.¹⁷

NIPSCO certified on November 15, 2012 that the above Mitigation Plan requirements were completed on October 3, 2012. As evidence of completion of its Mitigation Plan, NIPSCO submitted the following:¹⁸

1. *RFC2012010015 FAC-009 R1.pdf* – Version 6 of NIPSCO's Facility Ratings Methodology, explaining the methodology for rating a ring bus or breaker-and-a-half scheme;
2. *Audit Certification of a Completed Mitigation Plan NCR02611 for FAC-009-1 R1.doc* – attesting that NIPSCO completed the 345 kV field verification and did not find any discrepancies, that NIPSCO completed the BES transformer verification and did not find any discrepancies, and that NIPSCO completed the 138 kV field verification and corrected one discovered error.

¹⁷ NIPSCO committed to perform the field verification of its 345 kV and 138 kV circuits pursuant to NERC's Compliance Application Notice-0009 (CAN-009). NIPSCO committed to complete its field verification of its 138 kV facilities by December 31, 2012, a full year earlier than the CAN-009 completion date.

¹⁸ The evidence included an attestation that NIPSCO completed the 345 kV field verifications and BPS transformer field verifications and found no discrepancies. The evidence also included an attestation from NIPSCO that it completed the 138 kV field verification, discovered one discrepancy, and corrected that discrepancy.

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On June 17, 2013, after reviewing NIPSCO's submitted evidence, ReliabilityFirst verified that NIPSCO's Mitigation Plan was completed on October 3, 2012.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed¹⁹

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, October 26, 2009 and August 27, 2010 Guidance Orders,²⁰ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on December 10, 2013. The NERC BOTCC approved the Settlement Agreement, including ReliabilityFirst's assessment of a zero dollar (\$0) penalty against NIPSCO and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

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

1. the violation of PRC-023-1 R1 constituted NIPSCO's first occurrence of violation of this Reliability Standard;
2. NIPSCO had one prior violation of FAC-009-1, which ReliabilityFirst did not consider an aggravating factor, as discussed above;
3. NIPSCO had a prior remediated issue involving PRC-005-1 R1, which ReliabilityFirst did not consider an aggravating factor, as discussed above;
4. NIPSCO discovered and disclosed the rating issues with the circuits at issue in the FAC-009-1 R1 (RFC2012010015) violation to ReliabilityFirst, for which ReliabilityFirst applied partial mitigating credit, as discussed above;
5. NIPSCO self-reported the violation of PRC-023-1 R1, for which ReliabilityFirst applied partial mitigating credit, as discussed above;
6. NIPSCO was cooperative throughout the compliance enforcement process;

¹⁹ See 18 C.F.R. § 39.7(d)(4).

²⁰ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

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7. NIPSCO had a compliance program at the time of the violations, aspects of which *ReliabilityFirst* considered a mitigating factor, as discussed above;
8. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
9. the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above;
10. NIPSCO created and implemented a PRC-023 R1 annual review, which *ReliabilityFirst* considered a mitigating factor, as discussed above;
11. NIPSCO committed to an expedited timeline for the completion of mitigating actions, which *ReliabilityFirst* considered a mitigating factor, as discussed above; and
12. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of zero dollars (\$0) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

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

Attachments to be Included as Part of this Notice of Penalty

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

- a) Settlement Agreement by and between *ReliabilityFirst* and NIPSCO executed September 26, 2013, included as Attachment a;
- b) Record documents for the violation of PRC-023-1 R1 (RFC2011001192), included as Attachment b:
 1. NIPSCO's Self-Report for PRC-023-1 R1 dated October 31, 2011;
 2. NIPSCO's Mitigation Plan designated as RFCMIT006868 for PRC-023-1 R1 submitted February 2, 2012;
 3. NIPSCO's Certification of Mitigation Plan Completion for PRC-023-1 R1 submitted February 2, 2012;
 4. NIPSCO's Verification of Mitigation Plan Completion for PRC-023-1 R1 dated June 14, 2012;

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- c) Record documents for the violation of FAC-009-1 R1 (RFC2012010008), included as Attachment c:
 - 1. ReliabilityFirst's Summary for Possible Violation for FAC-009-1 R1 dated December 9, 2011;
 - 2. NIPSCO's Mitigation Plan designated as RFCMIT007718 for FAC-009-1 R1 submitted May 4, 2012;
 - 3. NIPSCO's Certification of Mitigation Plan Completion for FAC-009-1 R1 submitted July 12, 2012;
 - 4. NIPSCO's Verification of Mitigation Plan Completion for FAC-009-1 R1 dated June 7, 2013;
- d) Record documents for the violation of PRC-005-1 R1 (RFC2012010010), included as Attachment d:
 - 1. ReliabilityFirst's Summary for Possible Violation for PRC-005-1 R1 dated December 6, 2011;
 - 2. NIPSCO's Mitigation Plan designated as RFCMIT007720 for PRC-005-1 R1 submitted May 4, 2012;
 - 3. NIPSCO's Certification of Mitigation Plan Completion for PRC-005-1 R1 submitted July 30, 2013;
 - 4. NIPSCO's Verification of Mitigation Plan Completion for PRC-005-1 R1 dated August 7, 2013;
- e) Record documents for the violation of FAC-009-1 R1, included as Attachment e:
 - 1. ReliabilityFirst's Summary for Possible Violation for FAC-009-1 R1 dated December 9, 2011;
 - 2. NIPSCO's Mitigation Plan designated as RFCMIT007722 for FAC-009-1 R1 submitted May 4, 2012;
 - 3. NIPSCO's Certification of Mitigation Plan Completion for FAC-009-1 R1 submitted November 15, 2012;
 - 4. NIPSCO's Verification of Mitigation Plan Completion for FAC-009-1 R1 dated June 17, 2013.

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

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Gerald W. Cauley
 President and Chief Executive Officer
 North American Electric Reliability Corporation
 3353 Peachtree Road NE
 Suite 600, North Tower
 Atlanta, GA 30326
 (404) 446-2560

Charles A. Berardesco*
 Senior Vice President and General Counsel
 North American Electric Reliability Corporation
 1325 G Street N.W., Suite 600
 Washington, DC 20005
 (202) 400-3000
 (202) 644-8099 – facsimile
 charles.berardesco@nerc.net

Ted Gutierrez*
 Director, Operations Technology & NERC
 Compliance
 Northern Indiana Public Service Company
 1500 165th Street
 CISC Building
 Hammond, Indiana 46320
 (219) 853-4202
 tgutierrez@nisource.com

Tim Dehring*
 Senior Vice President Transmission &
 Engineering
 Northern Indiana Public Service Company
 801 East 86th Av
 Merrillville, Indiana 46410
 (219) 647-5089
 tadehring@nisource.com

Sonia C. Mendonça*
 Assistant General Counsel and Director of
 Enforcement
 North American Electric Reliability Corporation
 1325 G Street N.W.
 Suite 600
 Washington, DC 20005
 (202) 400-3000
 (202) 644-8099 – facsimile
 sonia.mendonca@nerc.net

Edwin G. Kichline*
 North American Electric Reliability Corporation
 Senior Counsel and Associate Director,
 Enforcement Processing
 1325 G Street N.W.
 Suite 600
 Washington, DC 20005
 (202) 400-3000
 (202) 644-8099 – facsimile
 edwin.kichline@nerc.net

Robert K. Wargo*
 Director of Analytics & Enforcement
 ReliabilityFirst Corporation
 320 Springside Drive, Suite 300
 Akron, OH 44333-4542
 Telephone: 330-456-2488
 Facsimile: 330-456-5408
 Email: bob.wargo@rfirst.org

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Kelsey Colvin*
Sr. Counsel
NiSource Corporate Services
150 West Market Street, Ste. 600
Indianapolis, IN 46204
(317) 684-4924
kcolvin@nisource.com

*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.

Niki Schaefer*
Managing Enforcement Attorney
ReliabilityFirst Corporation
320 Springside Drive, Suite 300
Akron, OH 44333-4542
Telephone: 330-456-2488
Facsimile: 330-456-5408
Email: niki.schaefer@rfirst.org

L. Jason Blake*
General Counsel
ReliabilityFirst Corporation
320 Springside Drive, Suite 300
Akron, OH 44333-4542
Telephone: 330-456-2488
Facsimile: 330-456-5408
Email: jason.blake@rfirst.org

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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,

/s/ Sonia Mendonça

Sonia C. Mendonça
Assistant General Counsel and Director of
Enforcement
North American Electric Reliability
Corporation
1325 G Street N.W.
Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
sonia.mendonca@nerc.net

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560

Charles A. Berardesco
Senior Vice President and General Counsel
North American Electric Reliability Corporation
1325 G Street N.W., Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
charles.berardesco@nerc.net

Edwin G. Kichline
North American Electric Reliability
Corporation
Senior Counsel and Associate Director,
Enforcement Processing
1325 G Street N.W., Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
edwin.kichline@nerc.net

cc: Northern Indiana Public Service Company
ReliabilityFirst Corporation

Attachments

Attachment a

Settlement Agreement by and between NIPSCO and ReliabilityFirst executed September 26, 2013



In re: NORTHERN INDIANA PUBLIC SERVICE COMPANY	)	Docket Nos. RFC2011001192;
	)	RFC2012010008;
	)	RFC2012010010; and
	)	RFC2012010015
)	
)	
NERC Registry ID Nos. NCR02610; and NCR02611	)	NERC Reliability Standards:
	)	PRC-023-1 Requirement 1;
	)	FAC-009-1 Requirement 1; and
	)	PRC-005-1 Requirement 1
)	

**SETTLEMENT AGREEMENT
AMONG
RELIABILITYFIRST CORPORATION
AND
NORTHERN INDIANA PUBLIC SERVICE COMPANY**

I. INTRODUCTION

1. ReliabilityFirst Corporation (“ReliabilityFirst”) and Northern Indiana Public Service Company (“NIPSCO”) enter into this Settlement Agreement (“Agreement”) to resolve alleged violations of the following Reliability Standards:

NERC ID Number	Violation ID Number	Standard and Requirement
NCR02611	RFC2011001192	PRC-023-1 R1
NCR02610	RFC2012010008	FAC-009-1 R1
NCR02610	RFC2012010010	PRC-005-1 R1
NCR02611	RFC2012010015	FAC-009-1 R1

2. NIPSCO and ReliabilityFirst agree and stipulate to this Agreement in its entirety. The facts stipulated herein are stipulated solely for the purpose of resolving between NIPSCO and ReliabilityFirst the subject matter of this Agreement and do not constitute admissions or stipulations for any purpose. NIPSCO neither admits nor denies that the facts stipulated herein constitute violations of the Reliability Standards discussed below.

Overview of NIPSCO

3. NIPSCO is a subsidiary of NiSource Inc., headquartered in Merrillville, Indiana. NIPSCO has approximately 457,000 electric customers and covers over 16,000 square miles in the northern part of Indiana. NIPSCO has 1,660 miles of 69 kV transmission lines, 763 miles of 138kV transmission lines, and 354 miles of 345kV transmission lines. NIPSCO owns 3,322 MW of generation capacity.
4. NIPSCO is registered on the North American Electric Reliability Corporation (“NERC”) Compliance Registry under NERC ID numbers NCR02610 and NCR02611.¹

II. ALLEGED VIOLATIONS

A. PRC-023-1 R1 (RFC2011001192)

5. PRC-023-1 helps ensure that protective relay settings do not limit transmission loadability and do not interfere with a system operator’s ability to take remedial action to protect system reliability.
6. A violation of PRC-023-1 R1 has the potential to affect the reliable operation of the Bulk-Power system by allowing for premature tripping.
7. In pertinent part, PRC-023-1 R1 states:

R1. Each [TO], [GO], and [DP] shall use any one of the following criteria (R1.1 through R1.13) for any specific circuit terminal to prevent its phase protective relay settings from limiting transmission system loadability while maintaining reliable protection of the Bulk Electric System for all fault conditions. Each [TO], [GO], and [DP] shall evaluate relay loadability at 0.85 per unit voltage and a power factor angle of 30 degrees:

R1.1. Set transmission line relays so they do not operate at or below 150% of the highest seasonal Facility Rating of a circuit, for the available defined loading duration nearest 4 hours (expressed in amperes).

¹ Under NCR02610, NIPSCO is registered as a Distribution Provider (“DP”), Generator Owner (“GO”), Generator Operator, Load Serving Entity, Purchasing-Selling Entity, Resource Planner, and Transmission Planner. Under NCR02611, NIPSCO is registered as a Transmission Owner (“TO”), Transmission Operator, and Balancing Authority. NIPSCO, as registered under NCR02610 and in its capacity as a GO, is subject to compliance with Reliability Standards FAC-009-1 and PRC-005-1. NIPSCO, as registered under NCR02611 and in its capacity as a TO, is subject to compliance with Reliability Standards PRC-023-1 and FAC-009-1.

