



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

April 28, 2010

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

**Re: NERC Notice of Penalty regarding Tri-State Generation and Transmission
Association, Inc. - Marketing
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Tri-State Generation and Transmission Association, Inc. - Marketing (TSMD),² NERC Registry ID NCR05432,³ 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 December 18, 2008, TSMD self-reported a violation of VAR-002-1⁵ Requirement (R) 3, specifically R3.1, to the Western Electricity Coordinating Council (WECC) because it failed to

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 (2010). *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 On October 14, 2009, NERC submitted an Omnibus filing which addressed violations for certain registered entities including TSMD. One of the alleged violations included in the Omnibus filing for TSMD was of VAR-002-1 R3. On November 13, 2009, FERC issued an order stating it would not engage in further review of the violations addressed in the Omnibus Notice of Penalty. Also concurrently being filed is a Notice of Penalty designated as NOC-460 regarding a separate Settlement Agreement for an alleged violation of IRO-STD-006-0 WR1, between the Western Electricity Coordinating Council and Tri-State Generation and Transmission Association, Inc. – Marketing.

³ Western Electricity Coordinating Council confirmed that TSMD was included on the NERC Compliance Registry as a Generator Owner, Generator Operator, Load Serving Entity, Purchasing-Selling Entity and Resource Planner on June 17, 2007. As a Generator Operator, TSMD is subject to the requirements of Reliability Standard VAR-002-1.

⁴ See 18 C.F.R. § 39.7(c)(2).

⁵ VAR-002-1 was enforceable from June 18, 2007 through August 27, 2008. VAR-002-1a was approved by the Commission and became enforceable on August 28, 2008. VAR-002-1.1a is the current enforceable Standard as of May 13, 2009. The subsequent interpretations provide clarity regarding the responsibilities of a registered entity and do not change the meaning or language of the original NERC Reliability Standard and its requirements. For consistency in this filing, the original NERC Reliability Standard, VAR-002-1, is used throughout.

notify its Transmission Operator (TOP) within thirty minutes of a change in the set point of its automatic voltage regulator (AVR). This Notice of Penalty is being filed with the Commission because TSMD does not dispute the violation of VAR-002-1 R3 and the proposed twenty five thousand dollar (\$25,000) financial penalty to be assessed to TSMD. Accordingly, the violation identified as NERC Violation Tracking Identification Number WECC200801238 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 September 17, 2009, by WECC. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty by the NERC Board of Trustees Compliance Committee (BOTCC). In accordance with Section 39.7 of the Commission's Regulations, 18 C.F.R. § 39.7 (2007), NERC provides the following summary table identifying the Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req.	VRF	Total Penalty (\$)
WECC	Tri-State Generation and Transmission Association, Inc. - Marketing	NOC-376	WECC200801238	VAR-002-1	3/3.1	Medium	25,000

VAR-002-1

The purpose of Reliability Standard VAR-002-1 is to ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.

VAR-002-1 R3 requires each Generator Operator, such as TSMD, to notify its associated TOP as soon as practical, but within 30 minutes of any of the following:

R3.1. A status or capability change on any generator Reactive Power resource, including the status of each AVR and power system stabilizer and the expected duration of the change in status or capability.

R3.2. A status or capability change on any other Reactive Power resources under the Generator Operator's control and the expected duration of the change in status or capability.

VAR-002-1 R3 and its sub-requirements each have a "Medium" Violation Risk Factor (VRF).

On November 19, 2008, TSMD's Escalante Station unit began experiencing volatile volt-ampere reactive unit (VAR) power swings due to a 345 kV-230 kV disturbance that was occurring at the Four Corners Station. TSMD's operator, while leaving the AVR in automatic constant voltage mode, made a manual adjustment to the AVR's set point in order to reduce VARs and protect the generating unit. TSMD, following its communication procedures of contacting Marketing who in turn contacted both Tri-State Generation Transmission and Public Service Company of New Mexico Transmission, immediately notified its TOP that the Escalante unit was experiencing volatile VAR swings and that capacitor bank support was requested. However, TSMD discovered on December 12, 2008, that it did not include the change made to the AVR set point in this communication. On December 17, 2008, TSMD made a determination that a mis-communication occurred and notified its TOP of its set point change made the previous month.

On December 18, 2008, TSMD self-reported a possible violation of VAR-002-1 R3.1 because it failed to notify its TOP within thirty minutes of a change in the set point of its AVR.

WECC subject matter experts reviewed TSMD's Self-Report and determined that TSMD had a possible violation of VAR-002-1 R3 because TSMD had experienced a change in its Escalante Station unit's AVR set point that its operator did not communicate to the TOP. The subject matter experts forwarded TSMD's Self-Report and their findings to WECC Enforcement Staff.

WECC Enforcement Staff reviewed the Self-Report along with the previous findings and confirmed that a violation occurred because TSMD did not notify its TOP of a status change to its AVR within 30 minutes of the change, as required by VAR-002-1 R3.

WECC determined the VAR-002-1 R3 violation was mitigated on December 17, 2008 when TSMD notified its TOP and that the duration of the violation was from November 19, 2008, when the failure to notify the TOP of the status change occurred, until March 5, 2009, when TSMD completed its Mitigation Plan.

WECC determined that the violation of VAR-002-1 R3 posed a moderate risk to the bulk power system (BPS) because a failure to notify the TOP of a status or capability change on any generator Reactive Power resource reduces the TOP's ability to ensure voltage levels necessary for reliability. The change of set point on the AVR by the operator of the Escalante unit reduced VARs on the system at a time when the system needed support. Although WECC determined the violation posed a moderate risk to the BPS, WECC determined that it did not pose a serious or substantial risk to the reliability of the BPS the violation was a single instance of non-compliance and a single instance justifies a "Lower" Violation Severity Level. In addition, WECC SMEs determined that this was an instance where TSMD was monitoring its system and taking actions accordingly.

WECC's Determination of Penalty

WECC assessed a penalty of twenty five thousand dollars (\$25,000) for the referenced violation. In reaching this determination, WECC considered the following factors:

1. TSMD self-reported the violation;

2. the violation was TSMD's second violation of VAR-002-1 R3;⁶
3. TSMD was cooperative throughout the compliance enforcement process;
4. there was no evidence of any attempt by TSMD to conceal the violation;
5. there was no evidence that TSMD's violation was intentional; and
6. WECC determined that, while the violation posed a moderate risk, it did not pose a serious or substantial risk to the reliability of the BPS, as discussed above.

Therefore, WECC determined that, in this instance, the penalty amount of twenty five thousand dollars (\$25,000) is appropriate and bears a reasonable relation to the seriousness and duration of the VAR-002-1 R3 violation.

Status of Mitigation Plan⁷

TSMD's Mitigation Plan to address VAR-002-1 R3.1 was dated December 18, 2008 and submitted to WECC on December 19, 2008 with a completion date of March 17, 2009. The Mitigation Plan was accepted by WECC on December 24, 2008 and was approved by NERC on March 10, 2009. The Mitigation Plan is designated as MIT-08-1464 and was submitted as non-public information to FERC on March 12, 2009, in accordance with FERC orders.

The Mitigation Plan required TSMD to complete the following actions:

- modify its existing procedure so that no set point changes can be made without the permission of the TOP except in the event of an emergency (changes made during an emergency will be communicated immediately after the change is made);
- notify operating personnel at all facilities of the procedure change;
- contact all other Tri-State operated generating and marketing facilities and require similar communication to all plant operators regarding set point communication to prevent a similar violation at another facility;
- request that TSMD's TOP revise the voltage and VAR schedules to all Tri-State generating facilities to provide more direction and clarification including direction on not moving the set point without proper communication; and
- post the revised schedules at all Tri-State generation facilities upon completion.

On March 9, 2009, TSMD certified that its Mitigation Plan was completed on March 5, 2009. TSMD submitted copies of communications with TSMD generating plants regarding operating procedures and copies of revised voltage schedules as evidence of its completion of its Mitigation Plan.

⁶ TSMD's previous violation of VAR-002-1 R3 was self-reported and occurred when TSMD installed a Power System Stabilizer (PSS) at its Pyramid Station in 2003 and incorrectly reported it as "in service" even though the PSS was never brought online. Notice was given to WECC on September 10, 2007 of the correct PSS status. TSMD was non-compliant with VAR-002-1 R3 from June 18, 2007, the date the Standard was enforceable, until August 12, 2008, when TSMD completed its Mitigation Plan to determine if the existing unit could be brought into service.

⁷ See 18 C.F.R § 39.7(d)(7).

On March 10, 2009, after WECC's review of TSMD's submitted evidence, WECC verified that the Mitigation Plan was completed and notified TSMD on March 11, 2009 that it was in compliance with VAR-002-1 R3.

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 March 10, 2010. The NERC BOTCC approved the assessment of a twenty five thousand dollar (\$25,000) financial penalty against TSMD 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 was self-reported;
2. The violation is the second violation of VAR-002-1 R3;
3. WECC reported TSMD was cooperative throughout the compliance enforcement process;
4. There was no evidence of any attempt by TSMD to conceal the violation;
5. There was no evidence that TSMD's violation was intentional; and
6. The violation did not pose a serious or substantial risk to the reliability of the BPS, as discussed above.

For the foregoing reasons, the NERC BOTCC believes that the proposed twenty five thousand dollar (\$25,000) 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 BPS.

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.

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).

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) TSMD's Self-Report dated December 18, 2008, included as Attachment a;
- b) TSMD's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated August 13, 2009, included as Attachment b;
- c) TSMD's Mitigation Plan designated as MIT-08-1464 for VAR-002-1 R3 dated December 18, 2008 and submitted December 19, 2008, included as Attachment c;
- d) TSMD's Certification of Completion for VAR-002-1 R3 dated March 9, 2009, included as Attachment d; and
- e) WECC's Verification of Completion for VAR-002-1 R3 dated March 11, 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>Christopher Luras* Manager of Compliance Enforcement Western Electricity Coordinating Council 615 Arapleen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>Luis Zaragoza* Compliance Program Manager Tri-State Generation and Transmission Association, Inc. – Marketing P.O. Box 33695 Denver, CO 80233-0695 (303) 254-3113 (303) 254-6007 – facsimile lzaragoza@tristategt.org</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>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 615 Arapleen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 615 Arapleen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6885 (801) 883-6894 – facsimile CWhite@wecc.biz</p> <p>Steven Goodwill* Associate General Counsel Western Electricity Coordinating Council 615 Arapleen Drive, Suite 210 Salt Lake City, UT 84108-1262 (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@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
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/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
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Washington, D.C. 20005-3801
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rebecca.michael@nerc.net
holly.hawkins@nerc.net

cc: Tri-State Generation and Transmission Association, Inc. - Marketing
Western Electricity Coordinating Council

Attachments

Attachment a

TSMD's Self-Report dated December 18, 2008



CONFIDENTIAL

Compliance Violation Self-Reporting Form

Please complete an **individual** Self-Reporting Form for each NERC Reliability Standard that indicates any level(s) of non-compliance and submit via the WECC Compliance Web Portal File Upload

Registered Entity Name: Tri-State G&T Association, Inc. - Marketing

Contact Name: Lisa Tiffin

Contact Phone: 303-254-3575

Contact email: ltiffin@tristategt.org

Date noncompliance was discovered: 12/12/2008

Date noncompliance was reported: 12/18/2008

Standard Title: Generator Operation for Maintaining Network Voltage Schedules

Standard Number: VAR-002-1a

Requirement Number(s)¹: 3.1

How was the noncompliance found? (e.g. Routine Readiness Evaluation, Self-evaluation, Internal Audit, etc.)

TSGT Transmission Planning along with PNM Transmission began investigating a system disturbance involving Four Corner 345-230, as it related to Tri-State Escalante station (PEGS). Date of disturbance was November 19, 2008. TSGT Planning contacted Generation Engineering and Marketing Compliance and shared a plot graph of PEGS response which indicated a set point change of the voltage immediately after the disturbance occurred (Communication occurred December 12, 2008). After reviewing Marketing logs and speaking with PEGS Operations Superintendent, it was determined that while PEGS Generator Operator did contact Marketing, who in turn contacted TSGT Transmission and PNM Transmission, to inform them of volatile VAR swings at PEGS and to submit a request for capacitor bank support, the operator did not mention that a change had been made to the set point of the unit's AVR shortly after the disturbance to reduce VARS (Determination made December 17, 2008). To clarify the Operator did not have any knowledge of a disturbance on the system at the time the set point change was made and was reacting to protect the unit from volatile VAR swings. Additionally it was confirmed that the AVR was at all times in automatic constant voltage mode.

¹ Violations are on a per requirement basis.

***Submit a Mitigation Plan in conjunction with this form to show that corrective steps are being taken within ten (10) business days. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

On November 19, 2008 Tri-State's Escalante unit (PEGS) began experiencing volatile VAR swings. While leaving the AVR in automatic constant voltage mode, the operator made a manual adjustment to the set point in order to reduce VARS. The operator followed Tri-State's communication procedures of contact Marketing who in turn contacted both TSGT Transmission and PNM Transmission with the information that PEGS was experiencing volatile VAR swings and that capacitor bank support was requested. However the change made to the AVR set point was not included in the chain of communication related to this event resulting in a violation of VAR-002-1a R3.1.

Describe the reliability impact of this non-compliance:

A Four corners 345-230 disturbance was occurring. Manual change of set point by PEGS Operator took VARS away from the system when the system needed support. Tri-State is not aware of any outages or contingencies caused by this action.

Expected date of Mitigation Plan submittal: 12/19/08

Attachment b

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



TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

1100 W. 116TH AVENUE • P.O. BOX 33695 • DENVER, COLORADO 80233 • 303-452-6111

August 13, 2009

Constance B. White
Vice President of Compliance
Western Electricity Coordinating Council
615 Arapen Drive, Suite 210
Salt Lake City, UT 84108

Dear Ms. White:

Tri-State Generation and Transmission Association – Marketing (TSMD) has reviewed the Notice of Alleged Violation (WECC200801238 and TSMD_WECC20081350) and proposed penalties and sanctions issued on July 15, 2009 for NERC Reliability Standard VAR-002-1 Requirement 3 as a result of TSMD's self-report on December 18, 2008. In accordance with Section 5.2 of the Compliance Monitoring and Enforcement Program (CMEP), TSMD has accepted WECC's determination of violation and its proposed penalty of \$25,000.

TSMD certified completion of its mitigation plan on March 9, 2009, certifying that it was completed on March 5, 2009. To demonstrate completion of this mitigation plan, TSMD provided WECC with copies of communications with TSMD generating plants regarding operating procedures and copies of revised voltage schedules. On March 10, 2009, WECC SMEs reviewed the completion documentation and verified completion of the mitigation plan; the mitigation plan was approved by NERC on March 12, 2009.

