



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

March 1, 2010

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

**Re: NERC Notice of Penalty regarding PPL Montana, LLC
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding PPL Montana, LLC (PPLM),² NERC Registry ID NCR05329,³ in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).⁴

On April 10, 2009, PPLM self-certified to Western Electricity Coordinating Council (WECC) a violation of Reliability Standard PRC-005-1 Requirement (R) 2.1 for its failure to conduct quarterly battery testing at its JE Corrett facility for the first quarter 2008. This Notice of Penalty is being filed with the Commission because, based on information from WECC, PPLM does not dispute the violation of PRC-005-1 R2.1 and the proposed five thousand dollar (\$5,000) penalty to be assessed to PPLM. Accordingly, the violation identified as NERC Violation Tracking Identification Number WECC200901409 is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on July 14, 2009, by WECC. The details of the findings and basis for the penalty are set forth herein. This Notice of

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 (2009). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A).

² NERC is submitting concurrently with this Notice of Penalty a second Notice of Penalty regarding PPL Montana, LLC related to the NERC Reliability Standard VAR-002-1.

³ Western Electricity Coordinating Council confirmed that PPLM was included on the NERC Compliance Registry as a Generator Operator, Generator Owner and Purchasing-Selling Entity on June 17, 2007. As a Generator Owner, PPLM is subject to the requirements of NERC Reliability Standard PRC-005-1.

⁴ See 18 C.F.R. § 39.7(c)(2).

Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (BOTCC). In accordance with Section 39.7 of the Commission's Regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying the Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	PPL Montana, LLC	NOC-227	WECC200901409	PRC-005-1	2.1	High ⁵	\$5,000

The purpose of Reliability Standard PRC-005-1 is to ensure all transmission and generation Protection Systems⁶ affecting the reliability of the bulk power system (BPS) are maintained and tested.

PRC-005-1 R2 requires each Generation Owner, such as PPLM, that owns a generation Protection System to provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Entity on request (within 30 calendar days). Specifically, PRC-005-1 R2.1 requires the documentation of the program implementation to include evidence that Protection System devices were maintained and tested within the defined intervals, and PRC-005-1 R2.2 requires the documentation of the program implementation to include the date(s) each Protection System device was last tested/maintained. PRC-005-1 R2.1 has a "High" Violation Risk Factor.

On April 10, 2009, PPLM self-certified a possible violation of PRC-005-1 R2.1. PPLM discovered that it failed to complete quarterly battery maintenance for the first quarter of 2008 at its J.E. Corette generation facility. PPLM tests six pilot cells as part of its monthly maintenance, whereas during quarterly maintenance all cells are tested. PPLM explained that its historic practice had been to allow one grace period for a missed monthly or quarterly battery test because of the frequency of its battery testing. However, PPLM had not documented this practice in its Protection System maintenance and testing procedures at the time it missed the quarterly battery test. WECC subject matter experts reviewed PPLM's Self-Certification and determined that PPLM had a possible violation of PRC-005-1 R2.1.

WECC Enforcement (Enforcement) reviewed PPLM's Self-Certification and confirmed that a violation occurred because PPLM failed to complete quarterly battery testing for the first quarter of 2008 in accordance with its Protection System maintenance and testing program.

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

⁶ The NERC Glossary of Terms Used in Reliability Standards, updated April 20, 2009, defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

Enforcement considered, in assessing the risk to the reliability of the BPS, that certain monthly maintenance was being performed, but not all required monthly maintenance, and that the maintenance records from the quarters immediately preceding and immediately following the missed battery testing indicated there was no degradation of battery performance over the missed interval. In addition, PPLM's DC system is continuously monitored in the control room via system ground alarms and metering equipment. For these reasons, WECC determined that this violation did not pose a serious or substantial risk to the bulk power system.

Enforcement determined the duration of the subject violation to be from January 1, 2008, the beginning date of the quarter PPLM failed to conduct quarterly battery testing, through March 31, 2008, when the subject quarter ended.

WECC's Determination of Penalty

WECC assessed a penalty of five thousand dollars (\$5,000) for the referenced violation. In reaching this determination, WECC considered the following mitigating factors:

1. the violation was deemed by WECC not to be a violation that put BPS reliability at serious or substantial risk as discussed above;
2. the violation was PPLM's first violation of this Reliability Standard;
3. WECC determined there were no aggravating factors warranting a higher penalty;
4. PPLM was cooperative throughout the compliance process;
5. there was no evidence of any attempt by PPLM to conceal the violation; and
6. there was no evidence that PPLM's violation was intentional.