8. ReliabilityFirst alleges that NIPSCO, in its capacity as a TO, did not set relays on two 345 kV transmission lines pursuant to PRC-023-1 R1.1.²

Risk Consideration and Violation Duration

9. On October 31, 2011, NIPSCO self-reported possible non-compliance with Reliability Standard PRC-023-1 R1 to ReliabilityFirst. *See* Self Report Form – 2011 (attached as **Attachment A**). NIPSCO discovered that the minimal trip point for relays on two of its 345 kV transmission lines, specifically circuit 34525 and circuit 34518, were set below 150% of the highest seasonal Facility Rating of the circuit. Circuit 34525 is a 345 kV tie line between NIPSCO and American Electric Power (“AEP”) at NIPSCO’s Hiple substation to AEP’s East Elkhart substation. The highest seasonal rating for circuit 34525 is 1,781 MVA. NIPSCO discovered the setting on circuit 34525 would trip at 107% of the line rating. Circuit 34518 is a 345 kV tie line from NIPSCO’s Duke Leesburg substation to Duke Energy’s Deedsville substation. The highest seasonal rating for circuit 34518 is 1,195 MVA. NIPSCO discovered the setting on circuit 34518 would trip at 105% of the line rating.
10. The duration of the alleged violation is from July 1, 2010,³ the date on which NIPSCO had to comply with PRC-023-1 R1, until September 28, 2011, the date NIPSCO modified the relay settings on circuits 34525 and 34518 so the relays would not operate at or below 150% of the highest seasonal Facility Rating of the circuit.⁴
11. The risk posed by the foregoing facts and circumstances was mitigated by the fact that NIPSCO has no Interconnected Reliability Operating Limits (“IROLs”).⁵ An IROL is a system operating limit that, if violated, could lead to instability, uncontrolled separation, or cascading outages that have an adverse impact on the Bulk-Power System. Therefore, if NIPSCO had IROLs, the alleged violation of PRC-023 could have presented a greater risk to the reliability of the Bulk-Power System. Further, the relays were set 7% and 5% over the rating of the associated transmission line. Therefore, the incorrect relays settings did not impact NIPSCO’s ability to operate the associated transmission lines according to their respective ratings.

² NIPSCO did not use any of the criteria found in PRC-023-1, R1.2 through R1.13 to comply with PRC-023-1, R1.

³ The non-compliant settings on the relay associated with Line 34518 were set on June 3, 2011.

⁴ Line 34525 is now set to trip at 220% of the line rating. Line 34518 is now set to trip at 164% of the line rating.

⁵ PRC-023-1 R1 has a Violation Risk Factor (“VRF”) of “High”. ReliabilityFirst determined that the facts and circumstances of this violation warranted a “Severe” Violation Severity Level (“VSL”).

12. In light of the nature of the alleged violation, offset by the aforementioned mitigating factors, ReliabilityFirst determined that this alleged violation posed a moderate risk to the reliability of the Bulk-Power system.

Mitigating Actions

13. On February 2, 2012, NIPSCO submitted its mitigation plan to address the alleged violation of PRC-023-1 R1 to ReliabilityFirst. *See* Mitigation Plan (attached as **Attachment B**). On February 28, 2012, ReliabilityFirst accepted this mitigation plan. On March 15, 2012, NERC approved the mitigation plan.
14. In this mitigation plan, NIPSCO memorialized the actions it took to mitigate the alleged violation. NIPSCO determined the appropriate relay settings above 150% and set the relays to comply with PRC-023-1 R1. Additionally, NIPSCO created a new procedure, effective September 1, 2011, that includes an assessment of relay settings performed by NIPSCO's Electrical System Protection Engineering group annually to ensure the relay settings comply with PRC-023-1. NIPSCO discovered the possible violation of PRC-023-1 R1 described in this Agreement as a direct result of implementing this new procedure.
15. On February 2, 2012, NIPSCO submitted a certification of mitigation plan completion, along with evidence of completion, to ReliabilityFirst. *See* Certification of Mitigation Plan Completion (attached as **Attachment C**). On June 14, 2012, ReliabilityFirst verified that NIPSCO successfully completed the mitigation plan in accordance with its terms and conditions. *See* Verification of Mitigation Plan Completion (attached as **Attachment D**).

B. FAC-009-1 R1 (RFC2012010008)

16. FAC-009 helps ensure that a Responsible Entity develops Facility Ratings used in the reliability planning and operation of the Bulk-Power system pursuant to an established facility ratings methodology ("Methodology").
17. A violation of FAC-009-1 R1 has the potential to affect the reliable operation of the Bulk-Power system by increasing the likelihood that a Responsible Entity will operate its equipment outside the necessary Facility Rating.
18. In pertinent part, FAC-009-1 R1 states:

R1. The...[GO] shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated [Methodology].
19. ReliabilityFirst alleges that NIPSCO, in its capacity as a GO, did not establish a Facility Ratings for one generating unit that was consistent with its associated Methodology.

Risk Consideration and Violation Duration

20. From December 6, 2011 through December 13, 2011, ReliabilityFirst conducted a Compliance Audit of NIPSCO (the “Compliance Audit”). During the Compliance Audit, ReliabilityFirst determined NIPSCO’s established Facility Rating for its Baily Unit 7 generating unit (“Unit 7”) was not consistent with its associated Methodology. Specifically, NIPSCO calculated the normal and emergency Facility Ratings for Unit 7 incorrectly. NIPSCO rated the Unit 7’s normal and emergency ratings at 218 MVA; however, that rating was inconsistent with the Methodology in place at the time of the Compliance Audit and lower than Unit 7’s revised rating of 224 MVA.⁶
21. The duration of the alleged violation is from June 18, 2007, the date NIPSCO had to comply with FAC-009-1, R1, until June 30, 2012, the date NIPSCO completed the necessary mitigating activities to address the alleged violation of FAC-009-1, R1.
22. The risk posed by the foregoing facts and circumstances was mitigated by the following factors.⁷ NIPSCO did not operate Unit 7 near its limit during the duration of the alleged violation because operational and environmental concerns limit the output of Unit 7 to 160 MW. Further reducing the risk is the fact that NIPSCO’s incorrect 218 MVA rating for Unit 7, which NIPSCO revised to 224 MVA, was less than the upper bound on the output of Unit 7. Finally, NIPSCO’s incorrect rating of Unit 7 was an isolated incident, as NIPSCO’s other generating units were all rated consistently with the associated Methodology.
23. In light of the nature of the alleged violations, offset by the aforementioned mitigating factors, ReliabilityFirst determined that this alleged violation posed a minimal risk to the reliability of the Bulk-Power system.

Mitigating Actions

24. On May 4, 2012, NIPSCO submitted its mitigation plan to address the alleged violation of FAC-009-1 R1 to ReliabilityFirst. *See* Mitigation Plan (attached as **Attachment E**). On June 4, 2012, ReliabilityFirst accepted this mitigation plan. On September 18, 2012, NERC approved the mitigation plan.

⁶ NIPSCO’s incorrect facility rating of 218 MVA was the result of NIPSCO calculating the MVA based on a voltage of 143.7 KV, which is slightly less than the system maximum operating voltage of 138 KV plus 5% tolerance (144.9 KV). The rating should have been based on the manufacturer’s nameplate rating, which is 224 MVA.

⁷ FAC-009-1 R1 has a VRF of “Medium.” ReliabilityFirst determined that the facts and circumstances of this violation warranted a “Lower” VSL.

25. In this mitigation plan, NIPSCO memorialized the actions it took to mitigate the alleged violation of FAC-009-1 R1. Specifically, NIPSCO stated it revised its Facility Rating for Unit 7 so that it is consistent with its Methodology.
26. On July 12, 2012 NIPSCO submitted a certification of mitigation plan completion, along with evidence of completion, to ReliabilityFirst. *See* Certification of Mitigation Plan Completion (attached as **Attachment F**). On June 7, 2013, ReliabilityFirst verified that NIPSCO successfully completed the mitigation plan in accordance with its terms and conditions. *See* Verification of Mitigation Plan Completion (attached as **Attachment G**).

C. PRC-005-1 R1 (RFC2012010010)

27. PRC-005-1 helps increase the reliability of the Bulk-Power system by ensuring that transmission and generation Protection System devices are timely maintained and tested.
28. A violation PRC-005-1 R1 has the potential to affect the Bulk-Power system because Protection System devices may not operate when needed or may misoperate as a result of missed or late maintenance and testing.
29. PRC-005-1 R1 states:

R1. Each [TO] and any [DP] that owns a transmission Protection System and each [GO] that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

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

R1.2. Summary of maintenance and testing procedures.

30. ReliabilityFirst alleges that NIPSCO, in its capacity as a GO, did not include a maintenance and testing interval, basis for that interval, or a summary of maintenance and testing procedures for its current transformers (“CTs”) or potential transformers (“PTs”) in its maintenance and testing program (“Program”) pursuant to PRC-005-1 R1.⁸

⁸ ReliabilityFirst initially believed NIPSCO’s failure to include CTs and PTs in its generation Program violated PRC-005-1, R2. However, upon further review, ReliabilityFirst determined PRC-005-1, R1 is the appropriate Reliability Standard implicated.

Risk Consideration and Violation Duration

31. During the Compliance Audit, ReliabilityFirst determined that NIPSCO did not include a defined interval for maintenance and testing of CTs and PTs or a summary of maintenance and testing procedures for CTs and PTs in its Program.⁹
32. The duration of this alleged violation is from June 18, 2007, the date upon which NIPSCO had to comply with Reliability Standard PRC-005-1 R1, until April 13, 2012, the date NIPSCO revised its Program to include a maintenance and testing interval for its CTs and PTs, a basis for that interval, and a summary of maintenance and testing procedures for CTs and PTs.
33. The risk posed by the foregoing facts and circumstances was mitigated by the following factors.¹⁰ NIPSCO represents that it performed testing on the CTs and PTs upon installation. Further, all NIPSCO generators have redundant PTs monitored by voltage balance protection which alert control room operators if the redundant signals do not agree.
34. In light of the nature of the alleged violations, offset by the aforementioned mitigating factors, ReliabilityFirst determined that this alleged violation posed a minimal risk to the reliability of the Bulk-Power system.

Mitigating Actions

35. On May 4, 2012, NIPSCO submitted its mitigation plan to address the alleged violation of PRC-005-1 R1 to ReliabilityFirst. *See* Mitigation Plan (attached as **Attachment H**). On June 4, 2012, ReliabilityFirst accepted this mitigation plan. On September 18, 2012, NERC approved the mitigation plan.
36. In this mitigation plan, NIPSCO memorialized the mitigating activities it completed and committed to take mitigating actions to address the alleged violation of PRC-005-1 R1. Specifically, NIPSCO implemented a new Program that included a six year interval for maintenance and testing of CTs and PTs as well as a summary of maintenance and testing for its CTs and PTs. Further, NIPSCO committed to perform initial maintenance and testing on the generation CTs within an accelerated 1 year cycle. In its mitigation plan, NIPSCO committed to complete all necessary mitigating activities by May 4, 2013.

⁹ In its Program, NIPSCO states “all [CTs and PTs] providing the inputs to the protective relay are acceptance tested at initial installation. Any further testing is done at the discretion of the station electrical engineers.”

¹⁰ PRC-005-1 R1 has a VRF of “High.” ReliabilityFirst determined that the facts and circumstances of this violation warranted a “High” VSL.

37. On July 30, 2013, NIPSCO submitted a certification of mitigation plan completion, along with evidence of completion, to ReliabilityFirst. *See* Certification of Mitigation Plan Completion (attached as **Attachment I**).¹¹ On August 7, 2013, ReliabilityFirst verified that NIPSCO successfully completed the mitigation plan in accordance with its terms and conditions. *See* Verification of Mitigation Plan Completion (attached as **Attachment J**).

D. FAC-009-1 R1 (RFC2012010015)

38. FAC-009 helps ensure that a Responsible Entity develops Facility Ratings used in the reliable planning and operation of the Bulk-Power system pursuant to an established Methodology.
39. A violation of FAC-009-1 R1 has the potential to affect the reliable operation of the Bulk-Power system by increasing the likelihood that a Responsible Entity will operate its equipment outside the necessary Facility Rating.
40. In pertinent part, FAC-009-1 R1 states:

R1. The [TO]...shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.