Sincerely,

Sherryl Caikowski
Senior Vice President, Corporate Services & Chief Compliance Officer

Attachment c

TSMD's Mitigation Plan designated as MIT-08-1464 for VAR-002-1 R3 dated December 18, 2008 and submitted December 19, 2008



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 12/18/08

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan:

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Appendix A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Appendix 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: Tri-State G&T Association, Inc. - Marketing

Registered Entity Address: 1100 W 116th Ave, Westminster, CO 80234
NERC Compliance Registry ID: NCR05432

- 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

Name: Lisa Tiffin
Title: Market Training & Compliance Coordinator
Email: ltiffin@tristategt.org

¹ A copy of the WECC CMEP is posted on WECC's website at <http://www.wecc.biz/documents/library/compliance/manuals/Att%20A%20-%20WECC%20CMEP.pdf>. Registered Entities are responsible for following all applicable WECC CMEP procedures. WECC 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

Phone:

NERC

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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: VAR-002-1a
[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)
		3.1	Medium	11/19/08	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:

On November 19, 2008 Tri-State's Escalante unit (PEGS) began experiencing volatile VAR swings. While leaving the AVR in automatic constant voltage mode, the operator made a manual adjustment to the set point in order reduce VARS. The operator followed Tri-State's communication procedures of contact Marketing who in turn contacted both TSGT Transmission and PNM Transmission with the information that PEGS was experiencing volatile VAR swings and that capacitor bank support was requested. However the change made to the AVR set point was not included in the chain of communication related to this event resulting in a violation of VAR-002-1a R3.1.



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[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:

Although the PEGS operator was unaware, a FourCorners 345-230 disturbance was causing the volatile VAR swings

[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:

Market Training & Compliance Coordinator will communicate to PEGS Operations Superintendent that a violation has been self reported and give direction on immediate changes to current procedures that will prevent additional violations from occurring – no set point changes will be made to AVR without permission from the Transmission Operator except in cases of emergency (potential damage to equipment) and changes under emergency conditions will be communicated immediately after change has been made and unit is safe. PEGS Operations Superintendent will relay this information to appropriate shift supervisors to be relayed to operators as their shift occurs. Additionally Market Training & Compliance Coordinator will contact all other Tri-State Operated Generating facilities & Marketing and require similar communication to all plant operators regarding set point communication to prevent a similar violation at another facility. Finally, Marketing has requested TSGT Transmission to revise the voltage and VAR schedules provided in June of 2007 to all Tri-State Generating facilities to provide more direction and clarification including direction on not moving the set point without proper communication. These revised schedules will be distributed and posted at all Tri-State Generation Facilities upon completion.

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



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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: Communication from Market Training & Compliance Coordinator to PEGS Operations Superintendent - 12/17/08 ; Communication from PEGS Operations Superintendent to Shift Supervisor to plant operators as their shifts occur - from 12/17/08 to 1/15/09; Communication to all Tri-State Operated Generating Facilities & Marketing regarding setpoint communication rule including notification to plant operators as their shifts occur by supervisors - from 12/17/08 to 1/15/09; Revised VAR and Voltage Schedules from TSGT Transmission to Tri-State Operated Generating Facilities -from 12/17/08 to 03/15/09; Plan completed 03/17/09

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)
All necessary Communication completed	01/15/09
Revised Voltage and VAR schedules distributed	03/15/09
Mitigation Plan Completed	03/17/09

(*) 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)



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

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



Section E: Interim and Future Reliability Risk

Check this box ☐ 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:

To prevent AVR adjustments to set points during potential disturbances notification is being made to plant operators at their next shift to insure they are aware of the rule to communicate all set point changes and request permission before performing set point changes unless the situation is an emergency in which case communication can occur immediately after
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

Prevention of Future BPS Reliability Risk

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

Proper notification to plant operator and appropriate supervisors at each facility will prevent future set point changes occurring without communication. Also, revised voltage and var schedules with more clear directions will provide operators with a hands on tool to remain compliant.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or



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minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to 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 Sr Vice President Production Assets of Tri-State G&T Association, Inc - Marketing.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Tri-State G&T Association, Inc - Marketing.
 3. I understand Tri-State G&T Association, Inc - Marketing'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. Tri-State G&T Association, Inc - Marketing 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): Mike McInnes

Title: Sr Vice President Production Assets

Date: December 18, 2008



Section G: Comments and Additional Information

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

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

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://www.wecc.biz/wrap.php?file=/wrap/Compliance/manuals.html>



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.



Western Electricity Coordinating Council



- 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

TSMD's Certification of Completion for VAR- 002-1 R3 dated March 9, 2009



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Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and submit to the WECC Compliance Web Portal File Upload along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Tri-State G&T Association, Inc. Marketing

Standard Title: Generation Operation for Maintaining Network Voltage Schedules

Standard Number: VAR-002-1a

Requirement Number(s): 3.1

Actual completion date of Mitigation Plan: 3/5/2009

Check this box ☒ to indicate that you understand that the submittal of this Completion form is incomplete and cannot be reviewed for approval unless supporting documentation/evidence that confirms full compliance is attached.

Please provide the specific location (i.e. paragraph numbers, page numbers) in the documentation / evidence submitted to verify compliance.

Evidence of Communication for January 13 Milestone Update (VAR-002-1a R3.1).pdf - Contains Evidence of Communications from Operations Superintendents or Managers to plant operators at all Tri-State Operated facilities (including PEGS) regarding voltage setpoint

RE Generator Voltage - Schedules - Escalante #1 - 05 24 07 1342 doc.msg - Evidence of communication from Market Training and Compliance Coordinator to PEGS Operations Superintendent regarding voltage setpoint

March 5 2009 Revised Voltage and Var Schedules from TOP.pdf - Evidence of Revised voltage and var schedules submitted to plants from Transmission Operator

Additional Notes or Comments pertaining to this violation:

None

By endorsement of this document I attest that Tri-State G&T Association, Inc. Marketing is now in full compliance with the standard / requirements addressed in this Mitigation Plan and documentation / evidence supporting full compliance is attached for review and audit by the WECC Compliance Staff.

Authorized Officer's Signature: Mike McInnes

Authorized Officer's Name: Mike McInnes

Authorized Officer's Title: Sr. Vice President Production Assets

Date: 3/9/2009

Attachment e

WECC's Verification of Completion for VAR- 002-1 R3 dated March 11, 2009

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Bob Kiser
Manager of Compliance Audits and Investigations

360.567.4058
bkiser@wecc.biz

March 11, 2009

Mark Connor
Reliability Compliance Support Supervisor
Tri-State Generation and Transmission Association, Inc. - Marketing
NCR05432
P.O. Box 33695
Denver, CO 80233-0695

Subject: Certification of Completion Response Letter

Dear Mark Connor,

The Western Electricity Coordinating Council (WECC) has received Tri-State Generation and Transmission Association, Inc. - Marketing TSMD's Certification of Completion and supporting evidence on 3/9/2009 for TSMD's alleged violation of Reliability Standard VAR-002-1 and Requirement(s) 3. Listed below is the outcome of WECC's official review.

WECC has accepted the Certification of Completion for Requirement(s) 3 of the Reliability Standard VAR-002-1 and have found these requirements to be fully mitigated. No further mitigation of these requirements will be required at this time.

If you have any questions or concerns, please contact Mike Wells at mike@wecc.biz. Thanks for your assistance in this effort.

Sincerely,

Bob Kiser

Bob Kiser
Manager of Compliance Audits and
Investigations

BK:cm

cc: Lisa Tiffin, TSMD Market Training & Compliance Coordinator
Lisa Milanese, WECC Manager of Compliance Administration
Mike Wells, WECC Senior Compliance Engineer

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Tri-State Generation and Transmission
Association, Inc. - Marketing

Docket No. NP10-____-000

NOTICE OF FILING
April 28, 2010

Take notice that on April 28, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Tri-State Generation and Transmission Association, Inc. - Marketing 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