Therefore, WECC determined that, in this instance, the penalty amount of five thousand dollars (\$5,000) is appropriate and bears a reasonable relation to the seriousness and duration of the PRC-005-1 R2.1 violation.

Status of Mitigation Plan⁷

PPLM's Mitigation Plan to address the referenced violation was submitted to WECC on April 28, 2009, was accepted by WECC on May 7, 2009 and was approved by NERC on May 19, 2009. The Mitigation Plan for the violation of PRC-005-1 R2.1 is designated as MIT-08-1697 and was submitted as non-public information to FERC on May 19, 2009, in accordance with FERC orders.

PPLM's Mitigation Plan had an approved completion date of September 30, 2009 and required PPLM to first state that it would work to provide additional training and increase communication. PPLM plant management had to discuss the details of this violation with appropriate personnel to highlight the need for strict adherence to work practices and to use additional caution when performing work on equipment important to the reliability of the BPS. The PPLM Generation Compliance Committee members also had to discuss this event to share lessons learned across the PPLM generation fleet. These work group discussions emphasize the importance of routine maintenance activities. Second, PPLM had to update its Protection

⁷ See 18 C.F.R § 39.7(d)(7).

System maintenance and testing procedures to reflect the previously unwritten practice of allowing a one-cycle grace period for performing battery maintenance and testing. According to PPLM, this change recognized that routine maintenance activities can be deferred by one cycle without adverse impact to the reliability of the equipment and ensured that the plant is working to a defined program. The PPLM strategy reflected in this revised procedure continues to exceed the requirements in the *NERC Protection System Maintenance Technical Reference* document dated September 13, 2007. Finally, PPLM stated that it would make changes in its work management program to identify clear work orders. PPLM will note equipment related to the requirements set forth in PRC-005 in its work management database to make it clear to workers that activities associated with this equipment have a high priority and require additional documentation to ensure compliance.

On September 30, 2009, PPLM certified to WECC that its Mitigation Plan had been completed on September 15, 2009. PPLM submitted a training agenda, training attendance reports and its revised procedures. Specifically, PPLM submitted:

Training and communication evidence showing plant management discussed the details of the violation with appropriate personnel to highlight the need for strict adherence to work practices and additional caution when performing work on equipment important to the reliability of the bulk power system. The PPL Generation Compliance Committee members also discussed this event to share lessons learned across the PPL Generation fleet. These work group discussions emphasized the importance of routine maintenance activities for NERC related equipment.

- *PRC-005 Communication Action Item 4967*, dated April 10, 2009. The purpose of the action was to review the violation event with appropriate staff and to reinforce procedural requirements and expectations.
- Training materials, dated April 15, 2009. This included the procedure then in place when the violation occurred, description of event, and training roster.
- *Compliance Committee Agenda*, dated April 16, 2009. A bi-weekly meeting with PPL Compliance professionals to discuss compliance activities.
- *Managers' Compliance Update Agenda*, dated April 23, 2009. A monthly meeting with PPL managers to discuss compliance activity status.

Procedure change evidence showing plant management changed the procedure governing maintenance activities for equipment covered by NERC Standards to document the previously unwritten process that allows a one-cycle grace period for performing routine maintenance. According to PPLM, this change recognizes that routine maintenance activities can be deferred by one cycle without adverse impact to the reliability of the equipment and ensures that the plant is working to a defined program. The PPLM strategy reflected in this revised procedure continues to exceed the requirements in the *NERC Protection System Maintenance -Technical Reference* document dated September 13, 2007.

- *Corette System Protection Coordination, Maintenance and Testing Procedure*, revision 2, dated May 22, 2009. The revised procedure allows a maintenance and testing interval grace period.

Equipment identification change evidence showing PPLM changed the work management program to clearly identify work orders generated for NERC-related equipment. Equipment related to PRC-005-1 has been noted in the work management database to make it clear to workers that activities associated with the equipment have a high priority and require additional documentation when completing the work to ensure compliance with NERC Reliability Standards.