41. ReliabilityFirst alleges that NIPSCO, in its capacity as a TO, did not establish Facility Ratings consistent with its Methodology.

Risk Consideration and Violation Duration

42. During the Compliance Audit, ReliabilityFirst discovered two instances in which NIPSCO's Facility Ratings for its transmission lines did not match its Methodology. First, NIPSCO used the incorrect conductor size for a section to its line 13808 disconnect switch. Second, NIPSCO did not include the equipment rating for a line 13821 disconnect switch. In both instances, NIPSCO's Facility Rating was not equal to the most limiting applicable equipment rating of all the individual equipment that comprises the Facility. Additionally, ReliabilityFirst determined NIPSCO did not include terminal equipment ratings in instances where a transmission line terminates through two parallel circuit breakers in the overall Facility Rating of the transmission line.¹²

¹¹ Although NIPSCO initially committed to complete the mitigating actions included in its Mitigation Plan by May 4, 2013, NIPSCO was able to complete all the mitigating activities by December 20, 2012.

¹² For example, the stated Facility Rating for the 345005 circuit was 2000 amps; however there were other elements that are part of the Facility that had a lower Facility Rating. Specifically, NIPSCO's CTs had a Facility Rating of 1500 amps. NIPSCO represents that the CT Facility Rating is not limiting as there are two branches off of the circuits and the flow on that circuit would be split along the two branches and the two associated CTs.

43. The duration of the alleged violation is from June 18, 2007, the date which NIPSCO had to comply with Reliability Standard FAC-009-1 R1, until February 10, 2012, the date NIPSCO revised its Methodology and Facility Ratings to reflect the most limiting applicable equipment rating of all the individual equipment that comprises the Facilities at issue.
44. The risk posed by the foregoing facts and circumstances was mitigated by the following factors.¹³ NIPSCO discovered the ratings issues with circuits 13808 and 13821 prior to the Compliance Audit and disclosed the issues to ReliabilityFirst. Further, the highest loading for the circuits at issue did not exceed the most limiting equipment rating during the duration of the alleged violation.
45. In light of the nature of the alleged violations, offset by the aforementioned mitigating factors, ReliabilityFirst determined that this alleged violation posed a moderate risk to the reliability of the Bulk-Power system.

Mitigating Actions

46. On May 4, 2012, NIPSCO submitted its mitigation plan to address the alleged violation of FAC-009-1 R1. *See* Mitigation Plan (attached as **Attachment K**). ReliabilityFirst accepted this mitigation plan on June 4, 2012. On September 18, 2012 NERC approved the mitigation plan.
47. In this mitigation plan, NIPSCO memorialized the actions it took and committed to take additional actions in order to mitigate the alleged violation of FAC-009-1 R1. NIPSCO re-rated circuits 13808 and 13821 so they are consistent with its Methodology and included terminal equipment ratings in instances in which transmission lines terminate through two parallel circuit breakers. NIPSCO also completed a field verification and review of its 345kV circuits to confirm field conditions reflect its design drawings. Finally, NIPSCO committed to complete field verifications and reviews of all Bulk-Power system transformers and 138kV circuits. NIPSCO committed to perform the field verification of its 345kV and 138kV circuits pursuant to NERC's Compliance Application Notice-0009 (the "NERC Alert"). Notably, NIPSCO committed to complete its 138kV facilities by December 31, 2012, a full year earlier than the completion date called for in the NERC Alert.
48. On November 15, 2012, NIPSCO submitted a certification of mitigation plan completion, along with evidence of completion, to ReliabilityFirst. *See* Certification of Mitigation Plan Completion (attached as **Attachment L**). The

¹³ FAC-009-1, R1 has a VRF of "Medium." ReliabilityFirst determined that the facts and circumstances of these alleged violations warranted a "Lower" VSL.

evidence included an attestation that NIPSCO completed the 345kV field verifications and Bulk-Power system transformer field verifications and found no discrepancies. The evidence also included an attestation from NIPSCO that it completed the 138kV field verification, discovered one discrepancy, and corrected that discrepancy. On June 17, 2013, ReliabilityFirst verified NIPSCO successfully completed the mitigation plan in accordance with its terms and conditions. *See* Verification of Mitigation Plan Completion (attached as **Attachment M**).

III. ADJUSTMENT FACTORS

49. In addition to the above paragraphs, which are incorporated herein by reference, ReliabilityFirst considered the following factors.
50. ReliabilityFirst applied partial mitigating credit for NIPSCO's discovery and disclosure to ReliabilityFirst of the rating issues with circuits 13808 and 13821. Finally, ReliabilityFirst applied partial mitigating credit for NIPSCO's discovery of the alleged violation of PRC-023 R1 because NIPSCO submitted the Self-Report during the weeks leading up to the Compliance Audit. Considering the size of NIPSCO's system, 8,877 Protection System relays and 1,117 miles of transmission lines over 138kV, ReliabilityFirst favorably considered NIPSCO's voluntary disclosure of non-compliance with the four discrete pieces of equipment at issue prior to, and during, the Compliance Audit as the likelihood of that particular equipment being part of the auditors' sample was relatively small. ReliabilityFirst seeks to incent such voluntary disclosures, even during the pendency of a Compliance Audit.
51. ReliabilityFirst also favorably considered certain aspects of the NIPSCO's compliance programs. For instance, NIPSCO's Director of NERC Compliance serves as an independent NERC Compliance Senior Leader and oversees the implementation of the internal NERC compliance program. The Director of NERC Compliance reports directly to the Senior Vice President of Transmission and Engineering, who maintains responsibility for all gas and electric operational compliance programs. The Senior Vice President of Transmission and Engineering serves as the chief NERC compliance officer and is responsible for promoting compliance throughout the organization. NIPSCO also has a Director of Compliance Governance who independently monitors all of NIPSCO's compliance programs, including the NIPSCO NERC compliance program. The Director of Compliance Governance reports directly to the Executive Vice President of NiSource and CEO of NIPSCO, who has direct access to the NiSource Board of Directors. This structure provides multiple open communication channels to NIPSCO's executives, allowing company executives and the Board of Directors to understand program risks and to take action to correct deficiencies. In addition, NIPSCO reviews its compliance related performance targets during employee performance reviews. NIPSCO considers

these performance reviews when determining compensation, promotion or disciplinary action.

52. Although ReliabilityFirst discovered three of the four alleged violations described in this agreement during a Compliance Audit, ReliabilityFirst determined that a monetary penalty is not warranted for the alleged violations. This is based on the actions NIPSCO took to prevent recurrence of noncompliance and its commitment to improve reliability. NIPSCO strengthened its PRC-023 compliance effort by creating and implementing a proactive annual review to ensure its transmission line relays are consistent with the requirements of PRC-023 R1. NIPSCO's implementation of this procedure in 2011 resulted in the Self-Report described in this Agreement. NIPSCO also demonstrated its commitment to improve reliability through its aggressive timeline for the completion of mitigating actions. NIPSCO committed to and completed maintenance and testing on its generation CTs within a one year accelerated cycle. Additionally, NIPSCO completed a field verification and review of its 138 kV facilities, like those at issue in the alleged violation of FAC-009-1 R1 (RFC2012010015), by November 12, 2012, more than a year earlier than called for in the NERC Alert.
53. ReliabilityFirst is committed to using the enforcement process to incent strong compliance programs and encourage development of robust internal controls. NIPSCO's proactive and aggressive mitigating actions, described in detail above, are behaviors ReliabilityFirst seeks to encourage in order to prevent recurrence of noncompliance and improve reliability. Further, NIPSCO's development of an annual review to ensure consistency with PRC-023 demonstrates an improvement of its internal controls regarding verification of relay settings. ReliabilityFirst chose to recognize NIPSCO's improvement in its capability and performance in this verification process area. Therefore, ReliabilityFirst determined that a monetary penalty was not necessary in this instance as it would neither deter future noncompliance nor improve Bulk-Power System reliability.
54. When assessing the penalty for the alleged violations at issue in this Agreement, ReliabilityFirst considered whether the facts of these alleged violations evidenced (a) repeated or continuing conduct similar to that underlying the prior violation of the same or a closely-related Reliability Standard Requirement; (b) conduct addressed in any previously submitted mitigation plan for a prior violation of the same or a closely-related Reliability Standard Requirement; or (c) multiple violations of the same Standard and Requirement. NIPSCO has a prior alleged violation of FAC-009-1 R1, which ReliabilityFirst considered as an aggravating factor.¹⁴ However, ReliabilityFirst determined NIPSCO's prior alleged violation of FAC-009-1 R1 did not warrant a monetary penalty because it was sufficiently distinguishable. In 2008, ReliabilityFirst determined that NIPSCO did not sufficiently document a Methodology pursuant to FAC-008-1 R1. Specifically,

¹⁴ See RFC200800108.

NIPSCO did not provide evidence of the method by which it determined facility ratings. Because of this documentation error, ReliabilityFirst could not determine that NIPSCO's developed facility ratings consistent with an acceptable methodology and found a possible violation of FAC-009-1 R1. The possible violations of FAC-009-1 R1 described in this Agreement concern a misapplication of NIPSCO's Methodology, not an inadequately documented Methodology.

IV. MONETARY PENALTY

55. Based upon the foregoing, NIPSCO shall pay no monetary penalty to ReliabilityFirst.

V. ADDITIONAL TERMS

56. ReliabilityFirst and NIPSCO agree that this Agreement is in the best interest of Bulk-Power system reliability. The terms and conditions of the Agreement are consistent with the regulations and orders of the Commission and the NERC Rules of Procedure.
57. ReliabilityFirst shall report the terms of all settlements of compliance matters to NERC. NERC will review the Agreement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under similar circumstances. Based on this review, NERC will either approve or reject this Agreement. If NERC rejects the Agreement, NERC will provide specific written reasons for such rejection and ReliabilityFirst will attempt to negotiate with NIPSCO a revised settlement agreement that addresses NERC's concerns. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the Agreement, NERC will (a) report the approved settlement to the Commission review and approval by order or operation of law and (b) publicly post the alleged violation and the terms provided for in this Agreement.
58. This Agreement shall become effective upon the Commission's approval of the proposed resolution of the matters as set forth in this Agreement by order or operation of law or as modified in a manner acceptable to the parties. NIPSCO agrees that this Agreement, when approved by the Commission, shall represent a final settlement of all matters as set forth herein and binds NIPSCO to perform the actions enumerated herein. NIPSCO expressly waives their rights to any hearing or appeal concerning any matter set forth herein, unless any NERC or Commission action constitutes a material modification to this Agreement.
59. ReliabilityFirst reserves all rights to initiate enforcement actions against NIPSCO in accordance with the NERC Rules of Procedure in the event that NIPSCO fails to comply with any of the terms or conditions of this Agreement, including failure to timely complete mitigation plans or other remedies of this Agreement. In the

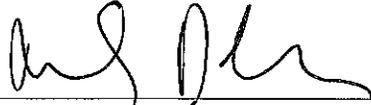
event NIPSCO fails to comply with any of the terms or conditions of this Agreement, ReliabilityFirst may initiate an action or actions against NIPSCO to the maximum extent allowed by the NERC Rules of Procedure, including, but not limited to, the imposition of the maximum statutorily allowed monetary penalty. NIPSCO will retain all rights to defend against such action or actions in accordance with the NERC Rules of Procedure.

