



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 30, 2010

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

**Re: NERC Notice of Penalty regarding Public Service Company of New Mexico
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Public Service Company of New Mexico (PNM), NERC Registry ID NCR 05333,² 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

On June 4, 2007, PNM self-reported its possible non-compliance with NERC Reliability Standards (Standard) FAC-009-1 Requirement (R) 1 to Western Electricity Coordinating Council (WECC) for PNM's failure to develop Facility Ratings consistent with its documented Facility Ratings Methodology; on June 14, 2007,⁴ PNM self-reported its possible non-compliance with PRC-005-1 R1 although it had a maintenance and testing program for its generation Protection

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 WECC confirmed that PNM was included on the NERC Compliance Registry as Balancing Authority (BA), Distribution Provider (DP), Generator Operator (GOP), Generator Owner (GO), Load Serving Entity (LSE), Planning Authority (PA), Purchasing-Selling Entity (PSE), Resource Planner (RP), Transmission Operator (TOP), Transmission Owner (TO), Transmission Planner (TP) and a Transmission Service Provider (TSP) on June 17, 2007. The Settlement Agreement incorrectly states PNM's registration date as April 10, 2007. As a Transmission Owner and Generator Owner, PNM is subject to the requirements of NERC Reliability Standard FAC-009-1 R1. As a Distribution Provider, Transmission Owner and Generator Owner, PNM is subject to PRC-005-1 R1 and R2. As a Transmission Operator, PNM is subject to TOP-004-1 R6. As a Generator Operator, PNM is subject to VAR-002-1 R3.

³ *See* 18 C.F.R. § 39.7(c)(2).

⁴ The Settlement Agreement incorrectly states this possible non-compliance was self-reported on June 5, 2007.

Systems,⁵ the evidence was insufficient to demonstrate compliance with R1.1 and R1.2; on February 1, 2008,⁶ PNM self-reported its possible non-compliance with PRC-005-1 R2 because certain of its equipment maintenance intervals exceeded the intervals assigned in its maintenance and testing program; on June 4, 2007, PNM self-reported its possible non-compliance with TOP-004-1 R6 because it did not have documentation of its policies and procedures for its coordination with adjacent Transmission Operators. During an on-site Compliance Audit conducted on July 18, 2008 (Audit), WECC identified PNM's possible non-compliance with VAR-002-1 R3 for PNM's failure to provide the Transmission Operator with notification within 30 minutes of (1) a Power System Stabilizer (PSS) unit being disabled, and (2) an Automatic Voltage Regulator (AVR) failure.

This Notice of Penalty is being filed with the Commission because WECC and PNM have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in WECC's determination and findings of the enforceable violations⁷ of FAC-009-1, PRC-005-1, TOP-004-1 and VAR-002-1.⁸ According to the Settlement Agreement, these are Confirmed Violations and PNM has agreed to the proposed penalty of thirty thousand dollars (\$30,000) to be assessed to PNM, in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers WECC200810309, WECC200810375, WECC200800892, WECC200810312 and WECC200801159 are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP, and are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement entered into as of November 17, 2009, by and between WECC and PNM, which is included as Attachment a. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7,

⁵ *The NERC Glossary of Terms Used in Reliability Standards*, updated April 20, 2009, defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

⁶ The Settlement Agreement incorrectly states this possible non-compliance was self-reported on February 5, 2008.

⁷ For purposes of this document, the violations at issue are described as "violations", regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

⁸ WECC issued a Notice of Alleged Violation and Proposed Penalty or Sanction on December 8, 2008 referencing standards FAC-009-1, PRC-005-1, TOP-004-1, VAR-002-1, BAL-005-0b and PRC-007-0. The violations of BAL-005-0b and PRC-007-0 were subsequently dismissed. BAL-005-0b was dismissed because PNM stated it was non-compliant for failure to complete an annual calibration of one of three frequency sources that could be used to provide a frequency source to AGC. While reviewing the Mitigation Plan submitted by PNM, it was discovered that the frequency source that was not calibrated within the required time frame was a third redundant frequency source. BAL-005-0b R8 does not require 3 sources of frequency. The standard only specifies redundant frequency sources. PRC-007-0 was dismissed because in accordance with FERC Order 693 and associated NERC guidance, this is an unenforceable violation.

NERC provides the following summary table identifying each violation of a NERC Reliability Standard (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 (\$)
WECC	Public Service Company of New Mexico	NOC-429	WECC200810309	FAC-009-1	1	Medium	30,000
			WECC200810375	PRC-005-1	1	High ⁹	
			WECC200800892	PRC-005-1	2	High ¹⁰	
			WECC200810312	TOP-004-1 ¹¹	6	Medium	
			WECC200801159	VAR-002-1 ¹²	3	Medium	

FAC-009-1

The purpose of FAC-009-1 is to ensure that Facility Ratings used in the reliable planning and operation of the bulk power system (BPS) are determined based on an established methodology or methodologies.

FAC-009-1 R1 requires that “the Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.”

⁹ When NERC filed Violation Risk Factors (VRFs) for PRC-005-1, NERC originally assigned a “Medium” VRF to PRC-005-1 R1. The Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified “High” VRF for PRC-005 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the “Medium” VRF was in effect from June 18, 2007 until August 9, 2007 and the “High” VRF has been in effect since August 9, 2007.

¹⁰ PRC-005-1 R2 has a “Lower” VRF; R2.1 and R2.2 each have a “High” VRF. WECC assessed a “High” VRF for this violation. 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.

¹¹ TOP-004-0 was revised by the Missing Measures and Compliance Elements Drafting Team and by the Facility Ratings Standard Drafting Team. The Missing Measures and Compliance Elements Drafting Team added measures and compliance elements but did not change the requirement; the Facility Ratings Standard Drafting Team made changes to the requirements but did not modify the measures or compliance elements. Following BOT adoption of both versions of TOP-004-1 on November 1, 2006, a “conformed” version of the standard was developed to merge the two versions of TOP-004-1 into TOP-004-2. TOP-004-1 was the enforceable Standard at the time of the violation, but the current enforceable version of the Standard, TOP-004-2, was approved by the Commission and was implemented on January 22, 2009. For consistency in this filing, TOP-004-1 is used throughout.

¹² 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 Standard, VAR-002-1, is used throughout.

FAC-009-1 R1 has a “Medium” Violation Risk Factor (VRF). The violation applies to PNM’s Transmission Owner and Generator Owner functions.

On June 4, 2007, PNM submitted two Self-Reports stating that it was in possible non-compliance with FAC-009-1 R1. The non-compliance was discovered on May 23, 2007 for the Transmission Owner function and on May 30, 2007 for the Generator Owner function. PNM’s Self-Report stated that it was in violation of this Standard because it had not developed Facility Ratings consistent with its documented Facility Ratings Methodology as required by the Standard. PNM self-reported this violation because PNM was merging Facility Ratings for recently acquired facilities with its own database and was unsure that it could meet the requirements of the Standard before the June 18, 2007 date of mandatory compliance. Specifically, the equipment ratings for southern New Mexico facilities listed in the Most Limiting Series Element (MLSE) database were being reviewed to provide one rating for WECC power-flow base cases, OASIS, Total Transfer Capability (TTC), and Supervisory Control and Data Acquisition (SCADA) alarms. Many of the limitations were a result of inconsistent current transformer (CT) limitations with respect to PNM’s Facility Ratings Methodology. Although PNM self-reported its possible non-compliance prior to June 18, 2007, its Mitigation Plan completion documentation and extension requests were not timely submitted as discussed below in the Status of Mitigation Plan section. Therefore, these became enforceable post-June 18 violations.

WECC determined that PNM was in violation of FAC-009-1 R1 because it had not developed Facility Ratings consistent with its documented Facility Ratings Methodology for its newly acquired facilities. WECC determined that, although a separate Self-Report was filed for each function, PNM had only one violation because PNM is the registered entity for both the Generator Owner and Transmission Owner functions.

WECC determined the duration of the violation to be from June 18, 2007, the date the Standard became enforceable through May 7, 2008, when PNM finished its Facility Ratings.

WECC determined that the violation of FAC-009-1 R1 did not rise to the level of a serious or substantial risk to the reliability of the BPS but did pose a moderate risk because failure to have and follow its Facility Rating Methodology could lead to the misoperation of equipment relied on to operate the BPS. In this situation, however, PNM did have a Facility Ratings Methodology but did not have completed Facility Ratings for all of its facilities, including its newly acquired facilities.

PRC-005-1 R1 and R2

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

PRC-005-1 R1 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 have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BPS. The program shall include:

- R1.1. Maintenance and testing intervals and their basis.
- R1.2. Summary of maintenance and testing procedures.

PRC-005-1 R1 and its sub-requirements have a “High” VRF. The violation applies to PNM’s Generator Owner function.

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

PRC-005-1 R2 has a “Lower” VRF and its sub-requirements each have a “High” VRF. The violations apply to PNM’s Transmission Owner function.

PRC-005-1 R1

On June 14, 2007 PNM submitted a Self-Report stating that it was in possible non-compliance with PRC-005-1 R1. The non-compliance was discovered by PNM on May 30, 2007. PNM reported that it had a maintenance and testing program for its generation Protection Systems, but that the evidence was insufficient to demonstrate compliance with PRC-005-1 R1.1 and R1.2. Specifically, the basis for maintenance intervals was not stated in PNM’s evidence, and the description of maintenance and testing procedures was incomplete. Although this violation was self-reported prior to June 18, 2007, this violation became a post-June 18 violation because, as discussed in the Status of Mitigation Plan below, PNM’s first completed Mitigation Plan was submitted to the WECC audit team (Audit Team) during the Audit for its review along with its procedure *RCP-NERC-PRC-005* including summaries, attachments and other documentation to show compliance. The Audit Team deemed the evidence submitted to support PNM’s completion of its Pre-June 18 Mitigation Plan was insufficient to demonstrate compliance and advised PNM that the violation was now a post-June 18 post-June 18 violation.

WECC reviewed the documentation provided by PNM, the Audit Team, and affirmed that PNM had a violation because PNM’s Protection System maintenance and testing program did not adequately address the sub-requirements of PRC-005-1.

WECC determined the duration of the violation to be from June 18, 2007, the date the Standard became enforceable through March 29, 2010 when PNM completed its Mitigation Plan.

PRC-005-1 R2

On February 1, 2008, PNM submitted a Self-Report of a possible non-compliance of PRC-005-1 R2.¹³ The non-compliance was discovered on February 1, 2008. PNM stated that certain equipment maintenance intervals exceeded the intervals assigned in its maintenance and testing program. PNM stated that it had concentrated on the 345 kV and 230 kV systems, knowing that these systems are the most critical, and therefore most of the instances of actual maintenance intervals exceeding the assigned maintenance intervals related to the 115 kV transmission elements. PNM discovered that 174 of 795 devices were not tested, which included: 99 of 536 relays, 40 of 118 communication devices and 35 of 141 batteries.

From March 5, 2009 through March 7, 2009, WECC subject matter experts (SMEs) reviewed PNM's documentation and determined PNM had a violation of PRC-005-1 R2 because certain equipment maintenance intervals exceeded the intervals assigned in its maintenance and testing program.

WECC reviewed PNM's submittals and the findings of the SMEs and determined that PNM had a violation of PRC-005-1 R2 because PNM was not following its Protection System maintenance and testing program by testing equipment within the defined intervals.

WECC determined the duration of the violation to be from February 1, 2008, the date that PNM discovered its non-compliance through October 22, 2009 when PNM completed its Mitigation Plan.

WECC determined that the violation of PRC-005-1 R1 and PRC-005-1 R2 did not pose a serious or substantial risk to the BPS because only a small number of the PNM Protection System elements on PNM's 115 kV system were not maintained within the defined intervals. PNM had been concentrating maintenance and testing on its 345 kV and 230 kV Transmission Lines, as it considered these facilities to be the most critical to the BPS.

TOP-004-1

The purpose of Reliability Standard TOP-004-1 is to ensure that the transmission system is operated so that instability, uncontrolled separation, or cascading outages will not occur as a result of the most severe single Contingency and specified multiple Contingencies.