- E-mail dated September 15, 2009. - Work management system changes are detailed in this communication
- E-mail attachment *Setting up pmids.doc*, dated September 14, 2009. The attachment documents the process for identifying NERC-impacting equipment and the process used to make changes to equipment records in the work management system.
- E-mail attachment *PPL Montana NERC Equip 091409.xls*, dated September 14, 2009. The attachment lists equipment at each PPLM plant that potentially impacts NERC compliance.

On November 5, 2009, after WECC's review of PPLM's submitted evidence, WECC verified that PPLM had completed its Mitigation Plan on September 15, 2009 and notified PPLM in a letter dated November 20, 2009 that it was in compliance with PRC-005-1 R2.1.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁸ Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,⁹ the NERC BOTCC reviewed the NOCV and supporting documentation on January 15, 2010. The NERC BOTCC approved the assessment of a five thousand dollar (\$5,000) penalty against PPLM based upon WECC's findings and determinations, the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

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

1. The violation is the first violation of PRC-005-1 R2.1 by PPLM;
2. WECC reported that PPLM was cooperative throughout the compliance process;
3. There was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. WECC determined there were no aggravating factors warranting a higher penalty;
5. there was no evidence that PPLM's violation was intentional; and
6. The violation was deemed not to be a violation that put bulk power system reliability at serious or substantial risk, as discussed above.

⁸ See 18 C.F.R. § 39.7(d)(4).

⁹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

For the foregoing reasons, the NERC BOTCC believes that the proposed five thousand dollar (\$5,000) penalty amount is appropriate for the violation and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the bulk power system. Pursuant to Order No. 693, the penalty will be effective upon expiration of the thirty (30) day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Attachments Included as Part of the Notice of Penalty

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

- a) PPLM's Self-Certification dated April 10, 2009, included as Attachment a;
- b) PPLM's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated October 13, 2009, included as Attachment b;
- c) Mitigation Plan designated as MIT-08-1697 submitted April 28, 2009, included as Attachment c;
- d) PPLM's Certification of Completion of the Mitigation Plan dated September 30, 2009, included as Attachment d; and
- e) WECC's Verification of Completion of the Mitigation Plan dated November 20, 2009, included as Attachment e.

A Form of Notice Suitable for Publication¹⁰

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

¹⁰ See 18 C.F.R. § 39.7(d)(6).

Notices and Communications

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

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 08540-5721 (609) 452-8060 (609) 452-9550 – facsimile gerry.cauley@nerc.net david.cook@nerc.net</p> <p>PPL Montana, LLC 303 N. Broadway, Suite 400 Billings, MT 59101</p> <p>Thomas E. Lehman* Compliance Specialist (406) 237-6966 (406) 237-6901 – facsimile telehman@pplweb.com</p> <p>Bradley E. Spencer* Vice President & COO – MT (406) 237-6902 (406) 237-6901 – facsimile bespencer@pplweb.com</p> <p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel Holly A. Hawkins* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net</p> <p>Western Electricity Coordinating Council 615 Arapeen Drive, Suite 210 Salt Lake City, UT 84108-1262</p> <p>Louise McCarren* Chief Executive Officer (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Steven Goodwill* Associate General Counsel (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p> <p>Constance White* Vice President of Compliance (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p> <p>Christopher Luras* Manager of Compliance Enforcement (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p>
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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,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
116-390 Village Boulevard
Princeton, N.J. 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
gerry.cauley@nerc.net
david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
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1120 G Street, N.W.
Suite 990
Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

cc: PPL Montana, LLC
Western Electricity Coordinating Council

Attachments

Attachment a

PPLM's Self-Certification dated April 10, 2009

Logged in as:

Tom Lehman

Log Out

System Administration

Compliance

File Upload

PRC-005-1 Self Certification - Transmission and Generation Protection System Maintenance and Testing - April 1, 2008 - March 31, 2009

Save Item | Delete Item | Cancel Changes | Save PDF | Return To Search Results

New Mitigation Plan | Attachments (0)

This form was marked as ready for authorized signatory approval on 4/10/2009.

* Required Fields

Status: Saved

Technical Contact

* Annette M. Bannon (ambannon@pplweb.com) Find | Clear | New Contact

WECC will disclose this information to NERC and other third parties, only as required, and in accordance with established procedures pursuant to section 1500 of the NERC rules of procedure.

Applicable Function(s): GO

As an authorized representative of **PPL Montana, LLC**, I certify the following:

C NC N/A **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.

Additional Comments

C NC N/A **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 each Protection System device was last tested/maintained.

Violation was previously self-reported or identified by PPL Montana, LLC

Yes No

Violation Severity Level (Levels of Non-Compliance)

LNC - Level 2

Provide a detailed explanation of non-compliance

During the period subject to this self-certification, PPL Montana, LLC missed one quarterly battery test at Corette. All monthly battery tests were performed, including a monthly test that was

performed when the quarterly was missed. PPL Montana's historic practice has been to allow one grace period for a missed monthly or quarterly battery test, given the frequency of its battery testing. This practice has since been documented in writing in its maintenance and testing program, but was an unwritten practice at the time the quarterly battery test was missed. PPL Montana is uncertain whether this rises to a level of non-compliance but has checked the non-compliant designation out of an abundance of caution.

Reliability Impact to the Bulk Power System

Minimal

Describe the Reliability Impact of this Non-Compliance

The reliability impact of the missed quarterly battery check is minimal. Plant operating personnel monitor the DC station service supply system voltage locally each day. Also, the DC system is continuously monitored in the control room via system ground alarm and metering equipment. All monthly checks were performed as required. Maintenance records from the quarter before the missed activity and the quarter after the missed activity indicate that there was no degradation of the batteries over the missed interval.

Summary of Self Certification Submittal [Auto Populated from responses]:

PPL Montana, LLC is in Compliance with NERC Reliability Standard PRC-005-1 Requirement(s):
R1

PPL Montana, LLC is Non-Compliant with NERC Reliability Standard PRC-005-1 Requirement(s):
R2

[Return to top](#)

b Ready for Authorized Signatory Approval



Save Item



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Cancel Changes



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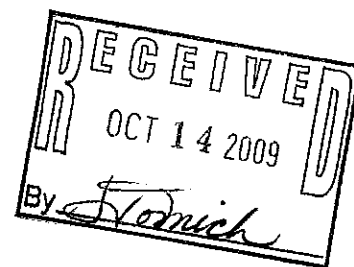
Return To Search Results

Attachment b

PPLM's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated October 13, 2009

Thomas E. Lehman
Compliance Specialist

PPL Montana, LLC
303 N. Broadway, Suite 400
Billings, MT 59101
Tel. 406.237.6966 Fax 406.237.6901
telehman@pplweb.com



October 13, 2009

Michael Dalebout
Senior Compliance Enforcement Analyst
Western Electricity Coordinating Council
615 Arapeen Drive
Suite 210
Salt Lake City, UT 84108-1262

RE: NERC Violation Tracking Identification Number – WECC200901508
WECC Tracking Identification Number – PPLM_WECC20091578

Dear Mr. Dalebout:

PPL Montana, LLC ("PPLM") is in receipt of the Western Electricity Coordinating Council's ("WECC") September 14, 2009 Notice of Alleged Violation and Proposed Penalty or Sanction (the "NOAV") relating to the tracking numbers captioned above. While PPLM does not contest the proposed penalty or sanction for the Alleged Violation, as previously discussed with you, it respectfully requests that WECC correct certain statements when it issues its Notice of Confirmed Violation in this proceeding.

In particular, PPLM requests that the Notice of Confirmed Violation amend the statement in Attachment 1 to the NOAV, at page 7, that "no mitigation plan has been filed at this time." PPLM submitted a mitigation plan on July 9, 2009, together with its self-report relating to the matter at issue. Indeed, several days prior to the issuance of the NOAV, the North American Electric Reliability Corporation ("NERC") indicated that it approved the PPLM mitigation plan. As of this time, PPLM has confirmed completion of its mitigation plan to WECC.

PPLM understands that, in indicating that the violation had been ongoing for over 750 days, WECC applied a general presumption that the violation began on the effective date of the Reliability Standards and was ongoing at the time the NOAV issued. PPLM wants to assure WECC that it promptly conducted training on its pre-existing AVR outage reporting procedure upon learning of the failures to report the eight discrete AVR out-of-service events at issue here and has not experienced any failures to report AVR outages since it filed its self-report and mitigation plan on July 9, 2009.

PPLM has a strong commitment to compliance and took prompt steps to remedy this situation, as set forth in its mitigation plan. Please let us know if you should wish to discuss the issues raised in this correspondence. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Thomas Lehman". The signature is written in a cursive, flowing style.