60. NIPSCO consents to ReliabilityFirst's future use of this Agreement for the purpose of assessing the factors within the NERC Sanction Guidelines and applicable Commission orders and policy statements, including, but not limited to, the factor evaluating NIPSCO's history of violations. Such use may be in any enforcement action or compliance proceeding undertaken by NERC or any Regional Entity or both, provided however that NIPSCO does not consent to the use of the conclusions, determinations, and findings set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC or any Regional Entity or both, nor does NIPSCO consent to the use of this Agreement by any other party in any other action or proceeding.
61. NIPSCO affirms that all of the matters set forth in this Agreement are true and correct to the best of its knowledge, information, and belief, and that it understands that ReliabilityFirst enters into this Agreement in express reliance on the representations contained herein, as well as any other representations or information provided by NIPSCO to ReliabilityFirst during any of NIPSCO's interactions with ReliabilityFirst relating to the subject matter of this Agreement.
62. Each of the undersigned agreeing to and accepting this Agreement warrants that he or she is an authorized representative of the entity designated below, is authorized to bind such entity, and accepts the Agreement on the entity's behalf.
63. The undersigned agreeing to and accepting this Agreement warrant that they enter into this Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer, or promise of any kind by any member, employee, officer, director, agent, or representative of ReliabilityFirst or NIPSCO has been made to induce the signatories or any other party to enter into this Agreement.
64. The Agreement may be signed in counterparts.
65. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

[SIGNATURE PAGE TO FOLLOW]

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Endorsed By:



Nicole D. Schaefer
Managing Enforcement Attorney
ReliabilityFirst Corporation

9/25/13
Date

Agreed To And Accepted By:

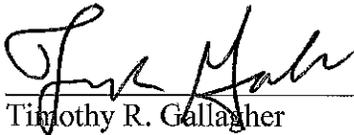
Northern Indiana Public Service Company:



Timothy A. Dehring
SrVP, Transmission & Engineering
Northern Indiana Public Service Company

9/26/13
Date

ReliabilityFirst:



Timothy R. Gallagher
President & Chief Executive Officer
ReliabilityFirst Corporation

9/25/13
Date

Attachment b

Record documents for the violation of PRC-023-1 R1

- 1. NIPSCO's Self-Report dated October 31, 2011**
 - 2. NIPSCO's Mitigation Plan designated as RFCMIT006868 submitted February 2, 2012**
 - 3. NIPSCO's Certification of Mitigation Plan Completion dated February 2, 2012**
 - 4. ReliabilityFirst's Verification of Mitigation Plan Completion dated June 14, 2012**
-

Logged in as:
Abby Sheatzley

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- System Administration
- Committees
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- TFE Request

Self Report Form - 2011

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New Mitigation Plan | Attachments (0)

This form was submitted by Joe OBrien (jnobrien@nsource.com) on 10/31/2011.

*Required Fields Status: Saved

Region: ReliabilityFirst

NERC Registry ID: NCR02611

Joint Registration Organization (JRO) ID:

Registered Entity: Northern Indiana Public Service Company

Registered Entity Contact Information:

* Joe OBrien (jnobrien@nsource.com) 219-853-5470

Standard Applicable to Self-Report: PRC-023-1

Requirement Applicable to Self-Report: R1.

Sub Requirements Applicable to Self-Report: R1.1.

Function Applicable to Self-Report: TO

Has this possible alleged violation previously been reported or discovered: * Yes No

Provide NERC Violation ID (if known):

Date violation occurred: * 6/3/2011

Date violation discovered: * 9/5/2011

Is the violation still occurring? * Yes No

Detail explanation and cause of violation: *

NIPSCO discovered two 345kV lines with relays that were not appropriately set within the criteria outlined in NERC PRC-023-1 Requirement R1.1 during a yearly review. The relays have been set within the criteria of NERC PRC-023-1 Requirement R1.1 and the work was completed by 10/01/2011.

Reliability Impact: * Minimal

Reliability Impact Description: *

The initial settings of the relays have not caused misoperation on any of NIPSCO's 345 kV system. This has been proven and demonstrated by NIPSCO's annual filing of misoperations to RFC in accordance with the NERC PRC-004 requirements.

While NIPSCO's role in the Bulk Electric System ("BES") is important, NIPSCO's 2011 annual risk based assessment, has demonstrated that the loss of any major BES facility owned by NIPSCO would not affect the reliability or operability of the BES. NIPSCO's risk based assessment has also demonstrated that NIPSCO does not have any Interconnected Reliability Operating Limit ("IROL"). Furthermore, NIPSCO's annual Transmission Planning assessment has demonstrated that the loss of any one or the combination of both circuits (34518 & 34525) would not cause any thermal violation, voltage violation or cascading outage in the BES. Therefore this clearly demonstrates that these two lines have minimal or no reliability impact on the BES.

Additional Comments:

Date Violation Occured Details:

(Line 34525) July 1, 2010, (Line 34518) June 3, 2011

Line Details:

Circuit 34525

Circuit 34525 is a 345kV tie line between NIPSCO and AEP from NIPSCO's Hiple substation to AEP's East Elkhart substation. The winter emergency rating (the highest seasonal rating that NIPSCO uses) on circuit 34525 is 1781MVA (2980A). Per PRC-023 R1.1., the minimal trip setting should be above 150% of the rating of the line. On 9/5/11 during NIPSCO's annual review a potential violation on circuit 34525 was found. It was determined that circuit 34525's setting was below the 150% threshold due to not fully applying the load encroachment logic in the SEL321 relay. The engineer who issued the relay settings turned on the load encroachment function in the relay; however, failed to apply the setting to the final tripping equation. Without the load encroachment setting included in the trip equation the circuit would trip at 107% of the line rating instead of above 150%. The deficiency was identified during the annual review and fixed by properly applying the load encroachment logic in the tripping equation. With the load encroachment setting included in the trip equation the line is now set to trip at 220% at power factor of 30 degree angle of the line rating. The solution was implemented on 9/28/2011.

Circuit 34518

On 05/05/2011 DUKE communicated to NIPSCO their intent to upgrade equipment at its Deedsville substation, the termination point of the NIPSCO 345kV tie line with Duke Leesburg (NIPSCO) to Deedsville (Duke), circuit 34518. The upgrade would increase the capacity of the circuit from 780MVA (winter emergency) to 1195MVA (winter emergency). Duke performed the communicated upgrades on circuit 34518, finishing on 6/3/11. During NIPSCO's evaluation of the change at the time of coordination it overlooked to fully analyze the potential impact of the Duke changes to NIPSCO's relay settings at NIPSCO's Leesburg substation. On 9/5/11 during NIPSCO's annual review it was discovered that circuit (34518) Z3 settings were overreaching. In coordination with DUKE's engineer, the Z3 setting was decreased. The setting change occurred on 09/28/2011. Before the new setting was issued the relay would trip at 105% of the new line rating and now with the new settings the circuit will trip at 164% of the line rating, which is above the 150% specified by PRC-023-1 R.1.1.

NOTE: While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)

Submit Self Report

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Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 2/2/2012

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in “Attachment A - Compliance Notices & Mitigation Plan Requirements.”
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

B.1 Identify your organization.

Company Name: Northern Indiana Public Service Co
 (“NIPSCO”)
 Company Address: 1500 165th St
 Hammond IN 46320
 NERC Compliance Registry ID: NCR02611

B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: Joe O’Brien
 Title: Compliance Engineer
 Email: jnobrien@nisource.com
 Phone: 219-853-5470



**Section C: Identification of Alleged or Confirmed Violation(s)
Associated with this Mitigation Plan**

C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

NERC Violation ID No. (RFC Docket No.)	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC2011001192	PRC-023-1	R1	High	7/1/2010	Self Report
RFC2011001192	PRC-023-1	R1	High	6/3/2011	Self Report

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.

NIPSCO discovered two 345kV lines with relays that were not appropriately set within the criteria outlined in NERC PRC-023-1 Requirement R1 during a 2011 yearly review. The relays have now been set within the criteria of NERC PRC-023-1 Requirement R1.1 and the work was completed by 9/28/2011.

Note: If a formal root cause analysis evaluation was performed, submit a copy of the summary report.

C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment.



See Attached Self Report and 2011 year end PRC-023-1 QRS AW which includes evidence of full compliance.

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 Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.

The relays have been set properly within the guidelines of the Standard. A new NIPSCO procedure has been created for PRC-023-1, “Transmission Relay Loadability Procedure”, outlining a program which includes an ongoing review of relay settings ensuring that they are within the guidelines of PRC-023-1.

Mitigation Plan Timeline and Milestones

D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

The Mitigation Plan was complete on 9/28/2011; NIPSCO is fully compliant with this Standard.

D.3 Enter Key Milestone Activities (with due dates) that can be used to track and indicate progress towards timely and successful completion of this Mitigation Plan.

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
Set Relays	9/28/2011
PRC-023-1 NIPSCO Procedure	9/1/2011

An attached QRS AW contains the NIPSCO PRC-023 Methodology and the latest relay settings. The self-report form is also attached.

(*) Note: Additional violations could be determined for not completing work associated with accepted milestones.



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) 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 to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.

The mitigation plan is complete; the BPS is not at higher risk.

NIPSCO, through its 2011 annual risk based assessment, has demonstrated that the loss of any major BES facility owned by NIPSCO would not affect the reliability or operability of the rest of the Interconnected Bulk Electric System. NIPSCO's risk based assessment has also demonstrated that NIPSCO does not have any Interconnected Reliability Operating Limits (IROL). Furthermore NIPSCO's annual Transmission Planning assessment has demonstrated that the loss of any one or the combination of both circuits (34518 & 34525) would not cause any thermal violation, voltage violation or cascading outages in the rest of the Interconnected BES. Therefore this clearly demonstrates that these two lines have minimal or no reliability impact on the BES.

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of this Mitigation Plan by your organization will prevent or minimize the probability that the reliability of the BPS incurs further risk of similar violations in the future. Additional detailed information may be provided as an attachment.

There is a new NIPSCO document in place now, "Transmission Relay Loadability Procedure", outlining the program for an ongoing review of relay settings in order to operate within the guidelines of PRC-023-1.



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 this Mitigation Plan for acceptance by ReliabilityFirst and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the ‘Date of Completion of the Mitigation Plan’ on this form, and
- c) Acknowledges:
 - 1. I am Joseph N. O’Brien of NIPSCO.
 - 2. I am qualified to sign this Mitigation Plan on behalf of NIPSCO.
 - 3. I have read and am familiar with the contents of this Mitigation Plan.
 - 4. NIPSCO agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature

Name (Print):

Joseph N. O’Brien

Title:

Compliance Engineer

Date:

2-2-2012

Section G: Regional Entity Contact

Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address mitigationplan@rfirst.org.

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the 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.
 - (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.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. **REDACTED**
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

¹ "North American Electric Reliability Corporation Compliance Monitoring and Enforcement Program Appendix 4C To The Rules of Procedure Effective January 1, 2011", a copy of the current version approved by the Federal Energy Regulatory Commission is posted on the ReliabilityFirst website.



mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by ReliabilityFirst 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.
- VI. ReliabilityFirst or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.



DOCUMENT CONTROL

Title: Mitigation Plan Submittal Form
Issue: Version 3.0
Date: 22 February 2011
Distribution: Public
Filename: ReliabilityFirst Mitigation Plan Submittal Form - Ver 3.DOC
Control: Reissue as complete document only

DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Director	Raymond J. Palmieri Vice President	<i>Raymond J. Palmieri</i>	2/22/11

DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue – Replaces “Proposed Mitigation Plan” Form	1/2/08
2.0	Tony Purgar	Revised email address from compliance@rfirst.org to mitigationplan@rfirst.org	7/11/08
3.0	Dave Coyle	Revised CMEP	2/22/11

Certification of Mitigation Plan Completion

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

Registered Entity Name: Northern Indiana Public Service Co.

NERC Registry ID:NCR02611

Date of Submittal of Certification:2/2/2012

NERC Violation ID No(s):RFC2011001192

Reliability Standard and the Requirement(s) of which a violation was mitigated:PRC-023-1 R1 (1.1)

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan:9/28/2011

Date Mitigation Plan was actually completed:9/28/2011

Additional Comments (or List of Documents Attached):

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

Name:Joseph N. O'Brien

Title:Compliance Engineer

Email:jnobrien@nisource.com

Phone:219-853-5470

Authorized Signature

Joseph N. O'Brien

Date2/2/2012



Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address mitigationplan@rfirst.org.

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.

DOCUMENT CONTROL

Title: Certification of Mitigation Plan Completion
Issue: Version 1
Date: 5 January 2008
Distribution: Public
Filename: Certification of a Completed Mitigation Plan_Ver1.doc
Control: Reissue as complete document only

DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Manager of Compliance Enforcement	Raymond J. Palmieri Vice President and Director Compliance		1/5/2009

DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue	1/5/2009



<i>In re:</i> NORTHERN INDIANA PUBLIC SERVICE COMPANY	)	Docket No. RFC2011001192
)	
NERC Registry ID No. NCR02611	)	NERC Reliability Standard:
	)	PRC-023-1, Requirement 1

**VERIFICATION OF MITIGATION PLAN COMPLETION
FOR
RFCMIT006868**

I. RELEVANT BACKGROUND

On October 31, 2011, Northern Indiana Public Service Company (“NIPSCO”) submitted a self report to ReliabilityFirst Corporation (“ReliabilityFirst”) of non-compliance with Reliability Standard PRC-023-1, R1, stating that two 345kV lines with relays were not set in accordance with the aforementioned standard.

On February 2, 2012, NIPSCO submitted a proposed mitigation plan to ReliabilityFirst stating NIPSCO had completed all mitigating actions on September 28, 2011. On February 28, 2012, ReliabilityFirst accepted this mitigation plan, designated RFCMIT006868, and on March 15, 2012, the North American Electric Reliability Corporation (“NERC”) approved it.