TOP-004-1 R6 requires that:

Transmission Operators, individually and jointly with other Transmission Operators, shall develop, maintain, and implement formal policies and procedures to provide for transmission reliability. These policies and procedures shall address the execution and coordination of activities that impact inter- and intra-Regional reliability, including:

R6.1. Equipment ratings.

R6.2. Monitoring and controlling voltage levels and real and reactive power flows.

¹³ The Settlement Agreement incorrectly states that the violation was reported on February 5, 2008 and the Self-Report incorrectly states the violation was reported on February 4, 2008.

- R6.3. Switching transmission elements.
- R6.4. Planned outages of transmission elements.
- R6.5. Development of Interconnection Reliability Operating Limits (IROLs) and System Operating Limits (SOLs).
- R6.6. Responding to IROL and SOL violations.

TOP-004-1 R6 and its sub-requirements have a “Medium” VRF. The violation applies to PNM’s Transmission Operator function.

On June 4, 2007, PNM submitted a Self-Report of a possible non-compliance of TOP-004-1 R6. This non-compliance was discovered on May 8, 2007. PNM stated although it routinely communicates in both real-time and coordinated planning forums with adjacent Transmission Operators with respect to the elements of R6, it did not have documented policies and procedures demonstrating coordination with the other Transmission Operators. Even though this possible non-compliance was self-reported prior to June 18, 2007, this possible non-compliance became a post- June 18 violation because, as discussed in the Status of Mitigation Plan below, the evidence submitted to support PNM’s completion of its pre-June 18 Mitigation Plan was insufficient to determine compliance.

WECC reviewed PNM’s submittals and the SME findings and determined that PNM had a violation of TOP-004-1 R6 because PNM did not have formal documented policies and procedures demonstrating coordination with the other Transmission Operators.

WECC determined the duration of the violation to be from June 18, 2007, the date the Standard became enforceable through April 25, 2008, when PNM’s completed its Mitigation Plan.

WECC determined that the violation of TOP-004-1 R6 did not pose a serious or substantial risk to the BPS because the non-compliance was a documentation issue. PNM routinely communicates, in both real-time and coordinated planning forums, with adjacent Transmission Operators with regard to all of the elements of TOP-004-1 R6. PNM was in violation because it did not have formal documented policies and procedures on how this coordination with the other Transmission Operators took place.

VAR-002-1

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

VAR-002-1 R3 requires that:

Each Generator Operator shall notify its associated Transmission Operator 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 automatic voltage regulator 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 all have "Medium" VRFs. The violation applies to PNM's Generator Operator function.

During the Audit, the Audit Team reviewed documentation submitted by PNM and determined that PNM had a violation of VAR-002-1 R3 because at 1017 on August 29, 2007, the Afton generation station PSS unit was disabled for three minutes and PNM failed to notify the Transmission Operator. In addition, on March 31, 2008, a Lordsburg unit experienced an AVR failure and the generator operator did not notify its associated Transmission Operator. Therefore, PNM did not provide the Transmission Operator with notification within 30 minutes of a status or capability change, for either incident, as required by VAR-002-1 R3.¹⁴

WECC reviewed PNM's submittals and the Audit Team's findings and determined that PNM had a violation of VAR-002-1 R3 because PNM did not report the incidents described above to the Transmission Operator as required by VAR-002-1 R3.

WECC determined PNM was in violation of VAR-002-1 R3 from August 29, 2007 until March 30, 2009, when PNM completed its Mitigation Plan.

WECC determined that the violation of TOP-004-1 R6 did not pose a serious or substantial risk to the BPS because the PNM Transmission Operator has visibility and control of voltage throughout the system and would have noticed any significant control abnormalities. In addition, the periods that the AVR and PSS were out of service were of very short duration. Finally, under certain conditions in the WECC Regional Reliability Standards and the Transmission Operator's policies, the operation with either or both the AVR and PSS out of service is allowed.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of thirty thousand dollars (\$30,000) for the referenced violations. In reaching this determination, WECC considered the following factors:

1. the violations constituted PNM's first occurrence of violations of the subject NERC Reliability Standards;
2. PNM self-reported four of the five violations;
3. PNM did not complete certain of its Mitigation Plans by the approved Completion Date, which led to post-June 18 violations;

¹⁴ PNM did contact the Transmission Operator when the unit was returned to service. Additionally, there were no voltage irregularities recorded during the time the AVR was out of service.

4. PNM was cooperative throughout the compliance enforcement process; and
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and
6. the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of thirty thousand dollars (\$30,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Status of Mitigation Plans¹⁵

FAC-009-1

PNM's Mitigation Plan to address its violation of FAC-009-1 for the Transmission Owner function was submitted to WECC on June 4, 2007 as a pre-June 18, 2007 violation with a proposed completion date of September 4, 2007.¹⁶ This Mitigation Plan was not completed by the approved completion date and became a post-June 18 violation.

PNM's Mitigation Plan to address its violation of FAC-009-1 for the Generator Owner function was submitted to WECC on June 14, 2007 as a pre-June 18, 2007 violation with a proposed completion date of September 14, 2007.¹⁷ This Mitigation Plan was not completed by the approved completion date and became a post-June 18 violation.

¹⁵ See 18 C.F.R § 39.7(d)(7).

¹⁶ This Mitigation Plan required PNM to coordinate its southern New Mexico facilities equipment-rating sheet with PNM's MLSE database and address the inconsistent transformer limitations to provide MLSE rating. The plan also stated that PNM would include shunt reactive equipment in its MLSE database. This Mitigation Plan was accepted by WECC on June 21, 2007. On September 4, 2007, PNM submitted an extension request for the plan. WECC granted this extension request on December 4, 2007. On November 29, 2007, PNM certified that the Mitigation Plan was completed on November 29, 2007. To demonstrate completion, PNM attached documentation demonstrating that PNM's most severe limiting element for its 115 kV transmission lines in southern New Mexico had been updated. On March 8, 2008, WECC reviewed the completion documentation and on May 1, 2008 issued a letter to PNM stating that WECC rejected completion of the Mitigation Plan because the supplied documentation did not indicate PNM's Facility Ratings were developed consistent with its Facility Ratings Methodology.

¹⁷ This Mitigation Plan required PNM to complete its Facility Ratings Methodology and review existing generation Facility Ratings to ensure consistency with the methodology. This Mitigation Plan was accepted by WECC on June 14, 2007. On September 21, 2007, a week after the expected completion date, PNM certified that the Mitigation Plan was completed on September 14, 2007. To demonstrate completion, PNM attached a copy of its *FCP-NERC-FAC-009* document. On January 17, 2008, WECC reviewed the completion documentation and on May 1, 2008 issued a letter to PNM stating that WECC rejected completion of the Mitigation Plan because the documentation provided did not allow WECC to determine the requesting entity schedule for providing Facility Ratings or to verify that PNM provided its Facility Ratings to its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) as scheduled by the requesting entities. Evidence demonstrating compliance was subsequently presented to the WECC Audit Team at the Audit on July 18, 2008. The Audit Team reviewed the following documents: *115 Most Limiting Single Element day-month-year*, *230 Most Limiting Single Element day-month-year*, and *345 Most Limiting Single Element day-month-year*. The Audit Team determined that this documentation was sufficient to demonstrate compliance with the Standard and completion of the Mitigation Plans. WECC reviewed this documentation dated May 7, 2008.

PNM's September 4, 2007 Mitigation Plan to address its post-June 18 violation of FAC-009-1 for the Generator Owner and Transmission Owner functions was accepted by WECC on July 7, 2008 and approved by NERC on June 5, 2009. The Mitigation Plan for this violation is designated as MIT-07-1058 and was submitted as non-public information to FERC on June 5, 2009 in accordance with FERC orders.

PNM's Mitigation Plan reiterated its original requirements and required PNM to:

1. coordinate its southern New Mexico facilities equipment-rating sheet with PNM's MLSE database;
2. address the inconsistent transformer limitations to provide an MLSE rating; and
3. include shunt reactive equipment in its MLSE database.

PNM certified on September 21, 2007, that the Mitigation Plan requirements were completed on September 14, 2007. As evidence of completion of its Mitigation Plan, PNM submitted a spreadsheet showing that PNM's most severe limiting element for 115 kV transmission in southern New Mexico had been updated. On January 17, 2008, WECC SMEs reviewed the completion documentation believing it was submitted for both the Generator Owner and Transmission Owner functions and rejected completion of the mitigation plan because the information provided did not address the TO function. However, PNM had only reported the violation for specific facilities, and thus had only addressed those facilities in its completed Mitigation Plan.

PNM certified on December 5, 2007, that the Mitigation Plan requirements were completed on November 29, 2007.¹⁸ As evidence of completion of its Mitigation Plan, PNM submitted a spreadsheet showing that PNM's most severe limiting element for 115 kV transmission in southern New Mexico had been updated. On March 8, 2008, WECC SMEs reviewed the completion documentation believing it was submitted for the Generator Owner function and rejected completion of the mitigation plan because the information provided did not address the generators function.

During an on-site Compliance Audit on July 18, 2008, the Audit Team reviewed the following documents dated May 7, 2008: 115 Most Limiting Single Element day-month-year, 230 Most Limiting Single Element day-month-year, and 345 Most Limiting Single Element day-month-year. The Audit Team determined that this documentation was sufficient to demonstrate that PNM had successfully mitigated the violation.

On July 18, 2008, after WECC's review of PNM's submitted evidence, WECC verified that PNM's Mitigation Plan was completed on May 7, 2008 and notified PNM in a letter dated March 4, 2010 that it was in compliance with FAC-009-1 R1.¹⁹

¹⁸ The Certification of Completion was signed on November 29, 2007.

¹⁹ The Verification document states that PNM submitted the Certification of Completion and supporting evidence on December 5, 2007; WECC rejected this Certification and evidence. On July 18, 2008, during the Audit, WECC accepted the documentation, described above, dated May 7, 2008 as evidence of completion of the Mitigation Plan.

PRC-005-1 R1

PNM's original Mitigation Plan to address its violation of PRC-005-1 R1 was submitted to WECC as a pre-June 18, 2007 violation on June 14, 2007 with a proposed completion date of September 14, 2007.²⁰ This Mitigation Plan was not completed by the approved completion date and became a post-June 18 violation.

PNM submitted a new Mitigation Plan dated November 7, 2008 on November 10, 2008 with a proposed completion date of March 31, 2009. The Mitigation Plan was accepted by WECC on December 5, 2008 and approved by NERC on March 13, 2009. The Mitigation Plan for this violation is designated as MIT-07-1470 and was submitted as non-public information to FERC on March 17, 2009 in accordance with FERC orders.

PNM's Mitigation Plan required PNM to develop Protection System maintenance and testing documentation that includes the basis for maintenance intervals and the summary of maintenance and testing procedures.

On March 29, 2009, PNM certified that PNM's Mitigation Plan MIT-07-1470 was completed on March 29, 2009.²¹ To demonstrate completion of the Mitigation Plan, PNM attached documentation showing the basis for maintenance intervals and testing procedures for each generating unit. On May 3, 2009, SMEs reviewed the completion documentation and rejected completion of the plan because PNM did not present a comprehensive maintenance and testing program or procedure that covered all their generating facilities. PNM presented information on a location by location basis. However this information was incomplete. On March 31, 2010 PNM submitted a new Mitigation Plan and a Mitigation Plan Completion form stating that all mitigation actions were completed on March 29, 2010. As evidence of completion PNM submitted documentation showing the maintenance intervals for San Juan Generation, Afton Generation, Reeves Generation and PNM Transmissions System Maintenance. On March 31, 2010, after WECC SME's review of PNM's submitted evidence, WECC verified that PNM's Mitigation Plan was completed on March 29, 2010 and notified PNM in a letter dated April 6, 2010 that it was in compliance with PRC-005-1 R1.