Thomas Lehman
Compliance Specialist

cc: Constance B. White, Vice President of Compliance
Steven Goodwill, WECC Counsel
Melissa Thompson, WECC Counsel
Louise McCarren, WECC CEO

Attachment c

**Mitigation Plan designated as MIT-08-1697
submitted April 28, 2009**



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date of submittal: 4/28/2009

If this Mitigation Plan is complete:

- Check this box ☐
- Provide the Date of the Mitigation Plan Completion:
- In order for the Mitigation Plan to be accepted for review the following items must be submitted along with this Mitigation Plan Submittal Form:
 - Evidence supporting full compliance
 - Sections A, B, C, D.1, E.2, E.3, and F must be completed in their entirety

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" to this form. **Review Attachment A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: PPL Montana, LLC
 Registered Entity Address: 303 North Broadway, Suite 400
 Billings, MT 59101-1255
 NERC Compliance Registry ID: NCR05329

- B.2 Identify the individual in your organization who will be the Entity Contact regarding this Mitigation Plan. Please see Section 6.2 of the WECC Compliance Monitoring and Enforcement Program (CMEP) for a description of the qualifications required of the Entity Contact.¹

¹ A copy of the WECC CMEP is posted on WECC's website at [http://compliance.wecc.biz/Documents/Forms/03.06%20-%20WECC%20Mitigation%20Plan%](http://compliance.wecc.biz/Documents/Forms/03.06%20-%20WECC%20Mitigation%20Plan%20Form.pdf)
 Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC



Name: Annette M. Bannon
 Title: Compliance Program Manager Supply
 Email: ambannon@pplweb.com
 Phone: 610-774-2064

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

This Mitigation Plan is associated with the alleged or confirmed violation(s) of the reliability standard/requirements listed below:

C.1 Standard: PRC-005-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R2.1	Lower/High	04/10/09	self-report

(*) Note: The Alleged or Confirmed Violation Date shall be: (i) the date the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date upon which WECC has deemed the violation to have occurred. Please contact WECC if you have questions regarding which date to use.

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

PPL Montana's J.E. Corette performs monthly and quarterly routine maintenance activities on the station batteries. In one quarter of 2008, the monthly activity was performed in place of the quarterly activity. The

strongly recommends that registered entities become familiar with the WECC CMEP and its requirements, as they may be amended from time to time.



Western Electricity Coordinating Council



monthly battery maintenance activity records data for pilot cells. The quarterly battery maintenance activity records data for all cells. Plant personnel mistakenly checked and recorded data for the battery pilot cells instead of completing these activities for all battery cells for that quarter.

This potential violation was identified during PPL Montana's internal annual compliance review. The plant work management system records indicated that all routine maintenance was completed. However, when reviewing the data for the completed maintenance activities, plant personnel discovered that the quarterly records were not completed for one quarter in 2008. Instead of records for battery data of all cells, the plant had records only for the pilot cells. Although the manufacturer recommends that one pilot cell be tested, Corette's monthly maintenance includes checks of 6 different battery cells. Thus the quarterly testing is partially completed during the monthly inspection. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

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

There was no negative reliability impact of the missed quarterly battery check. Plant operating personnel monitor the DC station service supply system voltage locally each day. Also, the DC system is continuously monitored in the control room via system ground alarm and metering equipment. All monthly checks were performed as required. Maintenance records from the quarter before the missed activity and the quarter after the missed activity indicate that there was no degradation of the batteries over the missed interval. [Provide your response here; additional detailed information may be provided as an attachment as necessary]

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

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

PPL Montana has taken/plans to take the following actions to improve maintenance programs required for equipment as identified in NERC Standard PRC-005.



Western Electricity Coordinating Council



Training/Communication - Plant management discussed the details of violation with appropriate personnel to highlight the need for strict adherence to work practices and additional caution when performing work on equipment important to the reliability of the bulk electric system. The PPL Generation Compliance Committee members also discussed this event to share lessons learned across the PPL Generation fleet. These work group discussions emphasize the importance of routine maintenance activities for NERC related equipment. Action complete

Procedure Change - Plant management changed the procedure governing maintenance activities for equipment covered by the NERC standards to document the previously unwritten process that allows a one cycle grace period for performing routine maintenance. This change recognizes that routine maintenance activities can be deferred by one cycle without adverse impact to the reliability of the equipment and ensures that the plant is working to a defined program. The PPL strategy reflected in this revised procedure continues to exceed the requirements in the NERC Protection System Maintenance - Technical Reference Document dated September 13, 2007. Action complete

Equipment Identification Change – PPL Montana plans to make changes in the work management program to identify clearly work orders generated for NERC related equipment. Equipment related to PRC-005 will be noted in the work management database to make it clear to workers that activities associated with the equipment have a high priority and require additional documentation when completing the work to ensure compliance with the NERC Electric Reliability Standards. Due Date September 30, 2009

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

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

Mitigation Plan Timeline and Milestones

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: Equipment Identification Change – PPL Montana plans to make changes in the work management program to identify clearly



Western Electricity Coordinating Council



work orders generated for NERC related equipment. Due Date
September 30, 2009

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Provide the list of equipment to be noted in the work management program to personnel responsible for making the changes in the program	June 30, 2009
Make the changes to the work management program	August 31, 2009
Communicate the completion of work management program changes to PPL staffs	September 15, 2009
Notify WECC of completion of mitigation plan.	September 30, 2009

(*) Note: Implementation milestones should be no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. As set forth in CMEP section 6.6, adverse consequences could result from failure to complete, on a timely basis, all required actions in this Mitigation Plan, including implementation of milestones. A request for an extension of the completion date of any milestone or of the Mitigation Plan must be received by WECC at least five (5) business days before the relevant milestone or completion date.

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

Additional Relevant Information (Optional)

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

PPL Montana has completed two of the three actions identified in the Mitigation Program. These actions will ensure that the appropriate maintenance activities are completed as scheduled in accordance with our program. This prevents a reoccurrence.

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



Section E: Interim and Future Reliability Risk

Check this box ☐ and proceed and respond to Part E.2, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.

Abatement of Interim BPS Reliability Risk

- E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are known, reasonably suspected or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

As noted in Section C4 above, the missed battery activity did not result in a risk to the Bulk Power System. Routine maintenance activities have been performed as required since the missed activity in 2008. No battery degradation occurred during the missed interval.

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

Prevention of Future BPS Reliability Risk

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

The first two actions correct the condition that occurred in 2008. These actions ensure that PPL Montana is working to an approved maintenance program that adequately maintains equipment necessary for the reliability of the bulk electric system, and that employees understand the importance of these programs. The third action is a tool to aid employees in performing the required work for equipment included in the NERC Electric Reliability program.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]



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

N/A

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Vice President and COO of PPL Montana, LLC.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of PPL Montana, LLC.
 3. I understand PPL Montana, LLC's obligations to comply with Mitigation Plan requirements and WECC or ERO remedial action directives and I have reviewed the WECC and ERO documents related to these obligations, including, but not limited to, the WECC CMEP and the NERC Rules of Procedure.
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. PPL Montana agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by WECC and approved by NERC.

Authorized Signature: 
 (Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Bradley E. Spencer
 Title: Vice President and COO
 Date: April 28, 2009



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Section G: Comments and Additional Information

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

N/A

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

Section H: WECC Contact and Instructions for Submission

Please direct any questions regarding completion of this form to:

Mike Wells, Sr. Compliance Engineer

Email: mike@wecc.biz

Phone: (801) 883-6884

For guidance on submitting this form, please refer to the "*WECC Compliance Data Submittal Policy*". This policy can be found on the Compliance Manuals website as Manual 2.12:

<http://compliance.wecc.biz/Application/Documents/Forms/WECC%20Compliance%20Data%20Submittal%20Policy.pdf>



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the WECC CMEP sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission.
 - (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 may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.



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- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 9.3 of the WECC CMEP and Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related Alleged or Confirmed Violations of one Reliability Standard. A separate Mitigation Plan is required to address violations with respect to each additional Reliability Standard, as applicable.
- V. If the Mitigation Plan is approved by WECC and NERC, a copy of the Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. Either WECC or NERC may reject a Mitigation Plan that it determines to be incomplete or inadequate. If the Mitigation Plan is rejected by either WECC or NERC, the Registered Entity will be notified and required to submit a revised Mitigation Plan.
- VII. In accordance with Section 7.0 of the WECC CMEP, remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.

Attachment d

PPLM's Certification of Completion of the Mitigation Plan dated September 30, 2009



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for Western Electricity Coordinating Council (WECC) to verify completion of the Mitigation Plan. WECC 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: PPL Montana, LLC

NERC Registry ID: NCR 05329

Date of Submittal of Certification: September 30, 2009

NERC Violation ID No(s) (if known): WECC200901409

Standard: PRC-005-1

Requirement(s): R2.1

**Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan:
September 30, 2009**

Date Mitigation Plan was actually completed: September 15, 2009

Additional Comments (or List of Documents Attached):

Training/Communication - Plant management discussed the details of violation with appropriate personnel to highlight the need for strict adherence to work practices and additional caution when performing work on equipment important to the reliability of the bulk electric system. The PPL Generation Compliance Committee members also discussed this event to share lessons learned across the PPL Generation fleet. These work group discussions emphasize the importance of routine maintenance activities for NERC related equipment.

Evidence –

Exhibit 1; PRC-005 Mitigation Action Item 4967, April 10, 2009. Purpose of the action was to review the event with appropriate staff and to reinforce procedural requirements and expectations.

Exhibit 2: Action Item Attachment, April 15, 2009. Procedure then in place, description of event, training roster.

Exhibit 3: Compliance Committee Agenda, April 16, 2009. A biweekly meeting with PPL Compliance Professionals to discuss compliance activities.

Exhibit 4: Managers' Compliance Update Agenda, April 23, 2009. A monthly meeting with PPL managers to discuss compliance activity status.



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Procedure Change - Plant management changed the procedure governing maintenance activities for equipment covered by the NERC standards to document the previously unwritten process that allows a one cycle grace period for performing routine maintenance. This change recognizes that routine maintenance activities can be deferred by one cycle without adverse impact to the reliability of the equipment and ensures that the plant is working to a defined program. The PPL Montana strategy reflected in this revised procedure continues to exceed the requirements in the NERC Protection System Maintenance - Technical Reference Document dated September 13, 2007.

Evidence -

Exhibit 5: Corette System Protection Coordination, Maintenance and Testing procedure, Revision 2, May 22, 2009. The revision documented the practice of allowing a maintenance and testing grace period.

Equipment Identification Change - PPL Montana has made changes in the work management program to identify clearly work orders generated for NERC related equipment. Equipment related to PRC-005 has been noted in the work management database to make it clear to workers that activities associated with the equipment have a high priority and require additional documentation when completing the work to ensure compliance with the NERC Electric Reliability Standards.

Evidence -

Exhibit 6: Email- Work management system changes, September 15, 2009.

Exhibit 7: Email attachment- List of NERC-Related Equipment, September 14, 2009. The list of equipment at each plant that potentially impacts NERC compliance.

Exhibit 8: Email attachment- Equipment Identification and Update Process, September 14, 2009. Documentation of the process used to make changes to equipment records in the work management system.

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: Pete Simonich

Title: Vice President and COO, PPL Montana, LLC

Email: pjsimonich@pplweb.com

Phone: 406-237-6924

Authorized Signature:

Date: 9/30/09

Attachment e

WECC's Verification of Completion of the Mitigation Plan dated November 20, 2009

CONFIDENTIAL



Laura Scholl
Managing Director - Compliance

(801) 819-7619
Lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

November 20, 2009

Thomas E. Lehman
Compliance Specialist
PPL Montana, LLC
303 N. Broadway, Suite 400
Billings, Montana 59101

NERC Registration ID: NCR05329

Subject: Certification of Completion Response Letter

Dear Thomas,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of PPL Montana, LLC (PPLM) on 9/30/2009 for the alleged violation of Reliability Standard PRC-005-1 Requirement 2.1.

WECC has accepted the Certification of Completion for Requirement 2.1 of the Reliability Standard PRC-005-1 and has found this requirement to be fully mitigated. No further mitigation of this requirement will be required at this time.

If you have any questions or concerns, please contact Phil O'Donnell at podonnell@wecc.biz. Thank you for your assistance in this effort.

Sincerely,



Laura Scholl
Managing Director of Compliance

LS:rh

cc: Annette M. Bannon, PPLM Alternate Compliance Contact
Lisa Milanese, WECC Manager of Compliance Program Administration
Phil O'Donnell, WECC Senior Compliance Engineer

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

PPL Montana, LLC

Docket No. NP10-____-000

NOTICE OF FILING
March 1, 2010

Take notice that on March 1, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding PPL Montana, LLC in the Western Electricity Coordinating Council region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary