



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 Sunflower Electric Power Corporation
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Sunflower Electric Power Corporation (SECI), NERC Registry ID# NCR01148,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

During a NERC Reliability Readiness Evaluation⁴ conducted from May 5, 2008 through May 8, 2008 (Audit), NERC identified a possible violation of Reliability Standard EOP-003-1 Requirement (R) 8 for SECI's failure to have operator-controlled manual load shedding. This Notice of Penalty is being filed with the Commission because, based on information from Southwest Power Pool Regional Entity (SPP RE), SPP RE and SECI have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SPP RE's determination and findings of the enforceable alleged violation of EOP-003-1 R8. According to the Settlement Agreement, SECI neither admits nor denies the

¹ *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2008). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R. § 39.7(c)(2).

² Southwest Power Pool Regional Entity confirmed that SECI was included on the NERC Compliance Registry as a Transmission Planner, Transmission Owner, Generator Owner, Resource Planner, Transmission Service Provider, Transmission Operator, Purchasing-Selling Entity, Load Serving Entity, Distribution Provider, Balancing Authority, Generator Operator on May 31, 2007. As a Transmission Operator and Balancing Authority, SECI is subject to the requirements of NERC Reliability Standard EOP-003-1.

³ See 18 C.F.R. § 39.7(c)(2).

⁴ While determining compliance is not the purpose of the reliability readiness evaluations, evaluation teams are obligated to report evidence of potential violations of NERC Reliability Standards to NERC Enforcement, the Regional Entity and the Registered Entity.

alleged violation, but has agreed to the proposed penalty of fifty thousand dollars (\$50,000) to be assessed to SECI, in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the alleged violation identified as NERC Violation Tracking Identification Number SPP200800052 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Alleged Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on October 23, 2009, by and between SPP RE and SECI, which is included as Attachment b. 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 (2007), NERC provides the following summary table identifying each alleged 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 (\$)
SPP RE	Sunflower Electric Power Corporation	NOC-238	SPP200800052	EOP-003-1	8	High	50,000

EOP-003-1

The purpose of Reliability Standard EOP-003-1 is to ensure that a Balancing Authority and Transmission Operator operating with insufficient generation or transmission capacity must have the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection.

EOP-003-1 R8 requires each Transmission Operator or Balancing Authority, such as SECI, to have plans for operator-controlled manual load shedding to respond to real-time emergencies. The Transmission Operator or Balancing Authority shall be capable of implementing the load shedding in a timeframe adequate for responding to the emergency. EOP-003-1 R8 has a "High" Violation Risk Factor (VRF).

On May 22, 2008, NERC notified SPP RE and SECI of the possible violation.⁵ On May 30, 2008, SECI responded to the NERC May 22, 2008 letter, identifying the potential violation of

⁵ On May 22, 2008, NERC issued a letter which identified possible violations of EOP-003-1 R8, VAR-001-1a R1 and TOP-007-0 R1. The possible violation of VAR-001-1a R1 was assigned NERC Violation ID SPP200800053. Upon further investigation this violation was dismissed by SPP RE on December 31, 2008 because SECI was able to provide sufficient evidence to show compliance with VAR-001-1a R1. With regard to TOP-007-0 R1, no event was referenced in the NERC Readiness Report and SPP RE could not establish that a reportable event had occurred. Because TOP-007-1 R1 is an event driven standard and no event occurred, SPP RE did not find that a violation had occurred.

EOP-003-1 R8, stating “Sunflower does agree with this finding and does consider itself in violation of this standard.” Subsequently, SPP RE determined that SECI had an alleged violation of EOP-003-1 R8 because SECI’s load shedding plan did not provide for operator-controlled manual load shedding. SECI’s Load Shedding Plan required its System Operators to “request the cooperative members to attempt to shed customer load” in response to a system emergency. Because SECI’s cooperative members were not available on a 24-hour a day basis to respond to a request made by SECI to shed load and procedurally had the discretion to determine whether they would respond to a request made by SECI to shed load, SPP RE found that SECI was incapable of implementing manual load shedding in a timeframe adequate to respond to a system emergency.

Upon further inquiry by SPP RE, SECI asserted its System Operators possessed the capability to manually shed load at the transmission level in the event of a system emergency and that the job description for its System Operators requires the System Operators to respond to system emergencies. The SECI System Operator had authority to respond to system emergencies as noted in the May 2008 NERC Readiness Evaluation Report, wherein it states: “All system operators are NERC certified and understand their operational authority to take necessary actions up to and including the shedding of firm load.”

SPP RE reviewed SECI’s load shedding procedure titled *Load Shedding Plan, Procedure #S-EOP-3, Rev.0.0*, dated October 2006. After this review and because the apparent authority vested in SECI’s System Operators to shed load in the event of a system emergency conflicted with the SECI Load Shedding Plan, SPP RE concluded SECI’s System Operators did not have unencumbered authority to execute manual load shedding in response to a system emergency.

SPP RE determined the duration of the alleged violation to be from June 18, 2007, the date the standard became enforceable, through January 28, 2009, when SECI completed its Mitigation Plan.

Regional Entity’s Basis for Penalty

According to the Settlement Agreement, SPP RE has assessed a penalty of fifty thousand dollars (\$50,000) for the referenced alleged violation. In reaching this determination, SPP RE considered the following factors:

- (1) The violation is the first violation of a Reliability Standard by SECI;
- (2) SECI cooperated with SPP RE throughout the enforcement process;
- (3) There was no attempt by SECI to conceal information related to the violation and SECI was responsive to SPP RE’s requests for information; and
- (4) SPP RE determined that SECI’s alleged violation had a potential risk of moderate and an actual risk of minimal and did not create a serious or substantial risk for the bulk power system (BPS), because SECI provided evidence that its operators have the authority and the capability to execute manual load shedding at the transmission level if time did not permit the coordination of shedding of member customer loads, and the SECI System Operators could have initiated manual load shedding at the transmission level if necessary to avoid an uncontrolled failure of the BPS. In addition, SECI’s reported that

there were no BPS outages, no equipment failures, no limiting conditions imposed on the BPS and there were no under frequency events that occurred that would have required manual load shedding by SECI.

Therefore, after consideration of the above factors, SPP RE determined that, in this instance, the penalty amount of fifty thousand dollars (\$50,000) is appropriate and bears a reasonable relation to the seriousness and duration of the alleged violation.

Status of Mitigation Plan⁶

SECI's Mitigation Plan to address its alleged violation of EOP-003-1 R8 was submitted to SPP RE on December 31, 2008 with a proposed completion date of January 30, 2009. The Mitigation Plan was accepted by SPP RE on January 6, 2009 and approved by NERC on February 25, 2009. The Mitigation Plan for this alleged violation is designated as MIT-07-1404 and was submitted as non-public information to FERC on February 27, 2009 in accordance with FERC orders.

SECI's Mitigation Plan required SECI to: define manual load shed points at the distribution level; physically connect System Control and Data Acquisition (SCADA)⁷ to load shedding devices; implement SCADA control to facilitate System Operator initiation of manual load shed; correct its Manual Load Shedding Plan; and conduct operator training on the Manual Load Shed Program. Additionally, SECI's Mitigation Plan required it to administer the addition or removal of manual load shedding points as least on an annual basis.

SECI certified on January 28, 2009 that the above actions required in its Mitigation Plan were completed on that same date.⁸ As evidence of completion of its Mitigation Plan, SECI submitted the following:

1. SECI's *Emergency Restoration Planning, Procedure #S-EOP-5 Rev. 1.0*, dated January 23, 2009, identifying the sequence of loads to be manually shed by System Operators in response to a system emergency. SPP RE verified the manual load shed points did not overlap the automatic load shed points.
2. SECI's *Load Shedding Plan, Procedure #S-EOP-3, Rev. 2.0*, dated January 22, 2009, identifying the manual and automatic load shed points and establishing the procedures to be followed by System Operators to manually shed load in the event of a system emergency.
3. SECI's *System Operating Manual*, dated January 2009, establishing System Operator authority to shed firm load in order to maintain the integrity and reliability of the electric system.
4. SECI's *NERC/SPP Compliance Procedure, Appendix 2* documenting the completion of training on the new load shedding plan by the SECI operations staff by January 23, 2009.

⁶ See 18 C.F.R. § 39.7(d)(7).

⁷ SCADA control allows the SECI System Operators to operate member cooperative distribution circuit feeder breakers from the SECI System Control Center, facilitating manual load shedding.

⁸ According to the Certification of Completion, SECI stated that the Mitigation Plan would be complete by midnight on January 28, 2009.

During an on-site Compliance Audit conducted from March 30, 2009 through April 2, 2009, SPP RE reviewed the submitted evidence, verified that SECI's Mitigation Plan was completed on January 28, 2009 and notified SECI in a letter dated August 20, 2009 that it was in compliance with EOP-003-1 R8.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁹

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,¹⁰ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on February 10, 2010. The NERC BOTCC approved the Settlement Agreement, including SPP RE's imposition of a financial penalty, assessing a penalty of fifty thousand dollars (\$50,000) against SECI 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 alleged violation at issue.

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

- (1) The alleged violation is the first violation of a NERC Reliability Standard by SECI;
- (2) SECI cooperated with SPP RE throughout the enforcement process;
- (3) There was no attempt by SECI to conceal information related to the alleged violation and SECI was responsive to SPP RE's requests for information; and
- (4) While SPP RE determined that the potential risk was moderate and the actual risk was minimal, SECI's alleged violation did not create a serious or substantial risk for the bulk power system, as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of fifty thousand dollars (\$50,000) 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 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.

⁹ See 18 C.F.R. § 39.7(d)(4).

¹⁰ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

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 and material:

- a) NERC's Potential Violation Notification Letter for EOP-003-1 R8 dated May 22, 2008 and SECI's Response accepting the violation dated May 30, 2008, included as Attachment a;
- b) Settlement Agreement by and between SPP RE and SECI executed October 23, 2009, included as Attachment b;
- c) SECI's Mitigation Plan designated as MIT-07-1404 for EOP-003-1 R8, submitted December 31, 2008, included as Attachment c;
- d) SECI's Certification of Completion of the Mitigation Plan for EOP-003-1 R8, dated January 28, 2009, included as Attachment d; and
- e) SPP RE's Verification of Completion of the Mitigation Plan for EOP-003-1 R8, dated August 20, 2009, included as Attachment e.

A Form of Notice Suitable for Publication¹¹

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

¹¹ See 18 C.F.R § 39.7(d)(6).

Notices and Communications

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

<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>Stacy Dochoda* Southwest Power Pool Regional Entity General Manager 16101 La Grande, Ste 103 Little Rock, AR 72223 (501) 688-1730 (501) 821-8726 - facsimile sdochoda@spp.org</p> <p>Noman Williams* Vice President, Transmission Service and Engineering Sunflower Electric Power Corporation 301 West 13th Hays, Kansas 67601 (785) 623-3332 (785) 623-3395 - facsimile nlwilliams@sunflower.net</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>Earl Watkins* Chief Executive Officer Sunflower Electric Power Corporation 301 West 13th Hays, Kansas 67601 (785) 623-3335 (785) 623-3395 - facsimile ewatkins@sunflower.net</p> <p>Mark Calcara* Corporate Counsel Sunflower Electric Power Corporation 301 West 13th Hays, Kansas 67601 (785) 623-3320 mcalcara@sunflower.net</p> <p>Joe Gertsch* Manager of Enforcement Southwest Power Pool Regional Entity 16101 La Grande, Ste 103 Little Rock, AR 72223 (501) 688-1672 (501) 821-8726 - facsimile jgertsch@spp.org</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,

/s/ Rebecca J. Michael

Rebecca J. Michael
Assistant General Counsel
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cc: Sunflower Electric Power Corporation
Southwest Power Pool Regional Entity

Attachments

Attachment a

**NERC's Potential Violation Notification
Letter for EOP-003-1 R8 dated May 22, 2008
and SECI's Response accepting the violation
dated May 30, 2008**



CONFIDENTIAL — Potential Violation of NERC Reliability Standards

Sunflower Electric Power Corporation

May 22, 2008

Mr. Ronald W. Ciesiel
Executive Director of Compliance
Southwest Power Pool
415 North McKinley, Suite 140
Little Rock, Arkansas 72205

Dear Mr. Ciesiel,

NERC, in conjunction with the Southwest Power Pool (SPP), recently completed a reliability readiness evaluation of Sunflower Electric Power Corporation (SECI). The Readiness Evaluation and Benchmarking Program is designed to assess the readiness of balancing authorities, transmission operators, reliability coordinators, and other key entities to perform their reliability responsibilities and to help them achieve excellence. While determining compliance is not the purpose of the reliability readiness evaluations, evaluation teams are obligated to report evidence of potential violations of NERC Reliability Standards.

When potential violations are identified, the information will be presented to NERC's Compliance Monitoring and Enforcement Program. This program works to ensure compliance with NERC and regional reliability standards and will determine if the potential violations have been previously identified in the regional entity's compliance reports. If the potential violations have not been previously identified, the regional entity responsible for monitoring compliance is notified to ensure the regional compliance processes and procedures are fulfilled for the potential violations. If the potential violations have been previously identified by the regional entity, NERC will notify the regional entity that the violations remain unresolved as of the date of the reliability readiness evaluation, referencing the NERC identification numbers assigned to the violations.

The SECI reliability readiness evaluation report is not yet finalized, but the evaluation team identified three potential violations of NERC Reliability Standards, which the team believes are of sufficient importance to notify you at this time. The potential violations are shown in the attachment to this letter.



Mr. Ronald W. Ciesiel
May 22, 2008

If you have any questions, please do not hesitate to contact me.

Sincerely,

Jessica Bian
Director of Readiness Evaluation and Benchmarking Program

Attachment

cc: Earl Watkins, President and CEO, SECI
Charles Yeung, Executive Director, Interregional Affairs, SPP
Noman Williams, VP Transmission Services & Engineering, SECI
Bill Nolte, Manager, System Operations, SECI
Evaluation Team



CONFIDENTIAL

**Potential Violation of NERC Reliability Standards
Sunflower Electric Power Corporation (SECI)**

1. SECI is registered with NERC as a transmission operator and balancing authority, and as such must comply with the NERC's Reliability Standards regarding voltage and reactive control.

The evaluation team identified that SECI does not have formal policies and procedures in place to ensure that voltage levels, reactive flows, and reactive resources are monitored, controlled, and maintained within limits in real time to protect equipment and the reliable operation of the interconnection.

The readiness evaluation team identified that this is a potential violation of NERC Reliability Standard *VAR-001-1a — Voltage and Reactive Control* requirement R1, which states:

R1. Each Transmission Operator, individually and jointly with other Transmission Operators, shall ensure that formal policies and procedures are developed, maintained, and implemented for monitoring and controlling voltage levels and Mvar flows within their individual areas and with the areas of neighboring Transmission Operators.



CONFIDENTIAL

**Potential Violation of NERC Reliability Standards
Sunflower Electric Power Corporation (SECI)**

2. SECI is registered with NERC as a transmission operator and balancing authority, and as such must comply with the NERC's reliability standards regarding load shedding plans.

The evaluation team identified that SECI does not have a formal plan in place for operator-controlled manual load shedding.

The readiness evaluation team identified that this is a potential violation of NERC reliability standard *EOP-003-1 — Load Shedding Plans* requirement R8, which states:

R8. Each Transmission Operator or Balancing Authority shall have plans for operator controlled manual load shedding to respond to real time emergencies. The Transmission Operator or Balancing Authority shall be capable of implementing the load shedding in a timeframe adequate for responding to the emergency.



CONFIDENTIAL

**Potential Violation of NERC Reliability Standards
Sunflower Electric Power Corporation (SECI)**

3. SECI is registered with NERC as a transmission operator and balancing authority, and as such must comply with the NERC's reliability standards regarding reporting system operating limit (SOL) and interconnection reliability operating limit (IROL) violations.

The evaluation team identified that SECI does not have a formal plan in place to report SOL and IROL violations to the reliability coordinator.

The readiness evaluation team identified that this is a potential violation of NERC reliability standard *TOP-007-0 — Reporting SOL and IROL Violations* requirement R1, which states:

R1. A Transmission Operator shall inform its Reliability Coordinator when an IROL or SOL has been exceeded and the actions being taken to return the system to within limits.



SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy® Cooperative 

May 30, 2008

Mr. Ronald W. Ciesiel
Executive Director of Compliance
Southwest Power Pool
415 North McKinley, Suite 140
Little Rock, Arkansas 72205

Dear Mr. Ciesiel,

The purpose of this letter is to respond to a letter of potential violations levied against Sunflower Electric Power Corporation (Sunflower) by the North American Electric Reliability Corporation (NERC).

The following three Potential Violations of NERC Reliability Standards have been levied against Sunflower by the NERC Reliability Readiness Evaluation team:

The readiness evaluation team identified that this is a potential violation of NERC Reliability Standard *VAR-001-1a — Voltage and Reactive Control* requirement R1, which states:

R1. Each Transmission Operator, individually and jointly with other Transmission Operators, shall ensure that formal policies and procedures are developed, maintained, and implemented for monitoring and controlling voltage levels and Mvar flows within their individual areas and with the areas of neighboring Transmission Operators.

The readiness evaluation team identified that this is a potential violation of NERC reliability standard *EOP-003-1 — Load Shedding Plans* requirement R8, which states:

R8. Each Transmission Operator or Balancing Authority shall have plans for operator controlled manual load shedding to respond to real time emergencies. The Transmission Operator or Balancing Authority shall be capable of implementing the load shedding in a timeframe adequate for responding to the emergency.

The readiness evaluation team identified that this is a potential violation of NERC reliability standard *TOP-007-0 — Reporting SOL and IROL Violations* requirement R1, which states:

R1. A Transmission Operator shall inform its Reliability Coordinator when an IROL or SOL has been exceeded and the actions being taken to return the system to within limits.

Sunflower would like to respond individually to each allegation as follows:

VAR-001-1a — Voltage and Reactive Control: Sunflower disagrees with this finding. Sunflower does work individually and with other Transmission Operators to establish formal policies and procedures for monitoring and controlling voltage levels. The most notable example of this is Sunflower's work with and adherence to the **SPP criteria** which states that voltage levels shall be maintained +/- 10 % of nominal. Sunflower also works diligently with SPS and NPPD on switching of voltage control devices to manage Mvar flows and voltages within mandatory and tolerable levels.

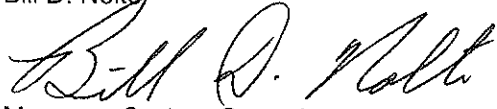
TOP-007-0 — Reporting SOL and IROL Violations: Sunflower strongly disagrees with this finding. Sunflower has no IROL identified in their system and if Sunflower were to have an SOL we would report it to the SPP Reliability Coordinator, along with our actions to rectify the SOL, as soon as possible. Sunflower believes that is what the standard requires and that is what Sunflower complies with and adheres to.

EOP-003-1 — Load Shedding Plans: Sunflower does agree with this finding and does consider itself in violation of this standard. Sunflower is in the process of working with member cooperatives to get

appropriate loads identified and connected to a manual load shedding scheme operated via SCADA. At present, we have identified 63 feeders split into 11 groups that we will have SCADA control of within the next 2 to 6 weeks. We are working on the Load Shedding Plan document for operators to shed these loads if required. We will also continue to work with our Member Owner cooperatives to identify more loads for use in this plan.

If you have any questions or comments, feel free to contact me. Also please contact me with information on how SPP would like Sunflower to proceed on these items

Bill D. Nolte

A handwritten signature in black ink, appearing to read "Bill D. Nolte", written in a cursive style.

Manager, System Operations

Phone: (620)272-5458

Fax: (620)272-5413

e-mail: bdnolte@sunflower.net

Attachment b

**Settlement Agreement by and between SPP
RE and SECI executed October 23, 2009**

**SETTLEMENT AGREEMENT
OF
SOUTHWEST POWER POOL REGIONAL ENTITY
AND
SUNFLOWER ELECTRIC POWER CORPORATION**

I. INTRODUCTION

1. The Southwest Power Pool Regional Entity (SPP RE) and Sunflower Electric Power Corporation (SECI) enter into this Settlement Agreement (Agreement) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SPP RE's determination and findings, pursuant to the North American Electric Reliability Corporation (NERC) Rules of Procedure, of a violation by SECI of NERC Reliability Standard EOP-003-1 R8.

II. STIPULATION OF FACTS

2. The facts stipulated herein are stipulated solely for the purpose of resolving the matters discussed herein and do not constitute stipulations or admissions for any other purpose. SECI and SPP RE hereby stipulate and agree to the following:

A. BACKGROUND

3. SECI is a not for profit generation and transmission corporation operated cooperatively to supply the wholesale power and energy requirements of its six member-owned distribution cooperatives. The power generated by SECI's power plants is delivered across a high voltage transmission network consisting of 30 substations and more than 1,205 miles of 69-kV, 115-kV, and 345-kV transmission lines. On May 31, 2007, SECI was registered on the NERC Compliance Registry as a Transmission Service Provider (TSP), Generator Operator (GOP), Load Serving Entity (LSE), Distribution Provider (DP), Transmission Owner (TO), Generator Owner (GO), Transmission Operator (TOP), Transmission Planner (TP), Balancing Authority (BA), Resource Planner (RC), and Purchasing-Selling Entity (PSE).

B. ALLEGED VIOLATION

4. The relevant Reliability Standard Requirement at issue is:

EOP-003-1 Load Shedding Plans: EOP-003-1, requires a BA and TOP operating with insufficient generation or transmission capacity to have the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection.

R8. Requirement 8 provides that each BA or TOP shall have plans for operator-controlled manual load shedding to respond to real-time emergencies. The BA or

TOP shall be capable of implementing the load shedding in a timeframe adequate for responding to the emergency.

III. PARTIES' SEPARATE REPRESENTATIONS

STATEMENT OF SOUTHWEST POWER POOL REGIONAL ENTITY AND SUMMARY OF FINDINGS

5. Regarding SECI's violation of EOP-003-1 R8, NERC Violation No. SPP200800052, SPP RE states as follows:
 - i. On May 5-8, 2008, NERC conducted a Reliability Readiness Evaluation of SECI. During the Reliability Readiness Evaluation, a NERC representative raised a question whether the SECI plan met NERC Reliability Standard EOP-003-1 R8, given that load shedding required telephone calls to each of the distribution cooperative members and reliance on the members to shed load. SECI staff set forth the SECI rationale for why they believed the Standard was met.
 - ii. On May 20, 2008, NERC informed SPP RE that pursuant to the Reliability Readiness Evaluation of SECI conducted May 5-8, 2008, NERC had identified a potential violation of NERC Reliability Standard EOP-003-1 R8.
 - iii. In a letter to SPP RE dated May 22, 2008, NERC stated that the Reliability Readiness Evaluation Team believed SECI was in violation of EOP-003-1 R8 because SECI's plan did not provide operator-controlled (*i.e.*, SECI-controlled) manual load shedding.
 - iv. In its May 30, 2008, response to the NERC May 22, 2008 letter, identifying the potential violation of EOP-003-1 R8, SECI stated: "Sunflower does agree with this finding and does consider itself in violation of this standard."
 - v. On June 9, 2008, SPP RE issued SECI a Preliminary Notice of Alleged Violation (PNAV) for violation of EOP-003-1 R8.
 - vi. During its investigation of SECI's violation of EOP-003-1 R8, SPP RE determined SECI possessed a limited manual load shed capability through its cooperative members. SECI provided SPP RE with a copy of its Load Shedding Plan and an Excel file indentifying both automatic and manual load shedding steps. SECI's Load Shedding Plan required its System Operators to "request the cooperative members to attempt to shed customer load" in response to a system emergency.
 - vii. Because SECI's cooperative members are not available on a 24-hour a day basis to respond to a SECI request to shed load and procedurally appear to have the discretion to respond to a SECI request to shed load, SPP RE found

SECI was incapable of implementing manual load shedding in a timeframe adequate to respond to a system emergency.

- viii. Upon further inquiry by SPP RE, SECI asserted its System Operators possessed the capability to manually shed load at the transmission level in the event of a system emergency and that the job description for its System Operators requires the System Operators to respond to system emergencies.
- ix. The SECI System Operator authority to respond to system emergencies was noted in the May 2008 NERC Readiness Evaluation Report, wherein it states: “All system operators are NERC certified and understand their operational authority to take necessary actions up to and including the shedding of firm load.”
- x. Because the apparent authority vested in SECI’s System Operators to shed load in the event of a system emergency conflicted with the SECI Load Shedding Plan, SPP RE concluded SECI’s System Operators did not have unencumbered authority to execute manual load shedding in response to a system emergency.
- xi. EOP-003-1 R8 is assigned a Violation Risk Factor (VRF) of “High”. Because SECI could request its cooperative members to shed load in response to a system emergency and SECI’s System Operators possessed the ability to shed load at the transmission level, SPP RE determined the SECI violation of EOP-003-1 R8 posed a moderate risk to the Bulk Power System (BPS).
- xii. On December 31, 2008, SECI submitted a Mitigation Plan in the SPP RE Compliance Data Management System (CDMS). In its Mitigation Plan, SECI proposed to define manual load shed points at the distribution level; implement SCADA¹ control to facilitate System Operator initiation of manual load shed; create a Manual Load Shedding Plan; and conduct operator training on the Manual Load Shed Program. SECI proposed to complete its Mitigation Plan by January 30, 2009.
- xiii. SPP RE reviewed the SECI Mitigation Plan, finding it directly addressed the requirements of EOP-003-1 R8 and would remedy SECI’s non-compliance in a reasonable time and with minimal risk to the Bulk Power System. The SECI Mitigation Plan was accepted by the SPP RE on January 6, 2009 and submitted to NERC. NERC approved the SECI Mitigation Plan on February 25, 2009 and assigned it Mitigation Plan Tacking Number MIT-07-1404.
- xiv. EOP-003-1 R8 was made enforceable on June 18, 2007. Because the SECI load shedding procedure (Load Shedding Plan, Procedure # S-EOP-3, Rev.

¹ SCADA - System Control and Data Acquisition. SCADA control allows the SECI System Operators to operate member cooperative distribution circuit feeder breakers from the SECI System Control Center, facilitating manual load shedding.

- 0.0. October 2006) did not provide SECI's System Operators with clear authority to manually shed load in response to a system emergency and the Load Shedding Plan had been in effect since October 2006, the SPP RE determined the SECI violation of EOP-003-1 R8 began June 18, 2007.
- xv. On January 14, 2009, SPP RE issued SECI a Notice of Alleged Violation and Proposed Penalty or Sanction (NAVAPS).
 - xvi. On January 28, 2009, SECI notified SPP RE it had completed its Mitigation Plan and was fully compliant with EOP-003-1 R8.
 - xvii. SECI provided SPP RE its response to the NAVAPS on February 6, 2009. Therein, SECI stated it did not plan to contest the alleged violation but wished to enter into settlement negotiations regarding the proposed penalty.
6. SPP RE conducted an onsite compliance audit of SECI on March 30, 2009 – April 2, 2009. During the compliance audit, SPP RE verified completion of SECI's Mitigation Plan and compliance with EOP-003-1 R8. The evidence reviewed by SPP RE included:
- i. SECI Emergency Restoration Planning, Procedure #S-EOP-5 Rev. 1.0, 1/23/09, identifying the sequence of loads to be manually shed by System Operators in response to a system emergency. SPP RE verified the manual load shed points did not overlap the automatic load shed points.
 - ii. SECI Load Shedding Plan, Procedure #S-EOP-3, Rev. 2.0, 1/22/09, identifying the manual and automatic load shed points and establishing the procedures to be followed by System Operators to manually shed load in the event of a system emergency.
 - iii. SECI System Operating Manual, January 2009, establishing System Operator authority to shed firm load in order to maintain the integrity and reliability of the electric system.
 - iv. SECI NERC/SPP Compliance Procedure, Appendix 2 documenting the completion of training on the new load shedding plan by the SECI operations staff on or before January 23, 2009.
 - v. On August 20, 2009, SPP RE notified SECI it had completed its review of the evidence in support of completion of the SECI EOP-003-1 R8 Mitigation Plan. SPP RE found SECI had completed its Mitigation Plan on January 28, 2009.

IV. STATEMENT OF SUNFLOWER ELECTRIC POWER CORPORATION

7. SECI neither admits nor denies wrongdoing in the alleged events described herein. In an effort to expedite handling of this matter and to deter litigation, SECI agrees to the terms of this settlement.

V. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

8. For purposes of settling any and all disputes arising from SPP RE's assessment of the matters set forth in the Statement of SPP RE and Summary of Findings in Section III above, SPP RE and SECI agree that SECI shall take the following actions:

SECI shall pay a monetary penalty of **\$50,000** to SPP RE via wire transfer to a SPP RE account that will be outlined in an invoice sent to SECI within twenty (20) calendar days after this Agreement is either approved by the Federal Energy Regulatory Commission (Commission) or is rendered effective by operation of law. SECI will pay the required amount within twenty (20) calendar days after receipt of the invoice. SPP RE shall notify NERC if the payment is not received.

9. SPP RE applied the Sanction Guidelines of the CMEP, Appendix 4B for determination of sanctions and penalties to determine the penalty to be imposed. SPP RE considered the following mitigating circumstances:

- i. The violation is the first violation of a Reliability Standard by SECI.
- ii. SECI cooperated with SPP RE in its investigation of the violation.

There was no attempt by SECI to conceal information related to the violation and SECI was responsive to SPP RE's requests for information.

- iii. In SPP RE's judgment SECI's failure to provide its System Operators with clear authority to manually shed load in the event of a system emergency does not support the "High" VRF established for EOP-003-1 R8.
 - a. NERC defines requirements with "High" Violation Risk Factors as requirements that "if violated, could directly cause or contribute to Bulk Power System instability, separation, or a cascading sequence of failures, or could place the Bulk Power System at an unacceptable risk of instability, separation, or cascading failures."²
 - b. The SECI Load Shedding Plan in place during the period of the violation provided the SECI System Operators with a limited manual load shedding capability. The plan provides that the SECI System Operators will coordinate the shedding of member customer load if necessary to respond to system emergencies.

² NERC Reliability Standards Development Procedure at 7 (effective June 7, 2007). See also Sanction Guidelines of NERC, § 4.1.1 (referring to the definitions of violation risk factors in the Reliability Standards' development process documentation).

- c. SECI provided evidence that its operators have the authority and the capability to execute manual load shedding at the transmission level if time did not permit the coordination of shedding of member customer loads.
 - d. In SPP RE's judgment the SECI System Operators could have initiated manual load shedding at the transmission level if necessary to avoid an uncontrolled failure of the BES.
 - e. The NERC Sanctions Guidelines stipulate that SPP RE shall review the applicability of the VRF for a violation in light of the circumstances of the violator and it is allowable for SPP RE to adjust the VRF for the violation from the VRF set through the standards development process. However, in lieu of adjusting the VRF directly SPP RE may include this consideration as an influence on its determination of the relative consequence of the violation.³ SPP RE has considered the circumstances of SECI's violation of EOP-003-1 R8 and has determined the potential risk to the Bulk Power System is "Moderate".
- iv. In SPP RE's judgment, the actual impact on the BPS caused by SECI's violation EOP-003-1 R8 is "minimal".

SECI's violation of EOP-003-1 R8 has not caused a BPS outage. There were no equipment failures related to the violation. No limiting conditions were imposed on the BPS. No under frequency events occurred that would have required manual load shedding by SECI.

10. Failure to make a timely penalty payment or to comply with any of the terms and conditions of this Agreement shall be deemed to be either the same alleged violation that initiated this Agreement and/or an additional violation and may subject SECI to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
11. If SECI does not make the monetary penalty payment above at the time agreed to by the Parties, in addition to the penalty specified above, interest payable to SPP RE will begin to accrue pursuant to the Federal Energy Regulatory Commission's (Commission) regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due.
12. Subject to the limitations in Paragraphs 10, 11, and 17 of this Agreement, SPP RE shall, as of the effective date of this Agreement, release and discharge SECI of all

³ NERC Sanction Guidelines – Application Manual & User Guide Draft 3.3, § 4.2.2. May 2007.

past claims, allegations, demands and liabilities arising under or associated with the subject alleged violation of EOP-003-1 R8.

VI. ADDITIONAL TERMS

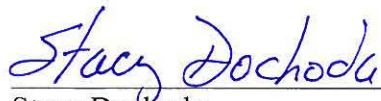
13. The signatories to this Agreement agree that they enter into this Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of SPP RE or SECI, has made to induce the signatories or any other party to enter into this Agreement.
14. SECI consents to the use of SPP RE's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or SPP RE; provided, however, that SECI does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or SPP RE, nor does SECI consent to the use of this Agreement by any other party in any other action or proceeding.
15. SPP RE shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify SPP RE and SECI of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and SPP RE will attempt to negotiate a revised settlement agreement with SECI including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post the alleged violation and the terms provided for in the settlement.
16. This Agreement shall become effective upon the Commission's approval of the Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
17. SECI agrees that this Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and SECI waives its rights to further hearings and appeal, unless and only to the extent that SECI contends that any NERC or Commission action on this Agreement contains one or more material modifications to this Agreement. In the event SECI fails to comply with any of the stipulations, remedies, sanctions, or additional terms, as set forth in this Agreement, SPP RE will initiate enforcement and additional penalty, or sanction

actions against SECI to the maximum extent allowed by the NERC Rules of Procedure, up to maximum statutorily allowed penalty. SECI shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.


18. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts this Agreement on the entity's behalf.
19. The undersigned representative of each party affirms that he or she has read this Agreement, that all of the matters set forth in this Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that this Agreement is entered into by such party in express reliance on those representations; provided, however, that such affirmation by each party's representative shall not apply to the others party's statements of position set forth in Section III of this Agreement.
20. This Agreement may be signed in counterparts.
21. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

***Remainder of page intentionally blank.
Signatures to be affixed to the following page.***

Agreed to and accepted:



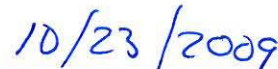
Stacy Dochoda
General Manager
Southwest Power Pool Regional Entity



Date



Noman Williams
VP - Transmission
Sunflower Electric Power Corporation



Date

Attachment c

**SECI's Mitigation Plan designated as MIT-
07-1404 for EOP-003-1 R8, submitted
December 31, 2008**

Mitigation Plan

Mitigation Plan submitted on: **Dec 31, 2008**

Mitigation Plan Completed (Yes/No):

Mitigation Plan Completed On:

Southwest Power Pool RE

Section A: Compliance Notices

- Section 6.2 of the NERC CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:

- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section B.
- (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
- (3) The cause of the Alleged or Confirmed Violation(s).
- (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
- (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
- (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
- (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
- (8) Key implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
- (9) Any other information deemed necessary or appropriate.
- (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self Certification or Self Reporting submittals.

- This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.
- The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- This Mitigation Plan form may be used to address one or more related alleged or confirmed violations of one Reliability Standard. A separate mitigation plan is required to address alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.

1. "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.

Southwest Power Pool RE



-
- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
 - Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
 - Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
 - The user has read and accepts the conditions set forth in these Compliance Notices.

Section B: Registered Entity Information

B.1

Identify your organization:

Entity Name: ***Sunflower Electric Power Cooperative***

Address: ***PO Box 1020 - 301 W. 13th, Hays, Kansas 67601, United States***

NERC Compliance Registry ID: *[If known]* ***NCR01148***

B.2

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

Name: ***Bill Nolte***

Title: ***Manager - Systems Operations***

Email: ***bdnolte@sunflower.net***

Phone: ***620-272-5458***

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

C.1

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

Standard Requirement: ***EOP-003-1 R8***

Description: ***Each Transmission Operator or Balancing Authority shall have plans for operator-controlled manual load shedding to respond to real-time emergencies. The Transmission Operator or Balancing Authority shall be capable of implementing the load shedding in a timeframe adequate for responding to the emergency.***

Violation Date: ***Jun 18, 2008***

C.2

Identify the cause of the violation(s) identified above:

During 2008 NERC Readiness Audit SECI was found to be deficient in regards to a "Manual Load Shedding Plan".

C.3

Provide any relevant information regarding the violations associated with this Mitigation Plan: *[If known]*
SECI is a Generation and Transmission Cooperative (G&T) and serves no retail load. As a G&T we are owned by 6 cooperatives that serve the retail load via a distribution system. Prior to the acceptance of the NERC reliability standards, SECI was unable to operate on behalf of the distribution cooperatives. With the acceptance of the new standards and the inclusion of these distribution cooperatives under these standards, SECI is working to bring the distribution side up to requirements of NERC standards.

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1

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

Identify available loads for shedding.

Physically connect SCADA to load shedding devices.

Set up load shedding scheme on SCADA.

Correct load shedding plan.

Train Operators.

Mitigation Plan Timeline and Milestones

D.2

Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected: **Jan 30, 2009**

D.3

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

Milestone Activity	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date
Identify Manual Load Shedding points	Jul 25, 2008	Oct 30, 2008
Connect load shedding points to SCADA control	Jan 16, 2009	
Create Manual Load Shedding Plan and conduct training on document	Jan 30, 2009	

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

Additional Relevant Information (Optional)

D.4

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

Presently, the only way to physically shed load is by opening transmission lines. Sunflower believes shedding load through opening of transmission lines would cause a large reliability risk. Therefore, until the low voltage "feeder" breakers can be connected to SCADA control Sunflower will not be able to shed load manually.

Section E: Interim and Future Reliability Risk

Abatement of Interim BPS Reliability Risk

E.1

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

Sunflower believes that the risk to the Bulk Power System is less than the requirement presents due to our geographic location and the lack of load density. Sunflower is working towards the implementation of a manual load shedding plan that will address the NERC requirements. Sunflower will act at the direction of the SPP Reliability Coordinator if and when requested to shed load through the de-energization of transmission facilities.

Prevention of Future BPS Reliability Risk

E.2

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

Once the plan is in place Sunflower will administer the addition or removal of manual load shedding points as least on an annual basis.

E.3

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

Section F: Authorization

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

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance and approval by NERC, and
- (b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- (c) Acknowledges:
 - 1. I am **VP- Transmission Services** of **Sunflower Electric Power Cooperative**.
 - 2. I am qualified to sign this Mitigation Plan on behalf of **Sunflower Electric Power Cooperative**.
 - 3. I have read and understand **Sunflower Electric Power Cooperative's** obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the 'North American Electric Reliability Corporation' (NERC CMEP)).
 - 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 - 5. **Sunflower Electric Power Cooperative** agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity and approved by NERC.

Authorized Individual Signature _____

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

Name: **Norman Williams**

Title: **VP- Transmission Services**


Authorized On: **Dec 31, 2008**

Attachment d

SECI's Certification of Completion of the Mitigation Plan for EOP-003-1 R8, dated January 28, 2009



SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy® Cooperative 

January 28, 2009

Mr. Noman Williams
Vice President Transmission Services
Sunflower Electric Power Corporation
301 West 13th Street
PO Box 1020
Hays, KS 67601

Mr. Ronald Ciesiel
Executive Director, Compliance
Southwest Power Pool Regional Entity
415 N. McKinley, 140 Plaza West
Little Rock, AR 72205-3020

RE: Notice of completion of Mitigation Plan

NERC Violation Tracking Identification Number(s): SPP200800052
Regional Entity Violation Tracking Identification Number(s): 2008-002

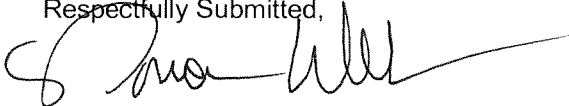
This letter is to inform you of Sunflower Electric Power Corporation's (SEPC) completion of its submitted mitigation plan for the above referenced violation.

The mitigation plan milestones were met as follows:
Identification of Load Shedding Points completed October 30, 2008
Connect Load Shedding Points to SCADA completed January 16, 2009
Manual Load Shedding plan completed January 22, 2009
Operator Training completed January 28, 2009
Plan officially in place at 0000 on January 29, 2009

As of midnight tonight, January 28, 2009, SEPC will be compliant with EOP-003-1 R8.

If there are any further questions please feel free to contact me.

Respectfully Submitted,



Noman Williams
Vice President Transmission Services & Engineering
SEPC Contact

Attachment e

SPP RE's Verification of Completion of the Mitigation Plan for EOP-003-1 R8, dated August 20, 2009



Joe Gertsch
Lead Compliance Engineer
jgertsch@spp.org

Southwest Power Pool Regional Entity
415 N. McKinley, Ste 140
Little Rock, AR 72205-3020
P 501.688.1672
F 501.821.8726

August 20, 2009

CONFIDENTIAL NON-PUBLIC INFORMATION

BY E-MAIL AND U.S. MAIL

Mr. Noman Williams
VP - Transmission Services
Sunflower Electric Power Corporation
301 West 13th
P.O. Box 1020
Hays, KS 67601
nlwilliams@sunflower.net

NERC Violation Tracking Identification Number(s): SPP200800052

Re: Notice of Mitigation Plan Completion

Dear Williams:

The Southwest Power Pool Regional Entity has completed its review of the evidence in support of completion of the Mitigation Plan for the subject violation. SPP RE finds that Sunflower Electric Power Corporation successfully completed Mitigation Plan MIT-07-1404 on January 28, 2009.

If you have any questions, please contact me at (501) 688-1672.

Very Respectfully,

Joe Gertsch

Joe Gertsch

SPP RE Mitigation Plan / Milestone Completion Review

Registered Entity: Sunflower Electric Power Corporation

Registry ID: NCR01148

NERC Violation ID: SPP200800052

Date Violation Discovered: 6/3/2008

Discovery Method: NERC Readiness Evaluation (Self Report)

Violation Risk Factor: High

Violation Risk Factor Determination: Risk factor table for R8 is High.

Risk Factor Table

EOP-003-1 R8. Each Transmission Operator or Balancing Authority shall have plans for operator-controlled manual load shedding to respond to real-time emergencies. The Transmission Operator or Balancing Authority shall be capable of implementing the load shedding in a timeframe adequate for responding to the emergency. "High"

Violation Severity Level: Moderate

Violation Severity Level Determination:

EOP-003-1	Lower	Moderate	High	Severe
R8	N/A	The applicable entity did not have plans for operator controlled manual load shedding, as directed by the requirement.	The applicable entity did not have the capability to implement the load shedding, as directed by the requirement.	The applicable entity did not have plans for operator controlled manual load shedding, as directed by the requirement nor had the capability to implement the load shedding, as directed by the requirement..

Workbook Statement: SECI does not have 'operator controlled' of the distribution feeders that are included in its manual load shedding program. SECI relies on its members to perform the actual load shedding under its direction. The SPP RE believes the term 'operator controlled' requires direct access to the feeders by the system operators or at most access to a one-call distribution center. LNC- Level 4

Workbook Impact Statement: Moderate impact - The SECI system is on the west side of Kansas. SECI has automatic load shedding capability as part of its UFLS program. It also has a manual load shedding program but relies on its members to actually perform the load shedding rather than having 'operator controlled' of its manual load shedding program. SCADA upgrades are underway to shift control from the member distribution centers to the SECI operations center.

NERC Mitigation Plan No: MIT-07-1117

Administration Record	Date
Violation Date	06/18/07
Mitigation Plan submitted by Registered Entity	12/31/09
Mitigation Plan accepted by SPP (CDMS)	1/6/09
Mitigation Plan accepted by NERC (Confirmation of Mitigation Plan to FERC)	2/25/09
Proposed Mitigation Plan Completion Date	1/30/09
Registered Entity Certification of Mitigation Plan / Milestone Completion	1/28/09
SPP RE Confirmed Completion Date	1/28/09
SPP RE Verification Review	7/13/2009

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Reliability Standard(s) and Requirement(s) at Issue: EOP-003-1 R8

R8. Each Transmission Operator or Balancing Authority shall have plans for operator controlled manual load shedding to respond to real-time emergencies. The Transmission Operator or Balancing Authority shall be capable of implementing the load shedding in a timeframe adequate for responding to the emergency.

Cause of the Violation: During 2008 NERC Readiness Audit SECI was found to be deficient in regards to a "Manual Load Shedding Plan". (Mitigation Plan C.2)

SECI is a Generation and Transmission Cooperative (G&T) and serves no retail load. As a G&T we are owned by 6 cooperatives that serve the retail load via a distribution system. Prior to the acceptance of the NERC reliability standards, SECI was unable to operate on behalf of the distribution cooperatives. With the acceptance of the new standards and the inclusion of these distribution cooperatives under these standards, SECI is working to bring the distribution side up to requirements of NERC standards.

Presently, the only way to physically shed load is by opening transmission lines. Sunflower believes shedding load through opening of transmission lines would cause a large reliability risk. Therefore, until the low voltage "feeder" breakers can be connected to SCADA control Sunflower will not be able to shed load manually. (Mitigation Plan D.4)

Workbook Statement: SECI does not have 'operator controlled' of the distribution feeders that are included in its manual load shedding program. SECI relies on its members to perform the actual load shedding under its direction. The SPP RE believes the term 'operator controlled' requires direct access to the feeders by the system operators or at most access to a one-call distribution center.

Proposed Mitigation Plan: Identify available loads for shedding. Physically connect SCADA to load shedding devices. Set up load shedding scheme on SCADA. Correct load shedding plan. Train Operators. (Mitigation Plan D.1)

Mitigation Plan Activity/Milestone Under Review	Due Date	Completion Date	Evidence/Documentation Review Date
Identify Manual Load Shedding Points	7/25/08	10/30/08	SECI has identified Load shedding points. The load shedding points do not interfere with the Under frequency load shedding program. Load shedding is approximately 15 % in SECI and 15% in MKEC region. SECI Electric Power Corporation Emergency Restoration Planning describes SECI manual load shedding plan Points to be shed Load Shedding Points.XLE format Letter RE: Notice of completion of Mitigation Plan 1/28/2009 SECI comments on completion of

			Identifying points Reviewed 7/13/2009
Connect load shedding points to SCADA control.	1/16/09	1/16/09	The Load Shedding Plan 2009 Page 3 describes supervisor control on the designated circuits for load shedding. SPP RE staff performed a site audit 3/30/09 to 4/2/09 verifying the existence of load shedding points on SECI EMS system. Reviewed 7/13/09
Create Manual Load Shedding Plan and conduct training on document.	1/30/09	1/28/09	Sunflower Electric Power Corporation Load shedding Plan 2/22/2009 describes the process of manually shedding load. “SECI Electric Power Corporation Emergency Restoration Planning” describes SECI manual load shedding plan if system frequency continues falling. “Sunflower Electric Power Corporation NERC/SPP Compliance Procedure Appendix2” SECI operation staff has completed training on the new load shedding plan on or before 1/23/09 Reviewed 7/13/09

Abatement of Interim BPS Reliability Risk: Sunflower believes that the risk to the Bulk Power System is less than the requirement presents due to our geographic location and the lack of load density. Sunflower is working towards the implementation of a manual load shedding plan that will address the NERC requirements. Sunflower will act at the direction of the SPP Reliability Coordinator if and when requested to shed load through the de-energization of transmission facilities. (Mitigation Plan E.1)

Prevention of Future BPS Reliability Risk: Once the plan is in place Sunflower will administer the addition or removal of manual load shedding points as least on an annual basis. (Mitigation Plan E.2)

Milestone/Mitigation Plan under review: Review of completion of the Mitigation Plan.

Statement of review of the confirmation and supporting evidence indicating the verification of completion of the Mitigation Plan / Milestone:

Mitigation Plan Documentation Record

Document Description	Record File Name
Certification of Mitigation Plan Completion	090128SECI080052MPCF.DOC
SECI Emergency Restoration Plan	090226SECI080052MPEV(1).DOC
SECI Load Shedding Plan	090226SECI080052MPEV(2).PDF
SECI-EOP-003-1 Procedure	090226SECI080052MPEV(2).DOC
Load Shedding Points	081219SECI080052VDEV
Load Shedding plan testing and training signature sheet	090818SECI080052MPEV.pdf

Other:

Has the Registered Entity completed the milestone and/or mitigation plan under review? (YES/NO)
SPP RE Audit team 3/30/09 - 4/2/09 verified SECI has satisfied its mitigation plan.

Upon review SPP RE found two employees that were not train on the new load shedding plan. SECI confirmed that the two employees at the time of the self report were not NERC certified yet. SPP RE staff asked SECI to also train two new operating personnel before the mitigation plan can be deemed complete. SECI has confirmed 8\18\2009 that the two new operators have now been trained on the load shedding plan and have sent documentation Load Shedding plan Training and Testing Signature Sheet”with the two new operating employees signature.

From the evidence reviewed SECI has completed and satisfied the Mitigation Plan for violation SPP200800052.

Review Performed by: Alan Wahlstrom

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Sunflower Electric Power Corporation

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 Sunflower Electric Power Corporation in the Southwest Power Pool Regional Entity 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