PRC-005-1 R2

PNM's Mitigation Plan to address its violation of PRC-005-1 R2 was submitted to WECC on February 4, 2008 with a proposed completion date of December 31, 2008.²²

²⁰ This Mitigation Plan required PNM to revise its documentation associated with its maintenance and testing program for generation Protection Systems to ensure the PRC-005-1 sub-requirements were met. This Mitigation Plan was accepted by WECC on June 21, 2007. PNM certified completion of this Mitigation Plan on September 21, 2007. To demonstrate completion, PNM attached a copy of its procedure titled *RCP-NERC-PRC-005* including summaries and attachments and other documentation to show compliance. This violation and the completion documentation were reviewed by Audit Team at the Audit on July 18, 2008. The Audit Team found that PNM's Relay Protection Maintenance and Testing Program was incomplete because the basis for maintenance intervals was not stated in the evidence provided (R1.1), and the summary of maintenance and testing procedures was incomplete (R1.2). The Audit Team determined this to be a self-reported post-June 18, 2007 violation.

²¹ The Settlement Agreement incorrectly states that PNM certified the completion of its Mitigation Plan on March 23, 2009.

²² This completed Mitigation Plan stated that PNM had modified its computerized maintenance management software to uniquely identify every piece of equipment subject to PRC-005-1 R2. The Mitigation Plan also stated

On March 4, 2009, PNM certified that this Mitigation Plan was substantially completed on December 31, 2008. From March 5, 2009 through March 7, 2009, SMEs reviewed the completion documentation and rejected completion of the Mitigation Plan because, based on the records provided, one set of batteries had not been tested according to its maintenance intervals, and, in addition, 28 protection devices were past due.

On April 9, 2009, PNM submitted a new Mitigation Plan dated April 2, 2009 to address this continuing violation. The new Mitigation Plan an expected completion date of September 1, 2009. The Mitigation Plan was reviewed and accepted by WECC on May 9, 2009. The Mitigation Plan, designated as MIT-08-1037, was approved by NERC on November 24, 2009 and submitted as non-public information to FERC on November 24, 2009 in accordance with FERC orders.

PNM's Mitigation Plan required PNM to complete the testing of its Protection System equipment to bring this equipment within compliance of PNM specified test intervals.

PNM certified October 22, 2009 that Mitigation Plan requirements were completed in August 2009. As evidence of completion of its Mitigation Plan, PNM submitted a spreadsheet showing the intervals and test dates demonstrating that relay testing is within interval. The last entry made in the spreadsheet was on October 10, 2009.

On November 7, 2009 after WECC's review of PNM's submitted evidence, WECC verified that PNM's Mitigation Plan was completed on October 10, 2009 and notified PNM in a letter dated November 18, 2009 that it was in compliance with PRC-005-1 R2.

TOP-004-1

PNM's Mitigation Plan to address its violation of TOP-004-1 R6 was submitted to WECC on June 4, 2007 with a proposed completion date of September 4, 2007.²³ On November 7, 2007, SMEs reviewed this documentation and determined that it was not sufficient to demonstrate compliance because it did not address (R6.1) coordination of Equipment Ratings or (R6.5) responding to IROL and SOL violations as required.

On April 1, 2008, PNM submitted a new Mitigation Plan to address this violation. This Mitigation Plan had an expected completion date of April 21, 2008. WECC reviewed and accepted this mitigation plan on April 22, 2008. The Mitigation Plan was approved by NERC on October 31, 2008. The Mitigation Plan for this violation is designated as MIT-07-0749 and was

that this information would be used to modify planned work schedules so that the equipment that led to this violation will have maintenance performed on a higher priority basis and that the scheduling of work will include a greater emphasis on meeting maintenance intervals. The February 5, 2008 Mitigation Plan was accepted by WECC on March 4, 2008.

²³The Mitigation Plan required PNM to add to its Transmission Operator Guidelines procedures that detail how to exchange all of the required information with other Transmission Operators. The Mitigation Plan was accepted by WECC on June 21, 2007. On September 4, 2007 PNM certified that this Mitigation Plan was complete on August 22, 2007. To demonstrate completion of the plan, PNM attached its procedures titled *Exchanging Information with Neighboring Transmission Operators*.

submitted as non-public information to FERC on October 31, 2008 in accordance with FERC orders.

PNM's Mitigation Plan required PNM to modify its existing documentation to reflect the need for system operators to address the necessary coordination with neighboring Transmission Operators regarding Equipment Ratings and to respond to IROL and SOL violations.

PNM certified on April 25, 2008 that Mitigation Plan requirements were completed on April 25, 2008. To demonstrate completion of this Mitigation Plan PNM attached a copy of its revised PNM Operating Procedure titled *Exchanging Information with Neighboring Transmission Operators*.

On July 10, 2008, after WECC's review of PNM's submitted evidence, WECC verified that PNM's Mitigation Plan was completed on April 25, 2008 and notified PNM in a letter dated July 18, 2008 that its verification was completed.

VAR-002-1 R3

PNM's March 6, 2009 Mitigation Plan to address its violation of VAR-002-1 R3 was submitted to WECC on March 9, 2009 with a proposed completion date of April 30, 2009. The Mitigation Plan²⁴ was accepted by WECC on March 11, 2009 and approved by NERC on April 10, 2009. The Mitigation Plan for this violation is designated as MIT-08-1557 and was submitted as non-public information to FERC on April 10, 2009 in accordance with FERC orders.

PNM's Mitigation Plan required PNM to send notification to the plant managers specifying that additional training is required for the plant operators regarding the notification process related to the PSS and AVR change in status notifications. The additional training would consist of two parts. First, plant managers will remind all plant operators of the requirement to provide notification to the transmission service provider whenever there is a change in PSS or AVR. Additionally, plant managers will obtain evidence that plant operators have been trained by either providing a meeting sign-up sheet or acquire individual signatures as the training is given. Second, a PowerPoint presentation will be given providing an overview of the Reliability Standards with an emphasis on the Standards dealing with generators including VAR-002.

PNM certified on March 30, 2009 that Mitigation Plan requirements were completed on March 30, 2009. As evidence of completion of its Mitigation Plan, PNM submitted:

1. documentation of its annual training requirements and process;
2. a list of attendees for its March 2009 training session; and
3. a copy of an *Afton Generating Station Supplemental Operating Procedure*. This procedure states that a Change in Status Form must be filled out and sent to the Transmission Operator within 30 minutes of a change in status of a reactive device.

²⁴ The Mitigation Plan noted that PNM's generating plants have standing orders (procedures) that include direction to notify the Transmission Service Provider of a change in status of all PSSs and AVRs. The two instances described above arose due to the plant operators not following standing orders.

On April 11, 2009, after WECC's review of PNM's submitted evidence, WECC verified that PNM's Mitigation Plan was completed on March 30, 2009 and notified PNM in a letter dated April 29, 2009 that it was in compliance with VAR-002-1 R3.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed²⁵

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,²⁶ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on April 12, 2010. The NERC BOTCC approved the Settlement Agreement, including WECC's imposition of a financial penalty, assessing a penalty of thirty thousand dollars (\$30,000) against PNM and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

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

1. the violations constituted PNM's first occurrence of violations of the subject NERC Reliability Standards;
2. PNM self-reported four of the five violations;
3. three of the self-reported violations were self-reported prior to June 18, 2007 and became post-June 18 violations due to lack of completion of their respective Mitigation Plans;
4. WECC reported that PNM was cooperative throughout the compliance enforcement process;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so; and
6. the violations did not pose a serious or substantial risk to the BPS, as stated above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of thirty thousand dollars (\$30,000) is appropriate for the violations and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 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.

²⁵ See 18 C.F.R. § 39.7(d)(4).

²⁶ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009).

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) Settlement Agreement by and between WECC and PNM entered into as of November 17, 2009, included as Attachment a;
- b) Record documents for the violation of FAC-009-1 R1, included as Attachment b:
 - 1. PNM'S Self-Report dated June 4, 2007;
 - 2. PNM'S Mitigation Plan dated June 4, 2007 and June 14, 2007 designated as MIT-07-1058 and September 4, 2007 extension request;
 - 3. PNM'S Certification of Completion of the Mitigation Plan dated November 29, 2007;
 - 4. WECC's Verification of Completion of the Mitigation Plan dated March 4, 2010;
- c) Record documents for the violation of PRC-005-1 R1, included as Attachment c:
 - 1. PNM'S Self-Report dated June 14, 2007 and Mitigation Plan contained therein;
 - 2. PNM'S Mitigation Plan designated as MIT-07-1470 submitted November 10, 2008;
 - 3. PNM's Mitigation Plan submitted on March 31, 2010;
 - 4. PNM'S Certification of Completion of the Mitigation Plan dated March 29, 2010;
 - 5. WECC's Verification of Completion of the Mitigation Plan dated April 6, 2010.
- d) Record documents for the violation of PRC-005-1 R2, included as Attachment d:
 - 1. PNM'S Self-Report dated February 1, 2008;²⁷
 - 2. PNM's Mitigation Plan dated February 4, 2008;
 - 3. PNM'S Mitigation Plan designated as MIT-08-1037 dated April 2, 2009 and submitted April 9, 2009;
 - 4. PNM'S Certification of Completion of the Mitigation Plan dated October 22, 2009;
 - 5. WECC's Verification of Completion of the Mitigation Plan dated November 18, 2009;
- e) Record documents for the violation of TOP-004-1 R6, included as Attachment e:
 - 1. PNM'S Self-Report dated June 4, 2007;
 - 2. PNM'S Mitigation Plan designated as MIT-07-0749 submitted April 1, 2008;
 - 3. PNM'S Certification of Completion of the Mitigation Plan dated April 25, 2008;
 - 4. WECC's Verification of Completion of the Mitigation Plan dated July 18, 2008;
- f) Record documents for the violation of VAR-002-1 R3, included as Attachment f:
 - 1. PNM'S Audit Screening worksheet dated July 18, 2008;
 - 2. PNM'S Mitigation Plan designated as MIT-08-1557 submitted March 9, 2009;

²⁷ See n.13.

3. PNM'S Certification of Completion of the Mitigation Plan dated March 30, 2009; and
4. WECC's Verification of Completion of the Mitigation Plan dated April 29, 2009;

A Form of Notice Suitable for Publication²⁸

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

²⁸ 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>Ronald Darnell Vice President, Regulatory Policy Public Service Company of New Mexico Alvarado Square, MS-0920 Albuquerque, NM 87158 505-241-4722 Ronald.Darnell@PNMResources.com</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>*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>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> <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>
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Conclusion

NERC respectfully requests that the Commission accept this Notice of Penalty as compliant with its rules, regulations and orders.

Respectfully submitted,

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

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
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

cc: Public Service Company of New Mexico
Western Electricity Coordinating Council

Attachments

Attachment a

**Settlement Agreement by and between WECC
and PNM entered into as of November 17, 2009**

SETTLEMENT AGREEMENT
OF
WESTERN ELECTRICITY COORDINATING COUNCIL
AND
PUBLIC SERVICE COMPANY OF NEW MEXICO

Western Electricity Coordinating Council ("WECC") and Public Service Company of New Mexico ("PNM") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 17 day of November, 2009.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a Notice of Violation and Proposed Penalty or Sanction ("NAVAPS"), dated December 8, 2008, that resulted in certain WECC determinations and findings regarding seven (7) alleged PNM violations of the following North American Electric Reliability Corporation ("NERC") Reliability Standards ("Reliability Standards" or "Standards"): FAC-009-1 R1, PRC-005-1 R1 and R2, TOP-004-1 R6, VAR-002-1 R3, BAL-005-0b R17, and PRC-007-0 R1.

B. PNM, a New Mexico corporation, is a regulated electric public utility that is primarily engaged in energy production, transmission, and distribution in New Mexico. Its facilities serve approximately 487 thousand customers and its system has a peak load of approximately 2,533 MW. PNM owns and operates over 2,200 miles of transmission lines from 115kV to 500 kV. Its executive offices are located in Albuquerque, New Mexico. On April 10, 2007, PNM was registered on the NERC Compliance Registry as a Balancing Authority, Transmission Operator, Transmission Planner, Planning Authority, Transmission Owner, Transmission Service Provider, Distribution Provider, Resource Planner, Generator Operator, Generator Owner, Purchase-Selling Entity and Load Serving Entity.

C. WECC was formed on April 18, 2002 by the merger of the Western Systems Coordinating Council, Southwest Regional Transmission Association and Western Regional Transmission Association. WECC is one of eight Regional Entities in the United States responsible for coordinating and promoting electric system reliability and enforcing the mandatory Reliability Standards created by NERC under the authority granted in Section 215 of the Federal Power Act. In addition, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its members. WECC's region encompasses a vast area of nearly 1.8 million square miles extending from Canada to Mexico and including 14 western states. It is the largest and most diverse of the eight Regional Entities in the United States.

D. The Parties are entering into this Agreement to settle the disputed matters between them. It is in the Parties' and the public's best interests to resolve this matter efficiently without the delay and burden associated with a contested proceeding. Nothing contained in this Agreement shall be construed as an admission or waiver of either party's rights. Except, however, nothing in this Agreement shall limit or prevent WECC from evaluating PNM for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action may include assessing penalties against PNM for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure.

NOW, THEREFORE, in consideration of the terms set forth herein, including in the Recitals, WECC and PNM hereby agree and stipulate to the following:

I. Representations of the Parties

For purposes of this Agreement, PNM stipulates to the facts contained herein. WECC has established sufficient facts, as set forth herein, to support its determination that PNM has Confirmed Violations, as this term is defined in the WECC Compliance and Monitoring Enforcement Program ("CMEP"), of the Reliability Standards described below in detail.

II. Confirmed Violations

A. NERC Reliability Standard FAC-009-1, Requirement 1

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

NERC Reliability Standard FAC-009-1 R1 is applicable to Transmission Owners and Generator Owners. PNM is subject to the Standard because it was registered as a Transmission Owner and Generator Owner on NERC's Compliance Registry on April 10, 2007.

On June 4, 2007 PNM submitted two self-reports alleging that it was in violation of this Standard. The non-compliance was discovered on May 23, 2007 for the TO function and May 30, 2007 for the GO function. WECC notes that, although a separate self-report was filed for each function, PNM has only one violation of the Standard because PNM is the registered entity for the GO and TO functions. Although this violation was self-reported prior to June 18, 2007, which was the end of the initial grace period for compliance with the Reliability Standards, this violation became sanctionable because PNM's completion documentation and extension requests were not submitted on time as demonstrated below in the mitigation plan discussion.

PNM was in violation of this Standard because it had not developed facility ratings consistent with its documented facility ratings methodology as required by the Standard. This violation was partly due to the fact that PNM was merging facility ratings for recently acquired facilities with its own data base and was unsure that it could meet the requirements of the Standard before the June 18, 2007 date of mandatory

compliance. Specifically, the equipment ratings for southern New Mexico facilities (formally TNMP) listed in the Most Limiting Series Element ("MLSE") database were being reviewed to provide one rating for WECC power-flow base cases, OASIS, TTC, and SCADA alarms. Many of the limitations are a result of inconsistent current transformer ("CT") limitations.

PNM submitted a mitigation plan for the TO function on June 4, 2007. This mitigation plan stated that PNM would coordinate its southern New Mexico facilities equipment-rating sheet with PNM's MLSE database and address the inconsistent transformer limitations to provide MLSE rating. The mitigation plan also stated that PNM would include shunt reactive equipment in its MLSE database. This mitigation plan had an expected completion date of September 4, 2007. This mitigation plan was accepted by WECC on June 21, 2007. On September 4, 2007, PNM submitted an extension request for the mitigation plan. WECC granted this extension request to December 4, 2007. On December 5, 2007 PNM certified that the mitigation plan was completed on November 29, 2007. To demonstrate completion, PNM attached documentation demonstrating that PNM's most severe limiting element for its 115kV transmission lines in southern New Mexico had been updated. On March 8, 2008, WECC subject matter experts ("SMEs") reviewed the completion documentation believing it was submitted for the GO function and rejected completion of the mitigation plan because the information provided did not address generators. As discussed below, evidence demonstrating compliance was presented to the WECC Audit Team ("Audit Team") at the Compliance Audit ("Audit").

PNM submitted a mitigation plan for its GO function on June 14, 2007. This mitigation plan stated that PNM would complete its facility ratings methodology and would review existing generation facility ratings to ensure consistency with the methodology. This mitigation plan had an expected completion date of September 14, 2007. This mitigation plan was accepted by WECC on June 14, 2007. On September 21, 2007, a week after the expected completion date, PNM certified that the mitigation plan was completed on September 14, 2007. To demonstrate completion, PNM attached a copy of its *FCP-NERC-FAC-009* document. On January 17, 2008, WECC SMEs reviewed the completion documentation believing it was submitted for both the GO and TO functions and rejected completion of the mitigation plan because the information provided did not address the TO function. As discussed below, evidence demonstrating compliance was presented to the Audit Team at the Audit.

At the on-site Compliance Audit on July 18, 2008, the Audit Team reviewed the following documents: 115 Most Limiting Single Element day-month-year, 230 Most Limiting Single Element day-month-year, and 345 Most Limiting Single Element day-month-year. The Audit Team determined that this documentation was sufficient to demonstrate compliance with the Standard and completion of the mitigation plans. Enforcement reviewed this documentation and notes that this documentation was dated May 7, 2008.

Enforcement reviewed the above information and documentation provided by PNM and WECC SMEs and affirmed that PNM had an Alleged Violation of this Standard because it had not developed facility ratings according to a consistent and

documented facility ratings methodology as required by the Standard. Enforcement concluded PNM was in violation of FAC-009-1 R1 from June 18, 2007, until May 7, 2008, when PNM finished its facility ratings.

B. NERC Reliability Standard PRC-005-1, Requirement 1

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

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

R1.2: *Summary of maintenance and testing procedures.*

NERC Reliability Standard PRC-005-1 R1 is applicable to Transmission Owners, Distribution Providers, and Generator Owners. PNM is subject to the Standard because it was registered as a Transmission Owner, Distribution Provider, and a Generator Owner on NERC's Compliance Registry on April 10, 2007.

On June 5, 2007 PNM submitted a self-report alleging that it was in violation of this Standard. The non-compliance was discovered by PNM on May 30, 2007. PNM reported that it had a maintenance and testing program for its generation Protection Systems, but that the documentation was insufficient to demonstrate compliance with sub-requirements R1.1 and R1.2 of the Standard. Although this violation was self-reported prior to June 18, 2007, this violation became sanctionable because, as discussed below, PNM's first completed mitigation plan was insufficient to demonstrate compliance.

PNM submitted a mitigation plan to address this violation on June 14, 2007. This mitigation plan stated that PNM would revise its documentation associated with its maintenance and testing program for generation protection systems to ensure the sub-requirements of the Standard were met. This mitigation plan had an expected completion date of September 14, 2007. This mitigation plan was accepted by WECC on June 21, 2007. PNM certified completion of this mitigation plan on September 21, 2007. To demonstrate completion of this mitigation plan, PNM attached a copy of its procedure titled *RCP-NERC-PRC-005* including summaries and attachments and other documentation to show compliance. This violation and the completion documentation were reviewed by WECC at the Audit. The Audit Team found that PNM's Relay Protection Maintenance and Testing Program was incomplete because the basis for maintenance intervals was not stated in the evidence provided (R1.1), and the summary of maintenance and testing procedures was incomplete (R1.2). The Audit Team determined this was a self-reported, Level 3 Non-Compliance violation.

PNM submitted a new mitigation plan on November 7, 2008. This mitigation plan stated that PNM would develop documentation that includes the basis for maintenance intervals and the summary of maintenance and testing procedures as required by this Standard. This mitigation plan was accepted by WECC on December 5, 2008 and was sent to NERC on February 23, 2009. PNM certified that this mitigation plan was completed on March 23, 2009. To demonstrate completion of the mitigation plan, PNM

attached documentation showing the basis for maintenance intervals and testing procedures for each generating unit. On May 3, 2009, WECC SMEs reviewed the completion documentation and rejected completion of the mitigation plan. WECC SMEs rejected completion of the mitigation plan because PNM did not present a comprehensive maintenance and testing program or procedure that covered all their generating facilities. PNM presented information on a location by location basis. However this information was incomplete.

Enforcement reviewed the above information and documentation provided by PNM and WECC SMEs and affirmed that PNM has an Alleged Violation of this Standard because PNM's Protection System maintenance and testing program did not adequately address the sub-requirements of the Standard. Enforcement concluded PNM has been in violation of PRC-005-1 R1 since June 18, 2007 and will remain in violation until the mitigation plan is successfully completed. The Parties acknowledge that the penalties assessed in this Agreement depend on the successful mitigation of this violation.

C. NERC Reliability Standard PRC-005-1, Requirement 2

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

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

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

NERC Reliability Standard PRC-005-1 R2 is applicable to Transmission Owners, Distribution Providers, and Generator Owners. PNM is subject to the Standard because it was registered as a Transmission Owner, Distribution Provider, and Generator Owner on NERC's Compliance Registry on April 10, 2007.

On February 5, 2008, PNM submitted a self-report alleging that it was in violation of this Standard. The non-compliance was discovered on February 1, 2008. PNM stated it was in violation of this Standard because, in some cases, the actual equipment maintenance intervals exceeded the intervals assigned in its maintenance and testing program. PNM stated that it had concentrated on the 345kV and 230kV systems, knowing that these systems are the most critical. PNM stated that most of the instances of actual maintenance intervals exceeding the assigned maintenance intervals related to the 115kV transmission elements.

PNM filed a mitigation plan for this violation on February 5, 2008. This mitigation plan stated that PNM modified its computerized maintenance management software to uniquely identify every piece of equipment subject to the Standard. The mitigation plan also stated that this information would be used to modify planned work schedules so that the equipment that led to this violation will have maintenance performed on a higher

priority basis. Finally, the mitigation plan stated that the scheduling of work will include a greater emphasis on meeting maintenance intervals. This mitigation plan had an expected completion date of December 31, 2008. WECC accepted the mitigation plan on March 4, 2008. On March 4, 2009, PNM certified that this mitigation plan was substantially completed on December 31, 2008. From March 5-7, 2009, WECC SMEs reviewed the completion documentation and rejected completion of the mitigation plan because, based on the records provided, one set of batteries had not been tested according to its maintenance intervals. In addition, 28 protection devices were past due.

PNM submitted another mitigation plan to address this violation on April 9, 2009. This mitigation plan stated that PNM would complete the testing of protection system equipment to bring this equipment within compliance of PNM specified test intervals. This mitigation plan has an expected completion date of September 1, 2009. On May 9, 2009, WECC SMEs reviewed and accepted this mitigation plan.

Enforcement reviewed the above information and documentation provided by PNM and WECC SMEs and affirmed that PNM has an Alleged Violation of this Standard because PNM was not following its Protection System maintenance and testing program by testing equipment within defined intervals. Enforcement concluded PNM has been in violation of PRC-005-1 R2 since February 1, 2008, and will remain in violation until the mitigation plan is successfully completed. The Parties acknowledge that the penalties assessed in this Agreement depend on the successful mitigation of this violation.

D. NERC Reliability Standard TOP-004-1, Requirement 6

R6: *Transmission Operators, individually and jointly with other Transmission Operators, shall develop, maintain, and implement formal policies and procedures to provide for transmission reliability. These policies and procedures shall address the execution and coordination of activities that impact inter- and intra-Regional reliability, including:*

- R6.1** *Equipment ratings,*
- R6.2** *Monitoring and controlling voltage levels and real and reactive power flows,*
- R6.3** *Switching transmission elements,*
- R6.4** *Planned outages of transmission elements,*
- R6.4** *Development of IROLs and SOLs, and*
- R6.5** *Responding to IROL and SOL violations.*

NERC Reliability Standard TOP-004-1 R6 is applicable to Transmission Operators. PNM is subject to the Standard because it was registered as a Transmission Operator on NERC's Compliance Registry on April 10, 2007.

On June 4, 2007 PNM submitted a self-report alleging that it was in violation of this Standard. This non-compliance was discovered on May 8, 2007. PNM stated that although it routinely communicates in both real-time and coordinated planning forums with adjacent Transmission Operators all of the elements of R6, it did not have formal documented policies and procedures demonstrating how this information is exchanged with the other Transmission Operators. Even though this violation was self-reported prior to June 18, 2007, this violation became sanctionable because, as discussed

below, completion documentation for the first mitigation plan was insufficient to determine compliance.

PNM submitted a mitigation plan to address this Standard on June 4, 2007. This mitigation plan stated that PNM would add to its Transmission Operator Guidelines procedures that detail how to exchange all of the required information with other Transmission Operators. This mitigation plan had an expected completion date of September 4, 2007. This mitigation plan was accepted by WECC on June 21, 2007. On September 4, 2007 PNM certified that this mitigation plan was complete on August 22, 2007. To demonstrate completion of the mitigation plan, PNM attached its procedures titled *Exchanging Information with Neighboring Transmission Operators*. WECC SME's reviewed this documentation and determined that it was not sufficient to demonstrate compliance because it did not address coordination of Equipment Ratings (R6.1) or respond to IROL and SOL violations as required by the (R6.5)

On April 1, 2008, PNM submitted a new mitigation plan to address this violation. This mitigation plan stated that PNM would modify its existing documentation to reflect the need for system operators to address the necessary coordination with neighboring Transmission Operators regarding Equipment Ratings and to respond to IROL and SOL violations. This mitigation plan had an expected completion date of April 21, 2008. This mitigation plan was accepted by WECC on April 22, 2008, and approved by NERC on October 31, 2008. On April 25, 2008 PNM certified completion of this mitigation plan. To demonstrate completion of this mitigation plan PNM attached a copy of its revised PNM Operating Procedure entitled *Exchanging Information with Neighboring Transmission Operators*. On July 10, 2008, WECC SME's reviewed the completion documentation and confirmed completion of the mitigation plan.

Enforcement reviewed the above information and documentation provided by PNM and WECC SMEs and affirmed that PNM has an Alleged Violation of this Standard because PNM's original mitigation plan completion documentation did not demonstrate that PNM had developed policies or procedures that (1) addressed the execution and coordination of equipment ratings, or (2) responded to IROL and SOL violations with neighboring transmission providers. Enforcement concluded PNM was in violation of TOP-004-1 R6 from June 18, 2007 to April 25, 2008 when the mitigation plan was completed.

E. NERC Reliability Standard VAR-002-1, Requirement 3

R3: *Each Generator Operator shall notify its associated Transmission Operator 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 automatic voltage regulator 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.*

NERC Reliability Standard VAR-002-1 R3 applies to Generator Operators. PNM is subject to the Standard because it was registered as a Generator Operator on NERC's Compliance Registry on April 10, 2007.

On July 18, 2008, WECC conducted an On-Site Compliance Audit of PNM. The Audit Team determined that PNM had a potential violation of this Standard. On August 29, 2007, at 1017 hours, the Afton generation station Power System Stabilizer (PSS) unit was disabled for three minutes and PNM failed to notify the Transmission Operator. In addition, on March 31, 2008, a Lordsburg unit experienced an Automatic Voltage Regulator (AVR) failure and the generator operator did not notify its associated Transmission Operator. PNM did not provide the Transmission Operator with notification within 30 minutes, for either incident, as required by the Standard.

PNM submitted a mitigation plan for this violation on March 9, 2009. In its mitigation plan, PNM stated that its generating plants have standing orders (procedures) that include direction to notify the transmission service provider of a change in status of PSS and AVR. The two instances mentioned above arose due to the plant operators not following standing orders. Thus, PNM stated that it would send notification to the plant managers specifying that additional training is required for the plant operators regarding the notification process related to the PSS and AVR change in status notifications. The additional training will consist of two parts. First, plant managers will remind all plant operators of the requirement to provide notification to the transmission service provider whenever there is a change in PSS or AVR. Additionally, plant managers will obtain evidence that plant operators have been trained by either providing a meeting sign-up sheet or acquire individual signatures as the training is given. Second, a PowerPoint presentation will be given providing an overview of the Reliability Standards with an emphasis on the Standards dealing with generators including VAR-002. This mitigation plan had an expected completion date of April 30, 2009. WECC accepted this mitigation plan on March 11, 2009. This mitigation plan was accepted by NERC on April 10, 2009.

PNM certified that this mitigation plan was completed on March 30, 2009. To demonstrate completion of the mitigation plan, PNM provided documentation of its annual training requirements and process. PNM provided a list of attendees for its March 2009 training session. PNM also provided a copy of an *Afton Generating Station Supplemental Operating Procedure*. This procedure states that a Change In Status Form must be filled out and sent to the Transmission Operator within 30 minutes of a change in status of a reactive device. On April 11, 2009, WECC SMEs reviewed the completion documentation and verified completion of the mitigation plan.

Enforcement reviewed the above information and documentation provided by PNM and WECC SMEs and affirmed that PNM had an Alleged Violation of this Standard because PNM did not report the incidents described above to the Transmission Operator as required by the Standard. Enforcement concluded PNM was in violation of VAR-002-1 R3 from August 29, 2007 until March 30, 2009 when the mitigation plan was completed.

III. Dismissals

WECC has determined that there are sufficient grounds to dismiss the following two (2) Violations as discussed below.

A. NERC Reliability Standard BAL-005-0b, Requirement 17

The Standard states that each Balancing Authority shall at least annually check and calibrate its time error and frequency devices against a common reference. PNM stated it was noncompliant for failure to complete an annual calibration of one of three frequency sources that could be used to provide a frequency source to Automatic Generation Control AGC. While reviewing the mitigation plan submitted by PNM, WECC discovered that the frequency source that was not calibrated within the required time frame was a third redundant frequency source. BAL-005-0b R8 does not require 3 sources of frequency redundancy; the Standard only specifies redundant frequency sources.

WECC contacted PNM on March 6, 2009 to discuss the use of this third frequency source. WECC asked how this third frequency source was used and how Areas Control Error ACE calculation depended on this source. PNM stated that the ability to use a third source could increase the ability to calculate ACE in the event of the loss of the two preferred sources, but that the primary and backup sources had been adequate to provide the 99.95% reliability required by the Standard during the Self-Certification period. As a result of the fact that PNM had performed annual calibration of the two frequency sources, and the fact that the Standard does not require more than one redundant frequency source, WECC determined that dismissal of this violation is appropriate.

B. NERC Reliability Standard PRC-007-0, Requirement 1

In accordance with FERC Order 693 and associated NERC guidance, this is an unenforceable "fill-in-the-blank" requirement of PRC-007-0 R1. As such, it should not have been reported as a potential or Alleged Violation and is hereby withdrawn with no further action required by WECC or the Registered Entity.

IV. Settlement Terms

A. Payment. To settle this matter, PNM hereby agrees to pay \$30,000.00 to WECC via wire transfer or cashier's check. PNM shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to PNM upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). PNM shall issue the payment to WECC no later than twenty days after receipt of the Notice of Payment Due.

The terms of this Agreement, including the agreed upon payment, are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Agreement, NERC will file a Notice of Penalty with FERC. If FERC approves the Agreement, NERC will publicly post the Agreement. If either NERC or FERC rejects the Agreement, then WECC will attempt to negotiate a revised settlement agreement with

PNM that includes any changes to the Agreement recommended or required by NERC or FERC. If the Parties cannot reach a settlement agreement, the CMEP shall govern the enforcement process.

B. Settlement Rationale. WECC's determination of penalties in an enforcement action is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of such user, owner, or operator to remedy the violation in a timely manner". Additionally, WECC considers the guidance provided by the NERC Sanction Guidelines and by the FERC in Order No. 693 and in its July 3, 2008 Guidance Order on Reliability Notices of Penalty.

Specifically, to determine penalty assessment, WECC considers the following factors: (1) the seriousness of the violation, including the applicable Violation Risk Factor and Violation Severity Level, and the risk to the reliability of the BPS; (2) the violation's duration; (3) the Registered Entity's compliance history; (4) the Registered Entity's self-reports and voluntary corrective action; (5) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (6) the quality of the Registered Entity's compliance program; (7) any attempt by the Registered Entity to conceal the violation or any related information; (8) whether the violation was intentional; (9) any other relevant information or extenuating circumstances; and (10) the Registered Entity's ability to pay a penalty.

The following VRFs apply to PNM's Alleged Violations in accordance with NERC's VRF Matrix dated February 3, 2009:

1. The violation of FAC-009-1 R1 has a VRF of Medium. WECC determined that this violation posed a Moderate risk to the reliability of the BPS. Failure to have and follow facility connection requirements could lead to unsynchronized connection issues along with voltage and frequency problems on the BPS. However, PNM did have a Facility Ratings Methodology and did have some facility ratings. PNM was only in non-compliance because it was unable to finish ratings for all facilities, especially newer facilities, before the date of mandatory compliance.
2. WECC Enforcement determined that the Alleged Violations of PRC-005-1 R1 and R2 did not pose a serious or substantial risk to the reliability of the BPS because only a small number of the PNM Protections System elements, primarily those associated with a 115kV system, were not maintained with defined intervals.

3. The violation of TOP-004-1 R6 has a VRF of Medium. WECC determined that this violation posed a Minimal risk to the reliability of the BPS. PNM stated that it routinely communicates, in both real-time and coordinated planning forums, with adjacent Transmission Operators with regard to all of the elements of R6. PNM was only in violation because it did not have formal documented policies and procedures on how this information is exchanged with the other Transmission Operators.
4. The violation of VAR-002-1 R3 has a VRF of Medium. WECC has determined that this violation posed a Minimal risk to the reliability of the BPS. For these events, the period that the AVR and PSS was out of service was of very short duration. In addition, the PNM Transmission Operator has visibility and control of voltage throughout the system and would have noticed any significant control abnormalities. Finally, operation with either or both AVR and PSS out of service is allowed under certain conditions as specified by WECC Regional Reliability Standards and the Transmission Operator's policies.

In addition, WECC considered several mitigating factors. First, PNM's violations were PNM's first noncompliance with the applicable Reliability Standards. Second, PNM self-reported each of these violations except VAR-002-1 R3. Third, PNM has mitigated each of these violations except PRC-005-1 R1 and R2. PNM has submitted a new mitigation plan to address PRC-005-1 R2. Fourth, PNM has been cooperative throughout the compliance process.

Part of WECC's penalty determination was also based on the fact that many of PNM's violations became sanctionable as post-June 18th violations because PNM failed to complete the original mitigation plan associated with these violations.

WECC determined that there were no aggravating factors warranting a higher penalty. Specifically, PNM did not have any negative compliance history. There was no failure by PNM to comply with applicable compliance directives, nor any evidence of an attempt by PNM to conceal a violation. Finally, there was no evidence that PNM's violations were intentional.

V. Additional Terms

A. Authority. The undersigned representative of each party warrants that he or she is authorized to represent and bind the designated party.

B. Representations. The undersigned representative of each party affirms that he or she has read the Agreement, that all matters set forth in the Agreement are true and correct to the best of his or her knowledge, information, or belief, and that he or she understands that the Agreement is entered into by each party in express reliance on the representations set forth herein.

C. Review. Each party agrees that it has had the opportunity to consult with legal counsel regarding the Agreement and to review it carefully. Each party enters the

Agreement voluntarily. No tender, offer or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of PNM or WECC has been made to induce the signatories or the Parties to enter into the Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. No oral representations shall be considered a part of the Agreement.

E. Effective Date. The Agreement shall become effective upon FERC's approval of the Agreement by order or operation of law.

F. Waiver of Right to Further Proceedings. PNM acknowledges that the Agreement, upon approval by NERC and FERC, is a final settlement of all matters set forth herein. PNM waives its right to further hearings and appeal, unless and only to the extent that PNM contends that any NERC or FERC action concerning the Agreement contains one or more material modifications to the Agreement.

G. Reservation of Rights. WECC reserves all of its rights to initiate enforcement, penalty or sanction actions against PNM in accordance with the Agreement, the CMEP and the NERC Rules of Procedure. In the event that PNM fails to comply with any of the terms of this Agreement, WECC shall have the right to pursue enforcement, penalty or sanction actions against PNM up to the maximum penalty allowed by the NERC Rules of Procedure. PNM shall retain all of its rights to defend against such enforcement actions in accordance with the CMEP and the NERC Rules of Procedure. Failure by WECC to enforce any provision hereof on occasion shall not constitute a waiver by WECC of its enforcement rights or be binding on WECC on any other occasion.

H. Consent. PNM consents to the use of WECC'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 any Regional Entity; provided, however, that PNM 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 any Regional Entity, nor does PNM consent to the use of this Agreement by any other party in any other action or proceeding.

I. Amendments. Any amendments to the Agreement shall be in writing. No amendment to the Agreement shall be effective unless it is in writing and executed by the Parties.

J. Successors and Assigns. The Agreement shall be binding on successors or assigns of the Parties.

K. Governing Law. The Agreement shall be governed by and construed under the laws of the State of Utah.

L. Captions. The Agreement's titles, headings and captions are for the purpose of convenience only and in no way define, describe or limit the scope or intent of the Agreement.

M. Counterparts and Facsimiles. The Agreement may be executed in counterparts, in which case each of the counterparts shall be deemed to be an original. Also, the Agreement may be executed via facsimile, in which case a facsimile shall be deemed to be an original.

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

Agreed to and accepted:

WESTERN ELECTRICITY COORDINATING COUNCIL

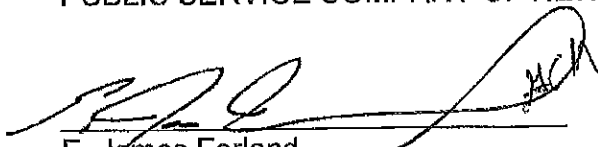


Constance B. White

Date: 11/24/09

Title: Vice President of Compliance

PUBLIC SERVICE COMPANY OF NEW MEXICO



E. James Ferland

Date: 11/17/09

Title: Senior Vice-President, Utility Operations

Attachment b

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

- 1. PNM'S Self-Report dated June 4, 2007**
- 2. PNM'S Mitigation Plan dated June 4, 2007
and June 14, 2007 designated as MIT-07-
1058 and September 4, 2007 extension
request**
- 3. PNM'S Certification of Completion of the
Mitigation Plan dated November 29, 2007**
- 4. WECC's Verification of Completion of the
Mitigation Plan dated March 4, 2010**



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 return to Compliance@WECC.biz

Registered Entity Name: Public Service Company of New Mexico (PNM)

Contact Name: Larry Bryant

Contact Phone: 505-241-4240

Contact email: Larry.Bryant@PNMResources.com

Date noncompliance was discovered: See attached spreadsheet

Date noncompliance was reported: 06/04/2007

Standard Title: See attached spreadsheet

Standard Number: See attached spreadsheet

Requirement Number(s)¹: **See attached spreadsheet**

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

Self-evaluation

***Submit a Completed Mitigation Plan in conjunction with this form to show that corrective steps are being taken. If a mitigation plan is not being submitted with this form please complete the following:**

Describe the cause of non-compliance:

Describe the reliability impact of this non-compliance:

Expected date of Mitigation Plan submittal:

¹ Violations are reported at the level of requirements, sub requirements are not necessary.

Public Service Company of New Mexico

[illegible]



Mitigation Plan

Please complete an individual Mitigation Plan for each NERC Reliability Standard that indicates any level(s) of non-compliance and return to Compliance@WECC.biz

New ☒ Self-Report ☒ Revised ☐ Completed¹ ☐

Registered Entity Name: Public Service Company of New Mexico (PNM)

Date noncompliance was discovered or reported: 06/04/2007

Date Mitigation Plan submitted: 06/04/2007

Standard Title: Establish and Communicate Facility Ratings

Standard Number: FAC-009-1

Requirement Number(s)²: **R1, R2**

Level of Noncompliance: ☐ Level 1 ☐ Level 2 ☒ Level 3 ☐ Level 4

☐ Level not specified

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

Self-evaluation

Provide an explanation of the noncompliance:

The equipment ratings for southern New Mexico facilities (formally TNMP) listed in the Most Limiting Series Element (MLSE) database are being reviewed to provide one rating for WECC powerflow base cases, OASIS TTC, and SCADA alarms. Many of the limitations are a result of inconsistent current transformer (CT) limitations.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

Minimal.

Describe any mitigating factors for this non-compliance (include supporting documentation).

Describe your detailed plan to become compliant.

¹ Submit documentation verifying the completion of the mitigation plan.

² Violations are reported at the level of requirements, sub requirements are not necessary.

PNM will convert the southern New Mexico facilities equipment-rating sheet (now in ACCESS database) with PNM's MLSE database and address the inconsistent current transformer (CT) limitations to provide the MLSE rating. PNM will include shunt reactive equipment in its MLSE database.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

By September 4, 2007, PNM will consolidate the MLSE databases and include shunt reactive equipment in its MLSE database.

Are additional documents or information attached: ☐ Yes ☒ No

Additional Notes or Comments:

Point of contact for WECC follow-up:

Name: Larry Bryant
Title: Director, FERC Compliance
Phone: 505-241-4240
Email: Larry.Bryant@PNMResources.com

For WECC Use Only:

WECC ID Number:

NERC ID Number: R1: WECC200702114, R2: WECC200702113

Date Mitigation Plan was received at WECC:

Date Mitigation Plan was accepted by WECC:

Date notice of completion of Mitigation Plan was received by WECC:



Mitigation Plan

Please complete an individual Mitigation Plan for each NERC Reliability Standard that indicates any level(s) of non-compliance and return to Compliance@WECC.biz

New ☒ Self-Report ☒ Revised ☐ Completed¹ ☐

Registered Entity Name: Public Service Company of New Mexico (PNM)
as Generation Owner

Date noncompliance was discovered or reported: 06/14/2007

Date Mitigation Plan submitted: 06/14/2007

Standard Title: Establish and Communicate Facility Ratings

Standard Number: FAC-009-1

Requirement Number(s)²: R1

Level of Noncompliance: ☐ Level 1 ☐ Level 2 ☒ Level 3 ☐ Level 4
☐ Level not specified

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

Self-evaluation

Provide an explanation of the noncompliance:

Without the documented consistent methodology as described in the filed mitigation plan for FAC-008-1, PNM is unable at this point to verify consistency with the methodology.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

Minimal. Ratings on existing generation facilities change infrequently. The current ratings on generation facilities are well established and known by operating personnel.

Describe any mitigating factors for this non-compliance (include supporting documentation).

Describe your detailed plan to become compliant.

¹ Submit documentation verifying the completion of the mitigation plan.

² Violations are reported at the level of requirements, sub requirements are not necessary.

As stated in the filed mitigation plan for FAC-008-1, within the next 3 months, PNM will consistently document its generation facilities rating methodology to be used across the power production fleet. While completing the documentation, PNM will review existing generation facility ratings to ensure consistency with the methodology.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

Consistency review to be completed by September 14, 2007.

Are additional documents or information attached: ☐ Yes ☒ No

Additional Notes or Comments:

Point of contact for WECC follow-up:

Name: Larry Bryant
Title: Director, FERC Compliance
Phone: 505-241-4240
Email: Larry.Bryant@PNMResources.com

For WECC Use Only:

WECC ID Number:

NERC ID Number:

Date Mitigation Plan was received at WECC:

Date Mitigation Plan was accepted by WECC:

Date notice of completion of Mitigation Plan was received by WECC:



CONFIDENTIAL

Mitigation Plan Form

Please complete an individual Mitigation Plan for each NERC Reliability Standard that indicates any level of non-compliance and return to Compliance@WECC.biz.

New ☐ Revised ☒

Registered Entity Name: **Public Service Company of New Mexico (PNM)**

Date noncompliance was discovered or reported: **06/04/2007**

Date Mitigation Plan submitted: **06/04/2007**

Standard Title: **Establish and Communicate Facility Ratings**

Standard Number: **FAC-009-1**

Requirement Number(s)¹: **R1, R2**

Level of Noncompliance: ☐ Level 1 ☐ Level 2 ☒ Level 3 ☐ Level 4
☐ Level not specified

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

Self-evaluation

Provide an explanation of the noncompliance:

The equipment ratings for southern New Mexico facilities (formally TNMP) listed in the Most Limiting Series Element (MLSE) database are being reviewed to provide one rating for WECC powerflow base cases, OASIS TTC, and SCADA alarms. Many of the limitations are a result of inconsistent current transformer (CT) limitations.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

Minimal.

Describe any mitigating factors for this non-compliance (include supporting documentation).

¹ Violations are reported at the level of requirements, sub requirements are not necessary.
WECC Compliance Monitoring and Enforcement Program
Mitigation Plan Form

Describe your detailed plan to become compliant.

As originally submitted: PNM will convert the southern New Mexico facilities equipment-rating sheet (now in ACCESS database) with PNM's MLSE database and address the inconsistent current transformer (CT) limitations to provide the MLSE rating. PNM will include shunt reactive equipment in its MLSE database.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

PNM's original Mitigation Plan completion date was September 4, 2007. The addition of the southern New Mexico facilities and the inclusion of shunt reactive equipment to the existing database are taking more effort than originally anticipated. Therefore, PNM is requesting an extension of the due date for this Mitigation Plan to December 4, 2007.

Are additional documents or information attached: ☐ Yes ☒ No

Additional Notes or Comments:

Point of contact for questions regarding this Mitigation Plan:

Name: Larry Bryant
Title: Director, FERC Compliance
Phone: 505-241-4240
Email: Larry.Bryant@PNMResources.com

For WECC Use Only:

WECC ID Number:

NERC ID Number:

Date Mitigation Plan was received at WECC:

Date Mitigation Plan was accepted by WECC:



CONFIDENTIAL

Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting documentation / evidence that confirms full compliance and an Authorized Officer's signature.

Registered Entity Name: Public Service Company of New Mexico

Standard Title: Establish and Communicate Facility Ratings

Standard Number: FAC-009-1

Requirement Number(s)¹: R1, R2

Actual completion date of Mitigation Plan: 11/29/07


Please attach supporting documentation used to demonstrate compliance.

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

The attached document shows that PNM's most severe limiting element for 115kV transmission in southern New Mexico has been updated. PNM is in the process of updating WECC base cases, OASIS postings, SCADA alarms and equipment ratings based on this document.

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that PNM 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: 

Authorized Officer's Name: Joel Ivy

Authorized Officer's Title: Vice President – New Mexico Operations

Date: 11/29/07

¹ Violations are reported at the level of requirements, sub requirements are not necessary.
WECC Compliance Monitoring and Enforcement Program
Mitigation Plan Completion Form

CONFIDENTIAL



Western Electricity Coordinating Council

Laura Scholl
Managing Director of Compliance

801-819-7619
lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

March 4, 2010

Jo Ann Newton
FERC Compliance Officer
Public Service Company of New Mexico
Alvarado Square, MS-0810
Albuquerque, New Mexico 87158

NERC Registration ID: NCR05333
NERC Violation ID: WECC200810309

Subject: Notice of Completed Mitigation Plan Acceptance
Reliability Standard FAC-009-1 Requirement 1

Dear Jo Ann,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence for Public Service Company of New Mexico (PNM) on 12/5/2007 for the alleged violation of Reliability Standard FAC-009-1 Requirement 1.

WECC has accepted the Certification of Completion for Requirement 1 of the Reliability Standard FAC-009-1 and has found this requirement to be fully mitigated. No further mitigation of this requirement will be required at this time.

If you have any questions or concerns, please contact Jay Loock at jay@wecc.biz. Thank you for your assistance in this effort.

Sincerely,



Laura Scholl
Managing Director of Compliance

LS:rh

cc: Dave Eubank, PNM Director, Power Operations
John McGhee, WECC Director of Audits and Investigations
Lisa Milanes, WECC Manager of Compliance Program Administration
Jay Loock, WECC Senior Compliance Engineer

Attachment c

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

- 1. PNM'S Self-Report dated June 14, 2007
and Mitigation Plan contained therein**
- 2. PNM'S Mitigation Plan designated as MIT-
07-1470 submitted November 10, 2008**
- 3. PNM's Mitigation Plan submitted on
March 31, 2010**
- 4. PNM'S Certification of Completion of the
Mitigation Plan dated March 29, 2010**
- 5. WECC's Verification of Completion of the
Mitigation Plan dated Cr t k l 8, 2010**



Compliance Enforcement
Program

Mitigation Plan

Please complete an **individual** Mitigation Plan for each NERC Reliability Standard that indicates any level(s) of non-compliance and return to Compliance@WECC.biz

New ☒ Self-Report ☒ Revised ☐ Completed¹ ☐

Registered Entity Name: Public Service Company of New Mexico (PNM)
as Generation Owner

Date noncompliance was discovered or reported: 06/14/2007

Date Mitigation Plan submitted: 06/14/2007

Standard Title: Transmission and Generation Protection System Maintenance and Testing.

Standard Number: PRC-005-1

Requirement Number(s)²: **R1**

Level of Noncompliance: ☒ Level 1 ☐ Level 2 ☐ Level 3 ☐ Level 4
☐ Level not specified

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

Self-evaluation

Provide an explanation of the noncompliance:

PNM has a maintenance and testing program for its generation protection systems but the documentation is not consistently traceable as to the requirements in R1.1 and R1.2.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

Minimal. The work is performed by all of the operating plants, but procedural consistency is lacking across power production.

Describe any mitigating factors for this non-compliance (include supporting documentation).

None

Describe your detailed plan to become compliant.

¹ Submit documentation verifying the completion of the mitigation plan.

² Violations are reported at the level of requirements, sub requirements are not necessary.

Within the next 3 months, PNM will revised the documentation associated with its maintenance and testing program for generation protection systems and will ensure the requirements of R1.1 and R1.2 are incorporated therein.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

By September 14, 2007 PNM will complete the documentation necessary for this requirement.

Are additional documents or information attached: ☐ Yes ☒ No

Additional Notes or Comments:

Point of contact for WECC follow-up:

Name: Larry Bryant
Title: Director, FERC Compliance
Phone: 505-241-4240
Email: Larry.Bryant@PNMResources.com

For WECC Use Only:

WECC ID Number:

NERC ID Number:

Date Mitigation Plan was received at WECC:

Date Mitigation Plan was accepted by WECC:

Date notice of completion of Mitigation Plan was received by WECC:



Mitigation Plan Submittal Form

New ☐ or Revised ☒

Date this Mitigation Plan is being submitted: 11/07/2008

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan: 3/31/2009

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: Public Service Company of New Mexico
Registered Entity Address: Alvarado Square Albuquerque, NM 87158
NERC Compliance Registry ID:

- 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: Jim Butler
Title: Ferc Compliance Officer
Email: jim.butler@pnmresources.com
Phone: 505-241-2388

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.



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
[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)
		R1	low	10/30/2008	WECC review

(*) 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:

PNM's Relay Protection Maintenance and Testing program was incomplete. The basis for maintenance intervals was not stated in evidence, and the description of maintenance and testing procedures was incomplete.
[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:

The PNM Relay Protection Maintenance and Testing program that was incomplete related to Generation (PNM Power Production).



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[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 PNM Power Production departments will coordinate the effort to develop documentation for PRC-005 Transmission and Generation Protection System Maintenance and Testing that includes the basis for the maintenance intervals and the description of maintenance and testing procedures.

[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: The documentation will be finalized by 3/31/2009
- 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)
Initial draft of documentation	12/31/2008
Review and editing of 1 st draft complete	1/31/2009
Revised draft review and edited	2/28/2009
Final Procedure Document is complete	3/31/2009



(*) 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:

[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:

The work is being performed by all of the operating plants, but procedural consistency was lacking across power production. The BPS Reliability risk is minimal since the deficiency relates to finalizing procedural documentation. [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:

The plan is to develop a standard set of documented procedures to be applied across the PNM generation fleet. [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:



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



Section F: Authorization

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

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to WECC for acceptance by WECC and approval by NERC, and
- b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and
- c) Acknowledges:
 1. I am Vice President, New Mexico Operations of Public Service Company of New Mexico.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Public Service Company of New Mexico.
 3. I understand Public Service Company of New Mexico'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. Public Service Company of New Mexico 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): Joel Ivy

Title: Vice President, New Mexico Operations

Date: 11/10/2008



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.



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



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 3-31-2010

If this Mitigation Plan has already been completed:

- Check this box ☒ and
- Provide the Date of Completion of the Mitigation Plan: 3-29-2010

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: Public Service Company of New Mexico
Registered Entity Address: Alvarado Square Albuquerque, NM 87158
NERC Compliance Registry ID: NCR05333

- 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: Jim Butler
Title: Manager
Email: jim.butler@pnmresources.com
Phone: (505) 241-2388

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)
		R1	low	05/07/2009	WECC review

(*) 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 basis for maintenance intervals was not stated for the maintenance and testing procedures.

[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:

[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:

Generation and Transmission areas within the company will coordinate the effort to develop documentation for PRC-005-1 R1 which includes the basis for the maintenance intervals.
[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:
- 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)

(*) 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



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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:

[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:

The formal project management processes implimented by PNM has highlighted the cross-functional team approach to meeting NERC Compliance. This project management approach is taking the "best practices" from some company areas and teaching other areas the best practices. This best practice approach will minimize the probably for future violations such as PRC-005-1 R1 to occur within PNM.

[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



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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 a Manager of Public Service Company of New Mexico].
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Public Service Company of New Mexico.
 3. I understand Public Service Company of New Mexico'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. Public Service Company of New Mexico 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): James G. Butler

Title: Manager

Date: 3/29/2010



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.



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



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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: Public Service Company of New Mexico

Standard Title: Transmission and Generation Protection System Maintenance and Testing

Standard Number: PRC-005-1

Requirement Number(s): R1

Actual completion date of Mitigation Plan: 3/29/2010

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.

The attached evidence of compliance shows the basis for maintenance intervals for San Juan Generation, Afton Generation, Reeves Generation and PNM Transmission System Maintenance.

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that Public Service Company of New Mexico 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: James G. Butler

Authorized Officer's Name: James G. Butler

Authorized Officer's Title: Manager

Date: 3/29/2010

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Western Electricity Coordinating Council

Laura Scholl
Managing Director of Compliance

801-819-7619
lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

April 6, 2010

Jo Ann Newton
Compliance Officer
Public Service Company of New Mexico
Alvarado Square MS 0820
Albuquerque, New Mexico 87158

NERC Registration ID: NCR05333
NERC Violation ID: WECC200810375

Subject: Notice of Mitigation Plan and Completed Mitigation Plan Acceptance
Reliability Standard PRC-005-1 Requirement 1

Dear Jo Ann,

The Western Electricity Coordinating Council (WECC) has received the Mitigation Plan and the Certification of Completion and supporting evidence submitted by Public Service Company of New Mexico (PNM) on 3/31/2010 and 3/29/2010 respectively for the alleged violation of Reliability Standard PRC-005-1 Requirement 1.

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

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

Sincerely,

Laura Scholl
Managing Director of Compliance

LS:rh

cc: Laurie Williams, PNM Manager - Compliance
John McGhee, WECC Director of Audits and Investigations
Chris Luras, WECC Manager of Compliance Enforcement
Mike Wells, WECC Senior Compliance Engineer

Attachment d

Record documents for the violation of PRC-005-1 R2:

- 1. PNM'S Self-Report dated February 4, 2008**
- 2. PNM's Mitigation Plan dated February 4, 2008**
- 3. PNM'S Mitigation Plan designated as MIT-08-1037 dated April 2, 2009 and submitted April 9, 2009**
- 4. PNM'S Certification of Completion of the Mitigation Plan dated October 22, 2009**
- 5. WECC's Verification of Completion of the Mitigation Plan dated November 18, 2009**



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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 return to Compliance@WECC.biz

Registered Entity Name: Public Service Company of New Mexico

Contact Name: Jim Butler

Contact Phone: (505) 241-2388

Contact email: jbutler@pnm.com

Date noncompliance was discovered: February 1, 2008

Date noncompliance was reported: February 4, 2008

Standard Title: Transmission and Generation Protection System Maintenance and Testing

Standard Number: PRC-005-1

Requirement Number(s)¹: **R2.1.**

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

Self-evaluation

***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:

Actual equipment maintenance date exceeded the assigned maintenance interval.

Describe the reliability impact of this non-compliance:

none

Expected date of Mitigation Plan submittal: February 4, 2008

¹ Violations are on a per requirement basis.



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: February 4, 2008

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 the notices 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.

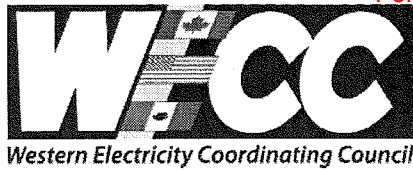
Section B: Registered Entity Information

- B.1 Identify your organization:

Company Name: Public Service Company of New Mexico
Company Address: Alvarado Square Albuquerque, NM 87158
NERC Compliance Registry ID **[if known]**:

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

Name: Jim Butler
Title: Regulatory Project Manager
Email: Jim.Butler@PNMResources.com
Phone: (505) 241-2388



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

This Mitigation Plan is associated with the following violation(s) of the reliability standard 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 Date ^(*) (MM/DD/YY)
unknown	unknown	R2.1.	most are 1/1/2008

(*) Note: The Violation Date shall be: (i) the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by WECC. Questions regarding the date to use should be directed to the WECC.

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

Initial internal assessments regarding the maintenance of the protection equipment concluded no issues existed. However, on further review, using more inclusive equipment criteria, PNM identified some cases where the actual equipment maintenance date exceeded the assigned maintenance interval.
[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 violations associated with this Mitigation Plan:

The items of equipment relating to PNM's violation are not considered critical. PNM concentrated on the 345kV and 230kV knowing these are most critical. Most of the issues of maintenance exceeding the assigned maintenance interval relate to the 115kV transmission elements.



Western Electricity Coordinating Council



[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 equipment maintenance departments have modified their computerized maintenance management software to uniquely identify every piece of equipment included in the WECC BES. The BES identification will be used to modify planned work schedules so that the equipment in question will have maintenance performed on a higher priority and in the future the scheduling of work will include a greater emphasis on meeting the maintenance intervals.
[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 violations associated with this Mitigation Plan are corrected: The expected completion date to bring all relevant equipment in compliance with its maintenance interval will be December 31, 2008.
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
the first one-third of the maintenance items will be brought into compliance	May 31, 2008
the second one-third of the maintenance	August 31, 2008



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items will be brought into compliance	
the final one-third of the maintenance items will be brought into compliance	December 31, 2008

(*) 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.

[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:

[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 and E.3, 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, 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:

A review of the equipment needing maintenance and/or inspection show it is not considered critical so the risk to the bulk Power System is minimal. PNM concentrated on the 345kV and 230kV knowing these are most critical. The majority of the missed maintenance interval are on the 115kV system which is much less critical on PNM overall transmission system. In most cases the maintenance interval will only have been missed by a relatively small amount of time when the mitigation is complete.
[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 incurs further violations of the same or similar reliability standards requirements in the future:

Now that the maintenance group is aware of the problem of all maintenance intervals not being met, more emphasis will be put into scheduling the work to meet the maintenance interval for the entire BES.
[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

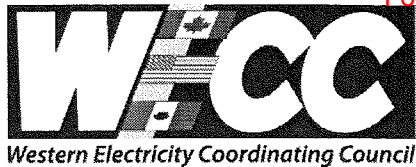


Western Electricity Coordinating Council



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 Vice President of Public Service Company of New Mexico.
 2. I am qualified to sign this Mitigation Plan on behalf of Public Service Company of New Mexico.
 3. I have read and understand Public Service Company of New Mexico'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. Public Service Company of New Mexico 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 Entity Officer Signature:

(Electronic signatures are acceptable; see CMEP)

Name (Print): Joel Ivy

Title: Vice President New Mexico Operations

Date: February 4, 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]

Please direct any questions regarding completion of this form to:

Jim Stuart, Sr. Compliance Engineer
Email: jstuart@wecc.biz
Phone: (801) 883-6887



Attachment A – Compliance Notices & Mitigation Plan Requirements

- I. Section 6.2 of the CMEP1 sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. 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. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.
- II. This submittal form may be used to provide a required Mitigation Plan for review and approval by WECC and NERC.

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.



- III. The Mitigation Plan shall be submitted to the WECC and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- IV. This Mitigation Plan form may be used to address one or more related 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 this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
- VI. WECC or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- VII. Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 4/2/2009

If this Mitigation Plan has already been completed:

- Check this box ☐
- Provide the Date of Completion of the Mitigation Plan:
- Evidence supporting full compliance must be submitted along with this Mitigation Plan Submittal Form

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Attachment A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Public Service Company of New Mexico
Registered Entity Address: Alvarado Square Albuquerque, NM 87158

NERC Compliance Registry ID: NCR05333

- 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: Jim Butler

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.



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Title:

Email:

Phone:



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	Lower	2/20/2009	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:

PNM has not completed testing of a small portion of its transmission and generation protection system equipment within the specified test time interval.
[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:



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[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 PNM Technical Field Staff will complete the testing of the protection equipment to bring the equipment within compliance of PNM specified test intervals.

[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: The completion date is September 1, 2009. The first milestone date of June 1, 2009 is the projected testing completion date for the relays that were previously identified in the 2/4/2008 mitigation plan as being out of compliance with PNM's equipment testing interval. The September 1, 2009 milestone is the projected testing completion date for the equipment identified in this mitigation plan.
- 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)
The testing completion date for the	June 1, 2009



Western Electricity Coordinating Council



remaining 28 relays identified in the 2/4/2008 mitigation plan.	
Testing completion date for PNM protection system equipment identified in this mitigation plan.	September 1, 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:

[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:

The impact to PNM's BES is low. There are only 4 relays on the 345 kV BES and PNM has given the highest priority to 3 of them. The 4th relay on the 345 kV BES is being replaced and has a lower priority due to the time needed to procure the new relay device. The remaining relay devices identified from the 2/4/2008 mitigation plan are on the PNM 115 kV system. [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:

The work flow processes used to complete the mitigation plan will highlight the usefulness of using a similar work flow scheduling process that meets the test interval dates in the future. [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



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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 Vice President of N M Operations of Public Service Company of New Mexico.
 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Public Service Company of New Mexico.
 3. I understand Public Service Company of New Mexico'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. Public Service Company of New Mexico 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): Joel Ivy
Title: Vice President, NM Operations
Date: 4/2/2009



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 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.



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: Public Service Company of New Mexico

NERC Registry ID: NCR05333

Date of Submittal of Certification: 10/22/2009

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: 9/1/2009

Date Mitigation Plan was actually completed: August 2009

Additional Comments (or List of Documents Attached): Attached is the spreadsheet showing the intervals and test dates demonstrating that relay testing is within interval.

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: Jim Butler

Title: Project Manager

Email: jim.butler@pnmresources.com



Western Electricity Coordinating Council

Non-Public and CONFIDENTIAL

Authorized Signature: *Jim Butler*

Date: 10/22/2009

CONFIDENTIAL



Laura Scholl
Managing Director - Compliance

(801) 819-7619
Lscholl@wecc.biz

VIA COMPLIANCE WEB PORTAL

November 18, 2009

Jim Butler
FERC Compliance Officer
Public Service Company of New Mexico
Alvarado Square, MS-0810
Albuquerque, New Mexico 87158

NERC Registration ID: NCR05333

Subject: Certification of Completion Response Letter

Dear Jim,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Public Service Company of New Mexico (PNM) on 10/22/2009 for the alleged violation of Reliability Standard PRC-005-1 Requirement 2.

WECC has accepted the Certification of Completion for Requirement 2 of the Reliability Standard PRC-005-1 and has found this requirement to be fully mitigated. No further mitigation of this requirement will be required at this time.

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

Sincerely,



Laura Scholl
Managing Director of Compliance

LS:rh

cc: Dave Eubank, PNM Director, Power Operations
Lisa Milanese, WECC Manager of Compliance Program Administration
Phil O'Donnell, WECC Senior Compliance Engineer

Attachment e

Record documents for the violation of TOP-004-1 R6:

- 1. PNM'S Self-Report dated June 4, 2007**
- 2. PNM'S Mitigation Plan designated as MIT-07-0749 submitted April 1, 2008**
- 3. PNM'S Certification of Completion of the Mitigation Plan dated April 25, 2008**
- 4. WECC's Verification of Completion of the Mitigation Plan dated July 18, 2008**



Compliance Enforcement
Program

Mitigation Plan

Please complete an individual Mitigation Plan for each NERC Reliability Standard that indicates any level(s) of non-compliance and return to Compliance@WECC.biz

New ☒ Self-Report ☒ Revised ☐ Completed¹ ☐

Registered Entity Name: Public Service Company of New Mexico (PNM)

Date noncompliance was discovered or reported: 06/04/2007

Date Mitigation Plan submitted: 06/04/2007

Standard Title: Transmission Operations

Standard Number: TOP-004-1

Requirement Number(s)²: **R6**

Level of Noncompliance: ☐ Level 1 ☐ Level 2 ☒ Level 3 ☐ Level 4

☐ Level not specified

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

Self-evaluation

Provide an explanation of the noncompliance:

PNM routinely communicates in both real-time and coordinated planning forums with adjacent Transmission Operators with regard to all of the elements of Requirement R6. However, no formal documented policies and procedures exist on how this information is exchanged with the other Transmission Operators.

Designate a reliability impact (minimal, moderate, or severe) that the noncompliance had or could have had on the interconnection. Include an explanation for the designation.

Minimal. No formal documented policies and procedures exist on how this information is exchanged with the other Transmission Operators.

Describe any mitigating factors for this non-compliance (include supporting documentation).

¹ Submit documentation verifying the completion of the mitigation plan.

² Violations are reported at the level of requirements, sub requirements are not necessary.

Describe your detailed plan to become compliant.

Within the next 3 months, PNM will add to the Transmission Operator Guidelines procedures that will detail how to exchange all of the information related to Requirement R6 with affected Transmission Operators.

Describe your detailed schedule to become compliant. (The schedule should include status updates at a minimum every three months to WECC).

Complete the additions to the Transmission Operator Guidelines by no later than September 4, 2007.

Are additional documents or information attached: ☐ Yes ☒ No

Additional Notes or Comments:

Point of contact for WECC follow-up:

Name: Larry Bryant
Title: Director, FERC Compliance
Phone: 505-241-4240
Email: Larry.Bryant@PNMResources.com

For WECC Use Only:

WECC ID Number:

NERC ID Number:

Date Mitigation Plan was received at WECC:

Date Mitigation Plan was accepted by WECC:

Date notice of completion of Mitigation Plan was received by WECC:



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 04/01/08 (This Mitigation Plan is in response to the Steve McCoy Letter dated 3/24/2008 regarding Mitigation Plan Completion Reviews and Line 19 of Attachment A).

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: Public Service Company of New Mexico
 Registered Entity Address: Alvarado Square, Albuquerque, NM 87158
 NERC Compliance Registry ID: NCR05333

- 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: Larry Bryant
 Title: Director, FERC Compliance

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

Email: Larry.Bryant@pnmresources.com

Phone: 505-241-4240



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: TOP-004-1

[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)
		R6		03/24/08	

(*) 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:

Documentation does not exist requiring the System Operator to coordinate Equipment Rating or response to IROL and SOL violations to neighboring transmission operators.

[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:



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Although performed in actual practice, PNM had not documented the need to communicate the required coordination needed to allow for equipment rating changes or responses to IROL and SOL violations occurring in real-time. Included with the Mitigation Completion Form submitted on 09/04/2007, PNM submitted a document entitled "Exchanging Information with Neighboring Transmission Operators" to demonstrate compliance with this standard; however, this language was inadvertently left out of the document and needs to be added to provide the System Operators the necessary direction.

[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:

Relevant documentation will be changed to reflect the need for the System Operator to provide the necessary coordination with neighboring Transmission Operators regarding Equipment Ratings and response to IROL or SOL violations.

[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: 4/21/08



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)
Edit "Exchanging Information with Neighboring Transmission Opeartors " document to contain all provisions required by R6	4/21/08
Document in Operating Guidelines	4/21/08

(*) 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:

[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:

The risk for this standard is relatively low since PNM System Operators routinely communicate (both verbally and in writing) with neighboring Transmission Operators regarding Equipment Ratings and IROL/SOL violations. The document formalizes this already existing procedure. [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:

Completion of this mitigation plan will document and formalize an already existing procedure and will serve as a means to remind the System Operator of their obligation to communicate with neighboring Transmission Operators. [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



Western Electricity Coordinating Council



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 Vice President of New Mexico Operations.
- 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Public Service Company of New Mexico.
- 3. I understand Public Service Company of New Mexico'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. Public Service Company of New Mexico 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): Joel Ivy

Title: Vice President - New Mexico Operations

Date: 04/01/2008



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:

Jim Stuart, Sr. Compliance Engineer

Email: JStuart@wecc.biz

Phone: (801) 883-6887

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.



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Mitigation Plan Completion Form

Please complete a Mitigation Plan Completion form for each fully mitigated violation and return to Compliance@WECC.biz along with the supporting evidence that confirms full compliance and Authorized Officer's signature.

Registered Entity Name: Public Service Company of New Mexico (PNM)

Standard Title: Transmission Operations

Standard Number: TOP-004-1

Requirement Number(s): R6

Actual completion date of Mitigation Plan: 04/25/2008

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.

Attached please find the revised PNM Operating Procedure entitled "Exchanging Information with Neighboring Transmission Operators".

Additional Notes or Comments pertaining to this violation:

By endorsement of this document I attest that [insert company name] 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: 

Authorized Officer's Name: Joel Ivy

Authorized Officer's Title: VP, New Mexico Operations

Date: 04/25/2008

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STEVEN W. McCOY
Vice President and Director of Compliance

801.582.0353 ext. 6889
smccoy@wecc.biz

July 18, 2008

Larry Bryant
Director, FERC Compliance
Public Service Company of New Mexico
Alvarado Square, MS-0920
Albuquerque, NM 87158

Subject: Mitigation Plan Completion Review(s)

Dear Larry,

The Western Electricity Coordinating Council (WECC) received Mitigation Plan Completion Form(s) and supporting evidence for each violation listed in Table 1 of Attachment A. The table indicates which plans have been completed and which remain incomplete. Attachment A also includes audit notes that detail the findings supporting this conclusion.

Each compliance violation associated with the incomplete Mitigation Plan(s) is now subject to sanctions and penalties under the Energy Policy Act of 2005. You will be receiving a letter from the WECC Compliance Department outlining the next steps in the penalty and sanction process regarding such violation(s).

Please submit a revised Mitigation Plan by August 4, 2008, including new proposed completion dates, for each unmitigated violation identified in Attachment A. The Mitigation Plan template form can be found on the WECC Compliance Manuals webpage, as Manual 03.03:

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

Upon review, the WECC Compliance Department will provide written notice of its acceptance or rejection of the newly submitted Mitigation Plan.

If you have any questions or concerns, please contact Mike Wells at (801) 883.6884 or mike@wecc.biz. Thanks for your assistance in this effort.

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Sincerely,

Steve McCoy

STEVEN W. McCOY
WECC Vice President and
Director of Compliance

SM:ar

Attachment

Cc: Keith Nix, PNM Director, Power Operations
Lisa Milanes, WECC Manager of Compliance Administration
Tim Kucey, NERC Manager of Enforcement and Mitigation
Ed Ruck, NERC Regional Compliance Program Coordinator



Registered Entity: Public Service Company of New Mexico

Date: July 18, 2008

	Standard Number	Requirement	Sufficient Evidence	Review Status
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3	TOP-004-1	R6	Yes	Compliant
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Attachment f

Record documents for the violation of VAR-002-1 R3:

- 1. PNM'S Audit Screening worksheet dated
July 18, 2008**
- 2. PNM'S Mitigation Plan designated as MIT-
08-1557 submitted March 9, 2009**
- 3. PNM'S Certification of Completion of the
Mitigation Plan dated March 30, 2009**
- 4. WECC's Verification of Completion of the
Mitigation Plan dated April 29, 2009**



Western Electricity Coordinating Council

Compliance and Registration Database Post Violations Tracking and Reporting

Region: WECC	Violation Date: 7/18/2008	WECC ID: PNM_WECC20081261
Entity: Public Service Company of New Mexi	Acronym: PNM	Registry ID: NCR05333
Standard: VAR-002-1	MERC violation ID: WECC200801159	
Generator Operation for Maintaining Network Voltage Schedules		

Disposition & Final Record	Mitigation Plan	RAD & RAD Appeal	Internal Notes
Initial Notice	NAVAPS	Proposed Sanction Penalty	Contested Hearing

Requirement: 3	Repeat Alleged Violation? <input type="checkbox"/>
Initial Determination by Region: 11/13/2008	
Reporting Method: Compliance Audit	
On Site Audit: <input checked="" type="checkbox"/> