



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

June 2, 2010

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

Re: NERC Notice of Penalty regarding Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc., FERC Docket No. NP10-_-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (MDUM), NERC Registry ID# NCR05247,² 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 an off-site Compliance Audit (Audit) conducted from August 11, 2009 to August 12, 2009 (Audit), Western Electricity Coordinating Council (WECC) identified MDUM's possible non-compliance with NERC Reliability Standard (Standard) PRC-005-1 Requirement (R) 2.1⁴ for MDUM's failure to perform specific gravity tests on its station batteries at MDUM's two Sheridan substations within defined intervals. This Notice of Penalty is being filed with 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 (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). See 18 C.F.R. § 39.7(c)(2).

² Western Electricity Coordinating Council confirmed that MDUM was included on the NERC Compliance Registry as a Distribution Provider, Load Serving Entity, Purchasing-Selling Entity, Resource Planner and Transmission Owner on June 17, 2007. As a Transmission Owner and Distribution Provider, MDUM is subject to the requirements of NERC Reliability Standard PRC-005-1. Montana-Dakota Utilities Company is registered in the MRO region as a Distribution Provider, Generator Operator, Generator Owner, Load Serving Entity, Purchasing-Selling Entity, Resource Planner and Transmission Owner as of May 30, 2007 and as a Transmission Operator as of January 30, 2009. It has a separate NERC Registry ID in the MRO region, which is NCR01015.

³ See 18 C.F.R. § 39.7(c)(2).

⁴ On February 1, 2010, NERC submitted a Notice of Penalty for MDUM's non-compliance with PRC-005-1 R2 in the MRO region. On March 3, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty.

Commission because MDUM does not dispute the violation⁵ of PRC-005-1 R2.1 and the proposed five thousand dollar (\$5,000) penalty to be assessed to MDUM. Accordingly, the violation identified as NERC Violation Tracking Identification Numbers WECC200901658 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 November 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, NERC provides the following summary table identifying the Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
WECC	Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.	NOC-426	WECC200901658	PRC-005-1	2.1	High ⁶	\$5,000

PRC-005-1

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

PRC-005-1 R2 requires that:

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

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

⁵ The instant violation is a Confirmed Violation; however, for purposes of this document, the violation at issue is described as a "violation," regardless of the procedural posture and whether they were possible, alleged or confirmed violations.

⁶ PRC-005-1 R2 has a "Lower" Violation Risk Factor (VRF); R2.1 and R2.2 each have a "High" VRF. During a final review of the standards subsequent to the March 23, 2007 filing of the Version 1 VRFs, NERC identified that some standards requirements were missing VRFs; one of these include PRC-005-1 R2.1. On May 4, 2007, NERC assigned PRC-005 R2.1 a "High" VRF. In the Commission's June 26, 2007 Order on Violation Risk Factors, the Commission approved the PRC-005-1 R2.1 "High" VRF as filed. Therefore, the "High" VRF was in effect from June 26, 2007.

R2.2 Date each Protection System device was last tested/maintained.

PRC-005-1 R2 has a “Lower” Violation Risk Factor (VRF) and its sub-requirements each have a “High” VRF. The violation applies to MDUM’s Distribution Provider and Transmission Owner functions.

During the Audit, the WECC Audit Team (Audit Team) requested that MDUM provide documentation dating back to June 2007 for the station batteries at MDUM’s two Sheridan substations. On August 12, 2009, MDUM notified the Audit Team that it had not regularly performed specific gravity checks on its batteries in accordance with its Protection System Maintenance and Testing Program. Specifically, hydrometer readings, which are the results of the gravity tests, were not taken every three months as specified in MDUM’s Protection System Maintenance and Testing Program, and its form used for Storage Battery Maintenance did not record whether or not hydrometer readings were taken but only recorded whether a substation inspection was made in a given month.⁷ The Audit Team determined that MDUM had a possible non-compliance with PRC-005-1 R2.1 for its failure to perform specific gravity tests on all of its station batteries within the defined intervals of its Protection System Maintenance and Testing Program and forwarded its findings to the WECC Enforcement Department for its review and consideration.