II. MITIGATION PLAN COMPLETION REVIEW PROCESS

On February 2, 2012, NIPSCO certified that it completed the mitigation plan for PRC-023-1, R1 as of September 28, 2011. ReliabilityFirst requested and received evidence of completion for the actions NIPSCO took as specified in the mitigation plan. ReliabilityFirst performed an in-depth review of the information provided to verify that NIPSCO successfully completed all actions specified in the mitigation plan.

A. Evidence Reviewed per Standard and Requirement.

<u>Evidence Reviewed</u>		<u>Applicable Standard and Requirement</u>
1.	Certification of a Completed Mitigation Plan RFC2011001192.pdf	PRC-023-1, R1

B. Verification of Mitigation Plan Completion.

In pertinent part, PRC-023-1, R1 states:

R1. Each Transmission Owner, Generator Owner, and Distribution Provider shall use any one of the following criteria (R1.1 through R1.13) for any specific circuit terminal to prevent its phase protective relay settings from limiting transmission system loadability while maintaining reliable protection of the Bulk Electric System for all fault conditions. Each Transmission Owner, Generator Owner, and Distribution Provider shall evaluate relay loadability at 0.85 per unit voltage and a power factor angle of 30 degrees: [Violation Risk Factor: High] [Mitigation Time Horizon: Long Term Planning].

R1.1. Set transmission line relays so they do not operate at or below 150% of the highest seasonal Facility Rating of a circuit, for the available defined loading duration nearest 4 hours (expressed in amperes).

Milestone 1: Set Relays

Pages 2 and 3 of the evidence file in the table above (updated on May 21, 2012 with typo correction) contain the calculations required for appropriate relay settings. Page 2 contains the old settings, and Page 3 contains the updated settings, above 150% as required.

This evidence demonstrates successful completion of Milestone 1.

Milestone 2: PRC-023-1 NIPSCO Procedure

Pages 4 through 11 of the evidence file in the table above contain the NIPSCO *Transmission Relay Loadability Procedure For Compliance with NERC Standard PRC-023-1* dated September 1, 2011, Version 1.0. The procedure clearly states the loadability requirement selected by NIPSCO and used in the spreadsheet calculations described in Milestone 1.

This evidence demonstrates successful completion of Milestone 2.

III. CONCLUSION

ReliabilityFirst reviewed the evidence NIPSCO submitted in support of its Certification of Mitigation Plan Completion. ReliabilityFirst determined this evidence demonstrates NIPSCO successfully completed the mitigating activities in mitigation plan RFCMIT006868 associated with PRC-023-1, R1.

ReliabilityFirst verifies that NIPSCO completed the mitigation plan associated with the possible violation of the Reliability Standard in accordance with its terms and conditions.

Approved:



Robert K. Wargo
Director of Analytics & Enforcement
ReliabilityFirst Corporation

Date: June 14, 2012

Attachment c

Record documents for the violation of FAC-009-1 R1

- 1. Reliability *First's* Summary for Possible Violation dated December 9, 2011**
 - 2. NIPSCO's Mitigation Plan designated as RFCMIT007718 submitted May 4, 2012**
 - 3. NIPSCO's Certification of Mitigation Plan Completion dated July 12, 2012**
 - 4. Reliability *First's* Verification of Mitigation Plan Completion dated June 7, 2013**
-



Summary for Possible Violation (PV)

Registered Entity: Northern Indiana Public Service Company

NERC ID#: NCR02610

Compliance Monitoring Process: Compliance Audits

Standard and Requirement: FAC-009-1 Requirement 1

Registered Function(s) in Violation: Generator Owner (GO)

Initial PV Date (Actual Date Discovered): 12/9/2011

Date for Determination of Penalty/Sanction (Beginning Date of Violation): 12/12/2008

Violation Risk Factor: VRF - Medium

Violation Severity Level: VSL - Level 2

Violation Reported By: Audit Team

Basis for the PV: Sufficient evidence was not provided showing that NIPSCO established Facility Ratings for their generation Facilities consistent with their Facility Ratings Methodology.

Facts and Evidence pertaining to the PV: The normal and emergency facility ratings for Bailly Unit 7 were calculated incorrectly. Within NIPSCO's *Facility Ratings Methodology NIPSCO Generating Stations* document, Section 4.2.4 lists the Facility Rating as 218 MVA, based on the generator as the limiting equipment. However, the equipment rating provided for the generator was 877 amps or 210 MVA at 138 kV. This resulted in a Facility Rating that was not equal the most limiting applicable equipment rating of all the individual equipment that comprises the Facility which contradicts the NIPSCO Facility Ratings Methodology.

Potential Impact to Bulk Electrical System (BES): Moderate

- **Provide Explanation for Potential Impact to BES:** Incorrectly calculating Facility Ratings can negatively impact the BES as it is important to understand and know the capabilities of all BES equipment to ensure it is operated and planned reliably. However, Bailly Unit 7 was not operated near its limit as operational and environmental concerns limit the output of the unit to 160 MW.

REVISION HISTORY

Revision	Prepared By	Approved By	Date	Comments
Rev. 0	Renata Fellmeth	Gary Campbell	7/1/2009	New Document
Rev. 1	Renata Fellmeth	Gary Campbell	9/3/2009	Changed PAV to PV. Removed the word "Alleged."
Rev. 2	Renata Fellmeth	Gary Campbell	5/14/2010	Added word "Potential" to sentences, 'Impact to Bulk Electrical System (BES)' and 'Provide Explanation for Impact to BES.' Added clarification in brackets after the following sentences: 'Initial PV Date' and 'Date for Determination of Penalty/Sanction.'
Rev. 3	Renata Fellmeth	Gary Campbell	6/15/2010	Unlocked form so that the form is user friendly – cutting and pasting.
Rev. 4	Renata Fellmeth	Gary Campbell	9/15/2010	Added Vimarie Luna to the distribution list.
Rev. 5	Renata Fellmeth	Gary Campbell	11/19/2010	Removed Bob Berglund from PV summary distribution list.
Rev. 6	Renata Fellmeth	Gary Campbell	1/20/2011	Changed titles, Summary reports for 693 and CIP will now be sent to the appropriate 693 or CIP manager.



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 5/04/2012

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in “Attachment A - Compliance Notices & Mitigation Plan Requirements.”
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by Reliability*First* and approval by NERC.
- A.3 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

B.1 Identify your organization.

Company Name: Northern Indiana Public Service Co.
("NIPSCO")

Company Address: 1500 165th St.
Hammond, IN 46320

NERC Compliance Registry ID: NCR02610

B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: William O. Thompson

Title: Manager of NERC Compliance

Email: wothompson@nisource.com

Phone: 219-853-4079



**Section C: Identification of Alleged or Confirmed Violation(s)
Associated with this Mitigation Plan**

C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

NERC Violation ID No. (RFC Docket No.)	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC2012010008	FAC-009-1	R1	Medium	December 9, 2011	Audit

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.

During RFC’s Compliance Audit of NIPSCO, conducted December 6-13, 2011, the audit team identified a Possible Violation (PV) of FAC-009-1 R1.

NIPSCO endeavors to establish Facility Ratings for its generation Facilities consistent with its Facility Ratings Methodology. However, due to data entry errors, a PV was found during the audit.

This PV alleges that sufficient evidence was not provided showing that NIPSCO established Facility Ratings for its generation Facilities consistent with its Facility Ratings Methodology. To elaborate, the normal and emergency Facility Ratings for Bailly Unit 7 (recorded in MVA) were not established consistent



with the Facility Ratings Methodology, which uses amps. Also, the smallest conductor sizes listed on some of the units were incorrect. The latter, however, did not result in an overall Facility Rating that was more limiting than those provided on the Facility Rating sheets for these Facilities.

Note: If a formal root cause analysis evaluation was performed, submit a copy of the summary report.

- C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment.

On 11/03/2011, NIPSCO received an additional data request from RFC to provide all Facility Ratings in common units (MVA). Since the generating stations had rated their equipment in Amps as well as stating MVA, RFC was contacted via e-mail (on 11/09/2011) for clarification of the request. The feedback from RFC was the necessity for common units, not necessarily MVA, to determine that the Facility Rating is based on the rating of the most limiting piece of equipment that comprises each facility.

In response to the additional data request, NIPSCO revised its methodology to provide facility ratings in common units (Amps). 'Facility Ratings Methodology NIPSCO Generating Stations' version 4 (dated 11/29/2011) was provided to RFC, along with other requested evidence.

The audit report specifies reviewing the other additional evidence provided for FAC-009-1 R1, but gives no mention to the requested updated Facility Ratings document. The confusion caused by the clerical error in version 3 of NIPSCO's Facility Rating Methodology was corrected in the provided version 4 of the Methodology.

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 Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.



The Facility Ratings Methodology has been revised. Facility Ratings for NIPSCO generation Facilities are consistent with NIPSCO’s Facility Ratings Methodology.

Version 4 of ‘Facility Ratings Methodology NIPSCO Generating Stations’, in production 11/29/2011, lists all ratings in amps. The Normal and Emergency Limit boxes, which listed ratings in MVA, have been removed from the Electrical Equipment Ratings page for each unit.

Draft Version 5 of ‘Facility Ratings Methodology NIPSCO Generating Stations’ corrects the smallest conductor size for each unit when necessary. A representative engineer from each of NIPSCO’s four generating stations has reviewed the draft Methodology and Electrical Equipment Ratings table of each unit respective to their station to ensure accuracy.

This draft document will be put into production in NIPSCO’s document management system (DMS) upon a final collaborative review by all subject matter experts.

Mitigation Plan Timeline and Milestones

D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

Full implementation of the Mitigation Plan will be completed by June 30, 2012.

D.3 Enter Key Milestone Activities (with due dates) that can be used to track and indicate progress towards timely and successful completion of this Mitigation Plan.

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
‘Facility Ratings Methodology NIPSCO Generating Stations’ V4 put into production. Per RFC’s request, the methodology lists all ratings in common units (amps). The Normal and Emergency Limit boxes, which listed ratings in MVA, have been removed from the Electrical	11/29/2011



Equipment Ratings page for each unit.	
Draft V5- Methodology updated to correct smallest conductor sizes listed in the Electrical Equipment Ratings table when necessary for each unit.	3/19/2012
Collaborative meeting/call with Subject Matter Experts to perform final review of Draft V5 Facility Ratings Methodology document	5/31/2012
Facility Ratings Methodology NIPSCO Generating Stations - version 5 put into production in NIPSCO's document management system (DMS)	6/30/2012

(*) Note: Additional violations could be determined for not completing work associated with accepted milestones.

Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) 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 to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.

The BPS was not and continues to not be at risk during the mitigation process of this PV. The clerical error in 'Facility Ratings Methodology NIPSCO Generating Stations' version 3 has already been corrected in version 4 of the Methodology. Also, the smallest conductor is not the most limiting element for each unit.

NIPSCO is modifying its 'Facility Ratings Methodology' to correct the smallest conductor sizes listed in the Electrical Equipment Ratings table when necessary for each unit. In addition, an appendix is being attached containing identification of all conductors associated with facility ratings.



Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of this Mitigation Plan by your organization will prevent or minimize the probability that the reliability of the BPS incurs further risk of similar violations in the future. Additional detailed information may be provided as an attachment.

The successful completion of this Mitigation Plan will confirm Facility Ratings for NIPSCO generation Facilities are consistent with NIPSCO's Facility Ratings Methodology. This will ensure that the BPS incurs no further risk of similar violations in the future.



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 this Mitigation Plan for acceptance by ReliabilityFirst and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the ‘Date of Completion of the Mitigation Plan’ on this form, and
- c) Acknowledges:
 - 1. I am William O. Thompson of Northern Indiana Public Service Company (“NIPSCO”).
 - 2. I am qualified to sign this Mitigation Plan on behalf of NIPSCO.
 - 3. I have read and am familiar with the contents of this Mitigation Plan.
 - 4. NIPSCO agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature *William O. Thompson*
 Name (Print): William O. Thompson
 Title : Manager of NERC Compliance
 Date: 5/04/2012

Section G: Regional Entity Contact

Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address mitigationplan@rfirst.org.

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the 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.
 - (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.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. **REDACTED**
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

¹ "North American Electric Reliability Corporation Compliance Monitoring and Enforcement Program Appendix 4C To The Rules of Procedure Effective January 1, 2011", a copy of the current version approved by the Federal Energy Regulatory Commission is posted on the ReliabilityFirst website.



mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by ReliabilityFirst 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.
- VI. ReliabilityFirst or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.



DOCUMENT CONTROL

Title: Mitigation Plan Submittal Form
Issue: Version 3.0
Date: 22 February 2011
Distribution: Public
Filename: ReliabilityFirst Mitigation Plan Submittal Form - Ver 3.DOC
Control: Reissue as complete document only

DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Director	Raymond J. Palmieri Vice President	<i>Raymond J. Palmieri</i>	2/22/11

DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue – Replaces “Proposed Mitigation Plan” Form	1/2/08
2.0 Tony	Purgar	Revised email address from compliance@rfirst.org to mitigationplan@rfirst.org	7/11/08
3.0	Dave Coyle	Revised CMEP	2/22/11

Certification of Mitigation Plan Completion

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

Registered Entity Name: Northern Indiana Public Service Company

NERC Registry ID:NCR02610

Date of Submittal of Certification: July 12, 2012

NERC Violation ID No(s):RFC2012010008

Reliability Standard and the Requirement(s) of which a violation was mitigated:FAC-009-1 R1

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan:N/A

Date Mitigation Plan was actually completed:June 29, 2012

Additional Comments (or List of Documents Attached):Facility Ratings Methodology NIPSCO Generating Stations v5.0

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

Name:William O. Thompson

Title:Manager NERC Compliance

Email:wonthompson@nisource.com

Phone:219-853-4079

Authorized Signature *William O. Thompson* _____

Date July 12, 2012

Please direct completed forms or any questions regarding completion of this form to the Reliability*First* Compliance e-mail address mitigationplan@rfirst.org.

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any Reliability*First* Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the Reliability*First* Compliance web page.

DOCUMENT CONTROL

Title: Certification of Mitigation Plan Completion
Issue: Version 1
Date: 5 January 2008
Distribution: Public
Filename: Certification of a Completed Mitigation Plan_Ver1.doc
Control: Reissue as complete document only

DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Manager of Compliance Enforcement	Raymond J. Palmieri Vice President and Director Compliance	<i>Raymond J. Palmieri</i>	1/5/2009

DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue	1/5/2009



***In re:* NORTHERN INDIANA PUBLIC) Docket No. RFC2012010008**
SERVICE COMPANY)
)
)
NERC Registry ID No. NCR02610) NERC Reliability Standard:
) FAC-009-1, Requirement 1

**VERIFICATION OF MITIGATION PLAN COMPLETION
FOR
RFCMIT007718**

I. RELEVANT BACKGROUND

From December 6, 2011 to December 13, 2011, ReliabilityFirst Corporation (“ReliabilityFirst”) conducted a compliance audit of Northern Indiana Public Service Company (“NIPSCO”) during which ReliabilityFirst identified a possible violation of Reliability Standard FAC-009-1, R1. NIPSCO failed to establish Facility Ratings for its generation facilities that were consistent with its Facility Ratings Methodology. Specifically, NIPSCO’s Facility Rating was not equal to the most limiting applicable equipment rating of all the individual equipment comprising the facility.

On May 4, 2012, NIPSCO submitted a proposed mitigation plan to ReliabilityFirst stating NIPSCO would complete all mitigating actions on June 30, 2012. On June 4, 2012, ReliabilityFirst accepted this mitigation plan, designated RFCMIT007718, and on September 18, 2012, the North American Electric Reliability Corporation (“NERC”) approved it.

II. MITIGATION PLAN COMPLETION REVIEW PROCESS

On July 12, 2012, NIPSCO certified that it completed the mitigation plan for FAC-009-1, R1 as of June 29, 2012. ReliabilityFirst requested and received evidence of completion for the actions NIPSCO took as specified in the mitigation plan. ReliabilityFirst performed an in-depth review of the information provided to verify that NIPSCO successfully completed all actions specified in the mitigation plan.

A. Evidence Reviewed per Standard and Requirement.

<u>Evidence Reviewed</u>		<u>Applicable Standard and Requirement</u>
1.	FAC-009-1 R1 Mitigation Plan NCR02610 for 2011 Audit final.pdf	FAC-009-1, R1
2.	RFC2012010008 FAC-009 R1.pdf	

B. Verification of Mitigation Plan Completion.

FAC-009-1, R1 states:

R1. The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.

Milestone 1: ‘Facility Ratings Methodology NIPSCO Generating Stations’ V4 put into production. Per RFC’s request, the methodology lists all ratings in common units (amps). The Normal and Emergency Limit boxes, which listed ratings in MVA, have been removed from the Electrical Equipment Ratings page for each unit.

Pages 11 through 44 of File No. 1 are version 4 of NIPSCO’s Facility Ratings Methodology. All units now have the normal and emergency ratings listed in amps instead of MVA.

This evidence demonstrates successful completion of Milestone 1.

Milestone 2: Draft V5- Methodology updated to correct smallest conductor sizes listed in the Electrical Equipment Ratings table when necessary for each unit.

Pages 45 through 78 of File No. 1 contain a draft version 5 of NIPSCO’s Facility Ratings Methodology. There are two conductor rating corrections on 138kV units.

This evidence demonstrates successful completion of Milestone 2.

Milestone 3: Collaborative meeting/call with Subject Matter Experts (“SMEs”) to perform final review of Draft V5 Facility Ratings Methodology document

Pages 5 and 6 of File No. 2 are meeting invitations sent to SMEs to perform the final review of the draft document.

This evidence demonstrates successful completion of Milestone 3.

Milestone 4: Facility Ratings Methodology NIPSCO Generating Stations - version 5 put into production in NIPSCO's document management system (DMS).

Page 7 of File No. 2 is a screenshot of NIPSCO's DMS showing that the final version was published on June 29, 2012.

This evidence demonstrates successful completion of Milestone 4.

III. CONCLUSION

ReliabilityFirst reviewed the evidence NIPSCO submitted in support of its Certification of Mitigation Plan Completion. ReliabilityFirst determined this evidence demonstrates NIPSCO successfully completed the mitigating activities in mitigation plan RFCMIT007718 associated with FAC-009-1, R1.

ReliabilityFirst verifies that NIPSCO completed the mitigation plan associated with the possible violation of the Reliability Standard in accordance with its terms and conditions.

Approved:



Robert K. Wargo
Director of Analytics & Enforcement
ReliabilityFirst Corporation

Date: June 7, 2013

Attachment d

Record documents for the violation of PRC-005-1 R1

- 1. Reliability *First's* Summary for Possible Violation dated December 6, 2011**
 - 2. NIPSCO's Mitigation Plan designated as RFCMIT007720 submitted May 4, 2012**
 - 3. NIPSCO's Certification of Mitigation Plan Completion dated July 30, 2013**
 - 4. Reliability *First's* Verification of Mitigation Plan Completion dated August 7, 2013**
-



Summary for Possible Violation (PV)

Registered Entity: Northern Indiana Public Service Company (NIPSCO)

NERC ID#: NCR02610

Compliance Monitoring Process: Compliance Audits

Standard and Requirement: PRC-005-1 R2, SUB-REQUIREMENT R2.1& R2.2

Registered Function(s) in Violation: GO

Initial PV Date (Actual Date Discovered): 12/6/2011

Date for Determination of Penalty/Sanction (Beginning Date of Violation): 12/12/2008

Violation Risk Factor: VRF - High

Violation Severity Level: VSL - Level 2

This may change.

Violation Reported By: Audit Team

Basis for the PV:

R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

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

R2.2. Date last maintained and tested.

The audit team found that all CT devices were not maintained and tested within the defined interval. NIPSCO's generator maintenance and testing program states "all current and potential transformers providing the inputs to the protective relay are acceptance tested at initial installation. Any further testing is done at the discretion of the station electrical engineers. In the unit control rooms

(continuously manned), multiple devices are available displaying live values, and multiple control systems utilize and display these inputs on demand for routine comparative review.” However, the audit team determined that not all NIPSCO’s CT’s are monitored in the control room and will alarm (audible and on screen).

Facts and Evidence pertaining to the PV:

PRC-005-1 Sub-requirement R2.1 & R2.2; the audit team found that not all Protective System devices were tested and maintained within the defined interval and NIPSCO did not have the last test date on the Current Transformers (CT’s). The audit team determined that NIPSCO’s does have some CT’s that are monitored in the control room and are alarmed, audible and on screen; however, not all CT’s are monitored in this manner.

Open Enforcement Action:

NIPSCO self reported a violation of PRC-005-1 R2 sub-requirement R2.1 on October 22, 2010 for the GO function for 5 relays at Unit 16a Schahfer and approximately 41 incidents of station batteries at NIPSCOS’s generating stations (Schahfer, Michigan City, Bailly and Sugar Creek).

Potential Impact to Bulk Electrical System (BES): Moderate

Provide Explanation for Potential Impact to BES:

The lack of maintenance and testing could cause a non-operation or a misoperation that could affect the reliability of the BES. There was no indication that any of the Protective System devices above operated and caused any impact to the reliability of the BES.



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 5/04/2012

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in “Attachment A - Compliance Notices & Mitigation Plan Requirements.”
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

B.1 Identify your organization.

Company Name: Northern Indiana Public Service Co
“NIPSCO”

Company Address: 1500 165th Street
Hammond, IN 46320-2817

NERC Compliance Registry ID: NCR02610

B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: William O. Thompson

Title: Manager of NERC Compliance

Email: wothompson@nisource.com

Phone: (219)-853-4079



**Section C: Identification of Alleged or Confirmed Violation(s)
Associated with this Mitigation Plan**

C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

NERC Violation ID No. (RFC Docket No.)	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC2012010010	PRC-005-1a	R2	Lower	December 06, 2011	Audit
RFC2012010010	PRC-005-1a	R2.1 High		December 06, 2011	Audit
RFC2012010010	PRC-005-1a	R2.2 High		December 06, 2011	Audit

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.

The audit team identified a possible violation, claiming that (1) evidence was not provided showing that NIPSCO’s current transformers at the generating stations were maintained and tested within their defined intervals and (2) the dates when each current transformer was last tested and maintained was not provided. (NIPSCO believed that these devices were continuously monitored, which in some cases can serve as evidence of maintenance and testing).

C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment.



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 Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.

NIPSCO is implementing a new Protection System Maintenance and Testing Program applicable to all (Generation and Transmission) NIPSCO Protection Systems affecting the reliability of the BES. Included in this program is a summary of a new maintenance and testing procedure for CTs at the generating stations, with an interval cycle of six years. The schedule will build in an earlier due date, with a one year grace period, to ensure completion within the designated interval cycle. NIPSCO will perform initial maintenance and testing of the generation CTs within an accelerated 1 year cycle and consistent with the summary of the procedure within the program.

Mitigation Plan Timeline and Milestones

D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

May 4, 2013

D.3 Enter Key Milestone Activities (with due dates) that can be used to track and indicate progress towards timely and successful completion of this Mitigation Plan.

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
Develop a new NIPSCO Protection System Maintenance and Testing Program, which includes a summary of the CT maintenance/test procedure (Combined Transmission and Generation Document)	April 13, 2012
Perform maintenance and testing for all generation station BES CTs according to an accelerated schedule (1 year).	May 4, 2013



*) Note: Additional violations could be determined for not completing work associated with accepted milestones.



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) 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 to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.

No risks have been identified.

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of this Mitigation Plan by your organization will prevent or minimize the probability that the reliability of the BPS incurs further risk of similar violations in the future. Additional detailed information may be provided as an attachment.

No risks have been identified.



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 this Mitigation Plan for acceptance by ReliabilityFirst and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the ‘Date of Completion of the Mitigation Plan’ on this form, and
- c) Acknowledges:
 - 1. I am [Manager of NERC Compliance of NIPSCO](#).
 - 2. I am qualified to sign this Mitigation Plan on behalf of [NIPSCO](#).
 - 3. I have read and am familiar with the contents of this Mitigation Plan.
 - 4. [NIPSCO](#) agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature

William O. Thompson

Name (Print): [William O. Thompson](#)

Title : [Manager of NERC Compliance](#)

Date: [5/04/2012](#)

Section G: Regional Entity Contact

Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address mitigationplan@rfirst.org.

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the 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.
 - (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.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. **REDACTED**
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

¹ "North American Electric Reliability Corporation Compliance Monitoring and Enforcement Program Appendix 4C To The Rules of Procedure Effective January 1, 2011", a copy of the current version approved by the Federal Energy Regulatory Commission is posted on the ReliabilityFirst website.



mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by ReliabilityFirst 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.
- VI. ReliabilityFirst or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.



DOCUMENT CONTROL

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DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Director	Raymond J. Palmieri Vice President	<i>Raymond J. Palmieri</i>	2/22/11

DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue – Replaces “Proposed Mitigation Plan” Form	1/2/08
2.0 Tony	Purgar	Revised email address from compliance@rfirst.org to mitigationplan@rfirst.org	7/11/08
3.0	Dave Coyle	Revised CMEP	2/22/11

Certification of Mitigation Plan Completion

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

Registered Entity Name: 1 Northern Indiana Public Service Company GO GOP

NERC Registry ID: NCR02610

NERC Violation ID(s): RFC2012010010

Mitigated Standard Requirement(s): PRC-005-1 R1,

Scheduled Completion as per Accepted Mitigation Plan: May 04, 2013

Date Mitigation Plan completed: December 20, 2012

RFC Notified of Completion on Date: July 30, 2013

Entity Comment:

Additional Documents			
From	Document Name	Description	Size in Bytes
Entity	Audit Mitigation Plan NCR02610 PRC-005-1a R2 R2.1 R2.2.zip	Zip file of all field data from testing all Generation PTs /CTs	26,904,310
Entity	Combined_ProtectionSystem Maint_and Testing program.pdf		482,241
Entity	Certification Completed Mitigation Plan NCR02610 PRC-005-1a R2.pdf		130,003

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

Name: William Thompson

Title: Manager of NERC Compliance

Email: wothompson@nisource.com

Phone: 1 (219) 407-94079

Authorized Signature _____ Date _____

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



***In re:* NORTHERN INDIANA PUBLIC) Docket No. RFC2012010010**
SERVICE COMPANY)
))
))
NERC Registry ID No. NCR02610) NERC Reliability Standard:
) PRC-005-1, Requirement 1

**VERIFICATION OF MITIGATION PLAN COMPLETION
FOR
RFCMIT007720**

I. RELEVANT BACKGROUND

From December 6, 2011 through December 13, 2011, ReliabilityFirst Corporation (“ReliabilityFirst”) conducted a compliance audit of Northern Indiana Public Service Company (“NIPSCO”) during which ReliabilityFirst identified a possible violation of Reliability Standard PRC-005-1, R1. NIPSCO did not include a defined interval for maintenance and testing of CTs and PTs or a summary of maintenance and testing procedures for CTs and PTs in its Program.¹

On May 4, 2012, NIPSCO submitted a proposed mitigation plan to ReliabilityFirst stating NIPSCO would complete all mitigating actions on May 4, 2013. On June 4, 2012, ReliabilityFirst accepted this mitigation plan, designated RFCMIT007720, and on September 18, 2012, the North American Electric

II. MITIGATION PLAN COMPLETION REVIEW PROCESS

On July 30, 2013, NIPSCO certified that it completed the mitigation plan for PRC-005-1, R1 as of December 20, 2012. ReliabilityFirst requested and received evidence of completion for the actions NIPSCO took as specified in the mitigation plan. ReliabilityFirst performed an in-depth

¹ In its Program, NIPSCO states “all [CTs and PTs] providing the inputs to the protective relay are acceptance tested at initial installation. Any further testing is done at the discretion of the station electrical engineers.”

review of the information provided to verify that NIPSCO successfully completed all actions specified in the mitigation plan.

A. Evidence Reviewed per Standard and Requirement.

<u>Evidence Reviewed</u>		<u>Applicable Standard and Requirement</u>
1.	Combined_ProtectionSystemMaint_and Testing program.pdf	PRC-005-1, R1
2.	In-Service Load Checks 2012 GT1A.pdf	
3.	In-Service Load Checks 2012 GT1B.pdf	
4.	In-Service Load Checks 2012 STG.pdf	
5.	MCGS Current-Potential Data 20130730.pdf	
6.	Unit 7 CT PT Testing minus Expected.pdf	
7.	Unit 8 CT PT Test Results minus expected.pdf	
8.	Unit 10 PT CT Test Results minus expected.pdf	
9.	U14.pdf	
10.	U15.pdf	
11.	U16A.pdf	
12.	U16B.pdf	
13.	U17.pdf	
14.	U18.pdf	

B. Verification of Mitigation Plan Completion.

PRC-005-1, R1 states:

R1. Each [TO] and any [DP] that owns a transmission Protection System and each [GO] that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

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

R1.2. Summary of maintenance and testing procedures.

Milestone 1: Develop a new NIPSCO Protection System Maintenance and Testing Program, which includes a summary of the CT maintenance/test procedure (Combined Transmission and Generation Document)

File No. 1 is NIPSCO's updated Protection System Maintenance and Testing Program. The testing interval for CTs and PTs is 6 years with a 1-year grace period.

This evidence demonstrates successful completion of Milestone 1.

Milestone 2: Perform maintenance and testing for all generation station BES CTs according to an accelerated schedule (1 year).

File Nos. 2 through 14 are the testing records for all overdue CT devices at NIPSCO's four applicable generating stations.

This evidence demonstrates successful completion of Milestone 2.

III. CONCLUSION

ReliabilityFirst reviewed the evidence NIPSCO submitted in support of its Certification of Mitigation Plan Completion. ReliabilityFirst determined this evidence demonstrates NIPSCO successfully completed the mitigating activities in mitigation plan RFCMIT007720 associated with PRC-005-1, R1.

ReliabilityFirst verifies that NIPSCO completed the mitigation plan associated with the possible violation of the Reliability Standard in accordance with its terms and conditions.

Approved:

A handwritten signature in black ink that reads "Robert K. Wargo". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Robert K. Wargo
Director of Analytics & Enforcement
ReliabilityFirst Corporation

Date: August 7, 2013

Attachment e

Record documents for the violation of FAC-009-1 R1

- 1. Reliability *First's* Summary for Possible Violation dated December 9, 2011**
 - 2. NIPSCO's Mitigation Plan designated as RFCMIT007722 submitted May 4, 2012**
 - 3. NIPSCO's Certification of Mitigation Plan Completion dated November 15, 2012**
 - 4. Reliability *First's* Verification of Mitigation Plan Completion dated June 17, 2013**
-



Summary for Possible Violation (PV)

Registered Entity: Northern Indiana Public Service Company

NERC ID#: NCR02611

Compliance Monitoring Process: Compliance Audits

Standard and Requirement: FAC-009-1 Requirement 1

Registered Function(s) in Violation: Transmission Owner (TO)

Initial PV Date (Actual Date Discovered): 12/9/2011

Date for Determination of Penalty/Sanction (Beginning Date of Violation): 12/12/2008

Violation Risk Factor: VRF - Medium

Violation Severity Level: VSL - Level 3

Violation Reported By: Audit Team

Basis for the PV: NIPSCO did not establish Facility Ratings consistent with their Facility Ratings Methodology.

Facts and Evidence pertaining to the PV: NIPSCO provided Facility Ratings for thirty-three (33) Transmission facilities that were randomly selected by the audit team. However, NIPSCO did not provide evidence that these Facility Ratings were established per their Facility Rating Methodology. The audit team made an additional request asking NIPSCO, "Provide Facility Ratings for each of the identified Transmission facilities as of 9/6/2011, showing it was established consistent with the associated Facility Ratings Methodology that was in effect on 9/6/2011. Include all equipment Facility Ratings for each facility. Ensure that evidence is provided showing that the Facility Ratings for Protective Relays were established according to the Facility Ratings Methodology that was in effect on 9/6/2011." The audit team reviewed NIPSCO's response to this request and identified two (2) discrepancies with their Facility Ratings:

- The facility rating sheet for line 13808 used the incorrect conductor size for the section from the Roxana North Bus to the 13808 bus side disconnect switch. This resulted in a Facility Rating that was not equal the most limiting applicable equipment rating of all the individual equipment that comprises the Facility.
- The facility rating sheet for line 13821_NW did not include the equipment rating for the line disconnect switch to the Leesburg Tap. This resulted in a Facility Rating that was not equal the most limiting applicable equipment rating of all the individual equipment that comprises the Facility.

Per NIPSCO's *Facility Ratings Methodology- Transmission*, it states in Section 1.1, "Facility rating is the most limiting applicable equipment rating of the individual equipment that comprises that facility." However, NIPSCO's Facility Rating of transmission lines did not consider terminal equipment ratings where the transmission line terminates through two parallel circuit breakers. For example, the stated Facility Rating for the 345005 circuit was 2000 amps, however, there were other elements that are part of that Facility that had a lower Facility Rating, for instance, CT's had a Facility Rating of 1500 amps. NIPSCO stated this CT Facility Rating would not be limiting as there are two branches off of the circuit and as such, the flow on that circuit would be split along the two branches and as such, the 2 CT's. NIPSCO's *Facility Ratings Methodology- Transmission* did not make mention of the splitting of the flow on Facilities affecting the Facility Ratings.

Overall, the audit team identified a Possible Violation as NIPSCO's Facility Ratings were not equal to the most limiting applicable equipment that comprises their Transmission Facilities which contradicts what their methodology stated.

Potential Impact to Bulk Electrical System (BES): Severe

- **Provide Explanation for Potential Impact to BES:** The potential impact to the BES from incorrectly establishing Facility Ratings can be severe as the possibility exists to operate equipment at levels greater than they are designed to do so. However, the audit team believes a larger and very concerning issue is the the fact that NIPSCO does not consider some of their BES equipment in establishing their Facility Ratings and planning and operating in that manner may damage equipment possibly have a severe impact on the BES. For example, if NIPSCO is operating the 345005 circuit at its limit of 2000 amps and a contingency occurs and one branch is lost, the remaining branch would see most of that 2000 amp flow, however, the CT on that branch is only rated at 1500 amps and may fail due to the contingent flow. NIPSCO stated that they would change the Facility Ratings within their Energy Management System if a contingency would occur and there was a need to operate to a more limiting Facility Rating. However, the audit team still found this way of planning and operating the BES to be a area of concern (The audit team did not formally identify this as an area of concern to NIPSCO as it was discussed during the Possible Violation discussion) and deserving further attention from either a Spot Check or investigation.



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 5/04/2012

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in “Attachment A - Compliance Notices & Mitigation Plan Requirements.”
- A.2 This form must be used to submit required Mitigation Plans for review and acceptance by ReliabilityFirst and approval by NERC.
- A.3 I have reviewed Attachment A and understand that this Mitigation Plan Submittal Form will not be accepted unless this box is checked.

Section B: Registered Entity Information

B.1 Identify your organization.

Company Name: Northern Indiana Public Service Co.
("NIPSCO")

Company Address: 1500 165th St.
Hammond, IN 46320

NERC Compliance Registry ID: NCR02611

B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan.

Name: William O. Thompson

Title: Manager of NERC Compliance

Email: wothompson@nisource.com

Phone: 219-853-4079



**Section C: Identification of Alleged or Confirmed Violation(s)
Associated with this Mitigation Plan**

C.1 This Mitigation Plan is associated with the following Alleged or Confirmed violation(s) of the reliability standard listed below.

NERC Violation ID No. (RFC Docket No.)	Reliability Standard	Requirement Number	Violation Risk Factor	Alleged or Confirmed Violation Date ^(*)	Method of Detection (e.g., Audit, Self-report, Investigation)
RFC2012010015	FAC-009-1	R1	Medium	December 9, 2011	Audit

(*) Note: The Alleged or Confirmed Violation Date shall be expressly specified by the Registered Entity, and subject to modification by ReliabilityFirst, as: (i) the date the Alleged or Confirmed violation occurred; (ii) the date that the Alleged or Confirmed violation was self-reported; or (iii) the date that the Alleged or Confirmed violation has been deemed to have occurred on by ReliabilityFirst. Questions regarding the date to use should be directed to the ReliabilityFirst contact identified in Section G of this form.

C.2 Identify the cause of the Alleged or Confirmed violation(s) identified above. Additional detailed information may be provided as an attachment.

During RFC’s Compliance Audit of NIPSCO, conducted December 6-13, 2011, the audit team identified a Possible Violation (PV) of FAC-009-1 R1. This PV alleges that NIPSCO’s Facility Ratings were not established consistent with their Facility Ratings Methodology for their transmission lines.

The audit team found the following two discrepancies in the *Facility Rating Sheets* provided by NIPSCO during the audit:

- The facility rating sheet for line 13808 used the incorrect conductor size for the section from the Roxana North bus to the 13808 bus side disconnect switch.
- The facility rating sheet for line 13821_NW did not include the equipment rating for the line disconnect switch to the Leesburg Tap.



The Facility Ratings also did not detail that where a transmission line terminates through two parallel circuit breakers, the Facility Ratings of certain pieces of equipment on those parallel paths were not considered in the overall Facility Ratings of the transmission line.

Note: If a formal root cause analysis evaluation was performed, submit a copy of the summary report.

- C.3 Provide any additional relevant information regarding the Alleged or Confirmed violations associated with this Mitigation Plan. Additional detailed information may be provided as an attachment.

Through investigation, NIPSCO has discovered that there are times when the substation drawing and the actual device in the field do not match. This is what happened with 13808. This circuit was re-rated and entered into the network model, the EMS, and the MISO Webtool on 12/06/2011. Since the discovery of the incorrect conductor size for line 13808, NIPSCO has started a review of all BES circuits to confirm substation drawing information. Additional discovered discrepancies have not resulted in an incorrect Facility Rating. Once information is confirmed, NIPSCO will update our ratings spreadsheets and submit all new ratings.

NIPSCO is also investigating all 138KV line switches at tap points. In the past, NIPSCO assumed all line switches were sized for the line in which they are located. For Circuit 13821_NW, this was not the case. This circuit was re-rated and entered into the network model, the EMS, and the MISO Webtool on 12/06/2011. Line Switches will be added to the Ratings Spreadsheet for all lines which contain line switches and if there is a ratings change, the change will be made immediately.

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 Alleged or Confirmed violations identified above in Part C.1 of this form. Additional detailed information may be provided as an attachment.

NIPSCO immediately started a review and revision of its Facility Ratings Methodology. The Facility Ratings Methodology has been revised to include the rating methodology for a ring bus or breaker and a half scheme. This revision was put into production on 2/10/2012.



Upon the discovery of the incorrect ratings for 13808 and 13821_NW, NIPSCO immediately took actions to re-rate the circuits. NIPSCO is currently in the process of field verifying conductor sizes. These verified sizes will be compared to NIPSCO's engineer drawings. Any discrepancies that are identified will be fixed at the time that they are first discovered. In addition to the re-rating of 13808, the engineering drawings have been corrected. NIPSCO has 151 facilities to field verify requiring many man hours to complete. The timeline and milestones are listed out below.

Mitigation Plan Timeline and Milestones

- D.2 Provide the date by which full implementation of the Mitigation Plan will be, or has been, completed with respect to the Alleged or Confirmed violations identified above. State whether the Mitigation Plan has been fully implemented, and/or whether the actions necessary to assure the entity has returned to full compliance have been completed.

The Mitigation Plan has not yet been fully implemented. Mitigation actions were immediately implemented by the re-rating of two circuits. Thus far, 75% of 345 kV circuits have been verified with no discrepancies. Full implementation of the Mitigation Plan will be completed by December 31, 2012. The Mitigation Plan has a schedule that mirrors the aggressive approach laid out in NERC's Compliance Application Notice – 0009 (Revised: November 11, 2011), which addresses a similar situation where field conditions may differ from design drawings. Furthermore, the Mitigation Plan specifies completion of the milestones in a faster time frame than set forth in the Compliance Application Notice.

Compliance Application Notice-0009 sets a completion date for Lowest Priority Facilities by December 31, 2013. NIPSCO, with NERC approval, has designated its 138 kV facilities as 'Lowest Priority Facilities'. The field verification and review of these facilities, as related to this mitigation, will be completed by December 31, 2012.

- D.3 Enter Key Milestone Activities (with due dates) that can be used to track and indicate progress towards timely and successful completion of this Mitigation Plan.

RELIABILITY FIRST

Key Milestone Activity	Proposed/Actual Completion Date* (shall not be more than 3 months apart)
Revise 'Facility Ratings Methodology-Transmission' to include the rating methodology for a ring bus or breaker and a half scheme.	2-10-2012
Complete 345kV field verification/ review and correct any ratings if necessary when the correction is first discovered.	7-31-2012
Complete all BES transformer field verification/ review and correct any ratings if necessary when the correction is first discovered.	10-31-2012
Complete 138kV field verification/ review and correct any ratings if necessary when the correction is first discovered.	12-31-2012

(*) Note: Additional violations could be determined for not completing work associated with accepted milestones.



Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing this Mitigation Plan the reliability of the Bulk Power System (BPS) 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 to mitigate this increased risk to the reliability of the BPS. Additional detailed information may be provided as an attachment.

The BPS may be at higher risk until all conductor sizes are verified if the Facility Rating is not equal to the most limiting applicable equipment rating of all the individual equipment that comprises the Facility.

NIPSCO is performing field verification for each of its 151 facilities, reviewing and correcting any ratings if necessary as outlined in D.3. Thus far, 75% of 345 kV circuits have been verified, all with no discrepancies.

Prevention of Future BPS Reliability Risk

- E.2 Describe how successful completion of this Mitigation Plan by your organization will prevent or minimize the probability that the reliability of the BPS incurs further risk of similar violations in the future. Additional detailed information may be provided as an attachment.

The 'Facility Ratings Methodology' has been revised to include the rating methodology for a ring bus or breaker and a half scheme. This provides clarity on how NIPSCO develops its Facility Ratings for the scenario when a transmission line terminates through two parallel circuit breakers. Including this scenario in the Methodology will ensure that the BPS incurs no further risk of similar violations in the future.

The successful completion of the field verification portion of the Mitigation Plan will leave NIPSCO with Facility Ratings that are developed consistent with NIPSCO's 'Facility Ratings Methodology' as required in FAC-009-1 R1. This will ensure that the BPS incurs no further risk of similar violations in the future.



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 this Mitigation Plan for acceptance by ReliabilityFirst and approval by NERC, and
- b) If applicable, certifies that this Mitigation Plan was completed on or before the date provided as the ‘Date of Completion of the Mitigation Plan’ on this form, and
- c) Acknowledges:
 - 1. I am William O. Thompson of Northern Indiana Public Service Company (“NIPSCO”).
 - 2. I am qualified to sign this Mitigation Plan on behalf of NIPSCO.
 - 3. I have read and am familiar with the contents of this Mitigation Plan.
 - 4. NIPSCO agrees to comply with, this Mitigation Plan, including the timetable completion date, as accepted by ReliabilityFirst and approved by NERC.

Authorized Individual Signature *William O. Thompson*

Name (Print): William O. Thompson

Title : Manager of NERC Compliance

Date: 5/04/2012

Section G: Regional Entity Contact

Please direct completed forms or any questions regarding completion of this form to the ReliabilityFirst Compliance e-mail address mitigationplan@rfirst.org.

Please indicate the company name and reference the NERC Violation ID # (if known) in the subject line of the e-mail. Additionally, any ReliabilityFirst Compliance Staff member is available for questions regarding the use of this form. Please see the contact list posted on the ReliabilityFirst Compliance web page.



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the 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.
 - (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.
- II. This submittal form must be used to provide a required Mitigation Plan for review and acceptance by ReliabilityFirst and approval by NERC.
- III. **REDACTED**
- IV. This Mitigation Plan Submittal Form may be used to address one or more related Alleged or Confirmed violations of one Reliability Standard. A separate

¹ "North American Electric Reliability Corporation Compliance Monitoring and Enforcement Program Appendix 4C To The Rules of Procedure Effective January 1, 2011", a copy of the current version approved by the Federal Energy Regulatory Commission is posted on the ReliabilityFirst website.



mitigation plan is required to address Alleged or Confirmed violations with respect to each additional Reliability Standard, as applicable.

- V. If the Mitigation Plan is accepted by ReliabilityFirst 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.
- VI. ReliabilityFirst or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the BPS.



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DOCUMENT APPROVAL

Prepared By	Approved By	Approval Signature	Date
Robert K. Wargo Director	Raymond J. Palmieri Vice President	<i>Raymond J. Palmieri</i>	2/22/11

DOCUMENT CHANGE/REVISION HISTORY

Version	Prepared By	Summary of Changes	Date
1.0	Robert K. Wargo	Original Issue – Replaces “Proposed Mitigation Plan” Form	1/2/08
2.0 Tony	Purgar	Revised email address from compliance@rfirst.org to mitigationplan@rfirst.org	7/11/08
3.0	Dave Coyle	Revised CMEP	2/22/11

Certification of Mitigation Plan Completion

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

Registered Entity Name: Northern Indiana Public Service Company

NERC Registry ID: NCR02611

NERC Violation ID(s): RFC2012010015

Mitigated Standard Requirement(s): FAC-009-1 R1,

Scheduled Completion as per Accepted Mitigation Plan: December 31, 2012

Date Mitigation Plan completed: October 03, 2012

RFC Notified of Completion on Date: November 15, 2012

Entity Comment:

Additional Documents			
From	Document Name	Description	Size in Bytes
Entity	Audit Certification of a Completed Mitigation Plan NCR02611 for FAC-009-1 R1.doc		121,856

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

Name: William O. Thompson

Title: Manager NERC Compliance

Email: wothompson@NiSource.com

Phone: 1 (219) 853-4079

Authorized Signature _____ Date _____

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



***In re:* NORTHERN INDIANA PUBLIC) Docket No. RFC2012010015**
SERVICE COMPANY)
)
)
)
NERC Registry ID No. NCR02611) NERC Reliability Standard:
) FAC-009-1, Requirement 1

**VERIFICATION OF MITIGATION PLAN COMPLETION
FOR
RFCMIT007722**

I. RELEVANT BACKGROUND

From December 6, 2011 to December 13, 2011, ReliabilityFirst Corporation (“ReliabilityFirst”) conducted a compliance audit of Northern Indiana Public Service Company (“NIPSCO”) during which ReliabilityFirst identified a possible violation of Reliability Standard FAC-009-1, R1. NIPSCO did not establish Facility Ratings consistent with its Facility Ratings Methodology. Specifically, NIPSCO’s Facility Rating Methodology states that the “[f]acility rating is the most limiting applicable equipment rating of the individual equipment that comprises that facility.” However, NIPSCO’s Facility Rating of transmission lines did not consider terminal equipment ratings where the transmission line terminates through two parallel circuit breakers.

On May 4, 2012, NIPSCO submitted a proposed mitigation plan to ReliabilityFirst stating NIPSCO would complete all mitigating actions on December 31, 2012. On June 4, 2012, ReliabilityFirst accepted this mitigation plan, designated RFCMIT007722, and on September 18, 2012, the North American Electric Reliability Corporation (“NERC”) approved it.

II. MITIGATION PLAN COMPLETION REVIEW PROCESS

On November 15, 2012, NIPSCO certified that it completed the mitigation plan for FAC-009-1, R1 as of October 3, 2012. ReliabilityFirst requested and received evidence of completion for the actions NIPSCO took as specified in the mitigation plan. ReliabilityFirst performed an in-depth

review of the information provided to verify that NIPSCO successfully completed all actions specified in the mitigation plan.

A. Evidence Reviewed per Standard and Requirement.

<u>Evidence Reviewed</u>		<u>Applicable Standard and Requirement</u>
1.	Audit Certification of a Completed Mitigation Plan NCR02611 for FAC-009-1 R1.doc	FAC-009-1, R1
2.	RFC2012010015 FAC-009 R1.pdf	

B. Verification of Mitigation Plan Completion.

FAC-009-1, R1 states:

R1. The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.

Milestone 1: Revise ‘Facility Ratings Methodology- Transmission’ to include the rating methodology for a ring bus or breaker and a half scheme.

File No. 2 is Version 6 of NIPSCO's Facility Ratings Methodology. Section 5.1.1.1 explains the methodology for rating a ring bus or breaker-and-a-half scheme.

This evidence demonstrates successful completion of Milestone 1.

Milestone 2: Complete 345kV field verification/ review and correct any ratings if necessary when the correction is first discovered.

File No. 1 is an attestation that NIPSCO completed the 345kV field verification and did not find any discrepancies.

This evidence demonstrates successful completion of Milestone 2.

Milestone 3: Complete all BES transformer field verification/ review and correct any ratings if necessary when the correction is first discovered.

File No. 1 is an attestation that NIPSCO completed the BES transformer verification and did not find any discrepancies.

This evidence demonstrates successful completion of Milestone 3.

Milestone 4: Complete 138kV field verification/ review and correct any ratings if necessary when the correction is first discovered.

File No. 1 is an attestation that NIPSCO completed the 138kV field verification and correct the one error discovered.

This evidence demonstrates successful completion of Milestone 4.

III. CONCLUSION

ReliabilityFirst reviewed the evidence NIPSCO submitted in support of its Certification of Mitigation Plan Completion. ReliabilityFirst determined this evidence demonstrates NIPSCO successfully completed the mitigating activities in mitigation plan RFCMIT007722 associated with FAC-009-1, R1.

ReliabilityFirst verifies that NIPSCO completed the mitigation plan associated with the possible violation of the Reliability Standard in accordance with its terms and conditions.

Approved:



Robert K. Wargo
Director of Analytics & Enforcement
ReliabilityFirst Corporation

Date: June 17, 2013