WECC determined that MDUM had a violation of PRC-005-1 R2.1 because MDUM failed to perform specific gravity tests on all of its batteries within defined intervals as required by its Protection System Maintenance and Testing Program. WECC determined the duration of the violation to be from June 18, 2007, the date the Standard became enforceable, through September 14, 2009, when MDUM completed its Mitigation Plan.

WECC determined that the violation of PRC-005-1 R2.1 did not pose a serious or substantial risk to the BPS because MDUM demonstrated that, other than the missed specific gravity tests, it was testing its batteries on a monthly basis in accordance with its maintenance and testing procedures. Monthly voltage readings were taken on each cell of the batteries at both stations. Any unacceptable variation in voltage of these readings would have alerted MDUM to any signs of battery cell weakness or failure. Furthermore, MDUM uses alarm systems on all of its battery banks, limiting the risk of battery failure. Therefore, as a result of MDUM’s scheduled battery testing and alarm capabilities, a failure of the batteries was unlikely. Finally, the Sheridan Southwest Substation is located on the end of a radial 230 kV line, and therefore any battery failure would have minimal impact on the BPS.

Regional Entity’s Basis for Penalty

WECC assessed an aggregate penalty of five thousand dollars (\$5,000) for the referenced violation. In reaching this determination, WECC considered the following factors: (1) the violation constituted MDUM’s first occurrence of violation of NERC Reliability Standards in the WECC region; (2) MDUM was cooperative throughout the compliance enforcement process; (3)

⁷ The tests were due every three months (quarterly). Thus, it is WECC’s understanding that from June 18, 2007 through August 2009, there were 8 quarters and therefore 8 missed tests for the Sheridan Substation.

there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and
(4) the violation did not pose a serious or substantial risk to the BPS, as discussed above.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of five thousand dollars (\$5,000) is appropriate and bears a reasonable relation to the seriousness and duration of the subject violation.

Status of Mitigation Plan⁸

MDUM's Mitigation Plan to address its violation of PRC-005-1 R2.1 was submitted to WECC on August 26, 2009⁹ with a proposed completion date of September 15, 2009. The Mitigation Plan was accepted by WECC on October 1, 2009 and approved by NERC on October 20, 2009. The Mitigation Plan for this violation is designated as MIT-07-2038 and was submitted as non-public information to FERC on October 20, 2009 in accordance with FERC orders.

MDUM's Mitigation Plan required MDUM to:

- contact the supervisor of the audited location and conduct specific gravity tests on overdue batteries;
- revise its record keeping process to separately track when hydrometer readings have been taken at every substation;
- send a letter to all affected areas of the company reiterating the importance of taking hydrometer readings as described in the company's Protection System Maintenance and Testing Program;
- revise its Protection System Maintenance and Testing Program so that it matches the requirements as stated in MDUM's Storage Battery Monthly Report form so that both agree with each other and both will have intervals of six months; and
- notify all affected employees of the revision to the Protection System Maintenance and Testing Program.

MDUM certified on September 21, 2009 that its Mitigation Plan was completed on September 14, 2009. As evidence of completion of its Mitigation Plan, MDUM submitted the following:

- Revised Storage Battery Report dated September 9, 2009; and
- Revised Protection System Maintenance and Testing Program.

On October 1, 2009, after WECC's review of MDUM's submitted evidence, WECC verified that MDUM's Mitigation Plan was completed on September 14, 2009 and notified MDUM in a letter dated November 6, 2009 that the violation of PRC-005-1 R2.1 had been mitigated.

⁸ See 18 C.F.R. § 39.7(d)(7).

⁹ Mitigation Plan was submitted to WECC on August 26, 2009, but the plan was signed by MDUM on September 3, 2009 and submitted to WECC on September 4, 2009.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹⁰

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 and October 26, 2009 Guidance Orders,¹¹ the NERC BOTCC reviewed the NOCV and supporting documentation on April 12, 2010. The NERC BOTCC approved the assessment of a five thousand dollar (\$5,000) financial penalty against MDUM 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 factors:

- (1) The violation constituted MDUM's first occurrence of violation of NERC Reliability Standards in the WECC region;
- (2) MDUM had a violation of the same Reliability Standard Requirement in the MRO region;
- (3) WECC reported that MDUM was cooperative throughout the compliance enforcement process;
- (4) There was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and
- (5) WECC determined that the violation did not pose a serious or substantial risk to the BPS, as discussed above.

For the foregoing reasons, the NERC BOTCC believes that the proposed penalty of five thousand dollars (\$5,000) 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.

¹⁰ See 18 C.F.R § 39.7(d)(4).

¹¹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Filing of Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009).

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) MDUM's Audit Screenshot for PRC-005-1 R2.1 dated August 12, 2009, included as Attachment a;
- b) MDUM's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated November 3, 2009, included as Attachment b;
- c) MDUM's Mitigation Plan designated as MIT-07-2038 for PRC-005-1 R2.1 dated August 26, 2009, included as Attachment c;
- d) MDUM's Certification of Completion of the Mitigation Plan for PRC-005-1 R2.1 dated September 21, 2009, included as Attachment d; and
- e) WECC's Verification of Completion of the Mitigation Plan for PRC-005-1 R2.1 dated November 6, 2009, included as Attachment e.

A Form of Notice Suitable for Publication¹²

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

¹² 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 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p> <p>Dave Goodin* President & Chief Executive Officer 400 North Fourth Street Bismarck, ND 58501 701-222-7651 701-222-7606– facsimile dave.goodin@mdu.com</p> <p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>	<p>Rebecca J. Michael* Assistant General Counsel Holly A. Hawkins* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net</p> <p>Louise McCarren* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6868 (801) 582-3918 – facsimile Louise@wecc.biz</p> <p>Steven Goodwill* General Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6857 (801) 883-6894 – facsimile SGoodwill@wecc.biz</p> <p>Constance White* Vice President of Compliance Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6885 (801) 883-6894 – facsimile CWhite@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,

/s/ Rebecca J. Michael

Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
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Corporation
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(202) 393-3955 – facsimile
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Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
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Princeton, N.J. 08540-5721
(609) 452-8060
(609) 452-9550 – facsimile
gerry.cauley@nerc.net
david.cook@nerc.net

cc: Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
Western Electricity Coordinating Council

Attachments

Attachment a

**MDUM's Audit Screenshot for PRC-005-1 R2.1
dated August 12, 2009**



Post Violations Tracking and Reporting

Region:	WECC	Violation Date:	8/12/2009	WECC ID:	MDUM_WECC20091831		
Entity:	Montana-Dakota Utilities Co., a Divisi	Acronym:	MDUM	Registry ID:	NCR05247	NERC violation ID:	WECC200901658
Standard:	PRC-005-1	Transmission and Generation Protection System Maintenance and Testing					

Disposition Final Record

Mitigation Plan

RAD and RAD Appeal

Internal Notes

Pre-June 18

Initial Notice

NAVAPS

Proposed Sanction Penalty

Contested Hearing

Requirement: 2.1 Repeat Alleged Violation? ☐

Initial Determination by Region: 8/12/2009

Reporting Method: Compliance Audit

On Site Audit ☐ Off Site Audit ☒

Deemed Date: 6/18/2007

Violation Level: VSL - Lower

Violation Risk Factor: HIGH

Alleged Violation Time: 0:00

Alleged Violation End Date:

Violation Description:

The entity is in violation of PRC-005-1 R2 due to a failure to implement the part of the transmission protection system maintenance and testing program for the specific gravity tests for substation batteries at Sheridan (PP&I) and Sheridan (SW)

Regional Contact Person: O'Donnell, Phil

Applicable Functions: TO, DP

Regional Determination of Impact to BPS: Minimal

Detailed Description of Potential Impact to BPS:

Minimal Impact -

The failure to fully implement a Transmission Operator's protection system maintenance and testing program has the potential to have a significant impact on the reliability of the interconnected system. The entity's violation is associated with the two station battery banks at the Sheridan (PP&I) and the

ID sent to Entity:

Additional Comments

Close

Attachment b

MDUM's Response to the Notice of Alleged Violation and Proposed Penalty or Sanction dated November 3, 2009



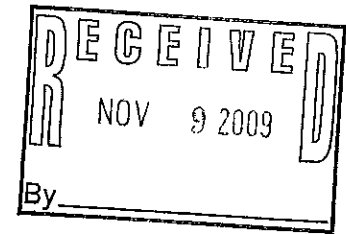
MONTANA-DAKOTA

UTILITIES CO.

A Division of MDU Resources Group, Inc.

400 North Fourth Street
Bismarck, ND 58501

(701) 222-7900
(701) 222-7845 fax



November 3, 2009

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

Re: NERC Violation Tracking ID Number: WECC200901658

Dear Ms. White;

Montana-Dakota Utilities Co. (Montana-Dakota) is in receipt of the Western Electricity Coordinating Council's (WECC) Notice of Alleged Violation and Proposed Penalty or Sanction regarding NERC Violation Tracking ID Number WECC200901658 dated October 23, 2009. Montana-Dakota does not contest the Alleged Violation or the proposed penalty amount. Montana-Dakota has already filed and the WECC has accepted a mitigation plan and a notice of completed mitigation plan regarding WECC200901658.

Sincerely,

Andrea Stomberg
Vice-President Electric Supply

Attachment c

MDUM's Mitigation Plan designated as MIT-07-2038 for PRC-005-1 R2.1 dated August 26, 2009



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 08/26/09

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan: 09/15/09

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: Montana-Dakota Utilities Co.
Registered Entity Address: 400 North 4th Street; Bismarck, ND 58501
NERC Compliance Registry ID: NRC05247

- 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: Henry Ford
Title: Electric Transmission Engineering Manager
Email: henry.ford@mdu.com
Phone: 701-222-7944

¹ A copy of the WECC CMEP is posted on WECC's website at:

<http://compliance.wecc.biz/Application/Documents/Home/20090101%20-%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.



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

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

- C.1 Standard: PRC-005-1
[Identify by Standard Acronym (e.g. FAC-001-1)]
- C.2 Requirement(s) violated and violation dates:
[Enter information in the following Table]

NERC Violation ID # [if known]	WECC Violation ID # [if known]	Requirement Violated (e.g. R3)	Violation Risk Factor	Alleged or confirmed Violation Date ^(*) (MM/DD/YY)	Method of Detection (e.g. audit, self-report, investigation)
		R2	High	08/12/09	Audit

(*) 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:

The result of the discovery of this alleged violation was an immediate review of our storage battery testing process and the associated documentation and record keeping process. This review yielded two findings of interest.

1. Our Protection System Maintenance and testing program requirements do not match the requirements as stated on the form we use for Storage Battery Maintenance.
2. Our record keeping system does not record whether or not hydrometer readings were taken but only records whether a substation inspection was made in a given month.
[Provide your response here; additional detailed information may be provided as an attachment as necessary]



Western Electricity Coordinating Council



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

[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:

The following steps will be taken to correct this alleged violation:

1. Contact was made with the supervisor of the audited location on August 12th and hydrometer readings were taken that same day.
 2. A letter was sent to all affected locations of the company on August 20th stating the importance of performing these readings on the prescribed basis.
 3. The record keeping process was immediately revised on August 12th to separately track the receipt of hydrometer readings for each substation so any missed stations can be quickly identified and action taken to obtain the readings.
 4. Whenever the recordkeeping process reflects that a substation has not had hydrometer readings taken during the month scheduled for such reading, a letter will be sent immediately to the supervisor of the affected area advising them of the missing report.
 5. The required intervals for hydrometer testing stated in Protection System Maintenance and Testing Program and on the Storage Battery Monthly Report form will be revised so they will agree with each other and both will state the interval will be six (6) months.
- [Provide your response here; additional detailed information may be provided as an attachment as necessary]

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

Mitigation Plan Timeline and Milestones



D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the alleged or confirmed violations associated with this Mitigation Plan corrected: (1) Immediate steps were taken to secure hydrometer readings at the two locations reported in this audit. Completion of this step was by August 12, 2009. (2) Record keeping process was revised on August 12th, 2009 to separately track when hydrometer readings have been taken at every substation. (3) A letter was sent to all affected areas of the company on August 20th stating the importance of taking hydrometer readings as prescribed in the company Protection System Maintenance and Testing Program. (4) The Protection System Maintenance and Testing Program will be revised to match the requirements as stated on the company Storage Battery Monthly Report form and this revision will be communicated to all affected employees as of September 15th, 2009.

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

Milestone Activity	Proposed Completion Date* (milestones cannot be more than 3 months apart)
Hydrometer readings	August 12, 2009
Review of record keeping process	August 12, 2009
Send letter to all affected areas	August 20, 2009
Revision of the Protection System and Testing Program to match the requirements on the testing report	September 15, 2009

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

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

Additional Relevant Information (Optional)

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



While hydrometer readings were not taken every three months as specified in our Plan, monthly voltage readings were taken without fail on each cell of the batteries at both stations. Any unacceptable variation in voltage by of these readings would have alerted us to any signs of battery cell weakness or failure. Therefore any risk to the bulk electric system by not taking hydrometer readings was very minimal remote. Secondly it is worth noting that the Sheridan Southwest Substation is located on the end of a radial 230kV line and therefore has no impact on the operation of the bulk electric system. [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:

[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:

Successful completion of the plan will ensure the hydrometer readings will be carried out at the six-month intervals, as stated in the revised Protection System Maintenance and Testing program and the Storage Battery Monthly Report form.

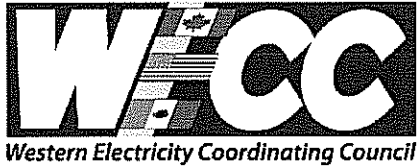
[Provide your response here; additional detailed information may be provided as an attachment as necessary]

- 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 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:



None

[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 Compliance Administrator of Montana-Dakota Utilities Co. (Montana-Dakota).
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Montana-Dakota Utilities.
 3. I understand Montana-Dakota'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. Montana-Dakota 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: Hoa V. Nguyen
(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): Hoa V. Nguyen
Title: Resource Planning Coordinator
Date: September 3, 2009



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 WECC Compliance Website at:

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



Attachment A – Compliance Notices & Mitigation Plan Requirements

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



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

MDUM's Certification of Completion of the Mitigation Plan for PRC-005-1 R2.1 dated September 21, 2009



Non-Public and CONFIDENTIAL

Certification of Mitigation Plan Completion Form

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

Registered Entity: MDU

NERC Registry ID: NCR05247

Date of Submittal of Certification: 09/21/2009

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

Standard: PRC-005-1

Requirement(s): R2

Date Mitigation Plan was scheduled to be completed per accepted Mitigation Plan (if applicable): September 15, 2009

Date Mitigation Plan was actually completed: September 14, 2009

Additional Comments (or List of Documents Attached): Revised Storage Battery Report and Section of the Protection System Maintenance and Testing Program showing how they were revised to match each other.

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

Name: Hoa Nguyen

Title: Resource Planning Coordinator

Email: hoa.nguyen@mdu.com

Phone: 701-222-7656



Non-Public and CONFIDENTIAL

Authorized Signature: *Hoav. Nguyen*

Date: 09/21/09

Attachment e

**WECC's Verification of Completion of the
Mitigation Plan for PRC-005-1 R2.1 dated
November 6, 2009**

CONFIDENTIAL



Western Electricity Coordinating Council

Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

November 6, 2009

Hoa Nguyen
Resource Planning Coordinator
Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc.
400 North Fourth Street
Bismarck, North Dakota 58501

NERC Registration ID: NCR05247

Subject: Certification of Completion Response Letter

Dear Hoa Nguyen,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. (MDUM) on 9/21/2009 for the alleged violation of Reliability Standard PRC-005-1 Requirement 2.1.

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

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

Sincerely,



Laura Scholl
Managing Director of Compliance

LS:rh

cc: Mark Johnson, MDUM System Operations Compliance Coordinator
Lisa Milanes, WECC Manager of Compliance Program Administration
Phil O'Donnell, WECC Senior Compliance Engineer

Attachment f

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Montana-Dakota Utilities Co., a Division) Docket No. NP10-____-000
of MDU Resources Group, Inc.

NOTICE OF FILING
Lwp'4, 2010

Take notice that on Lwp 2, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. 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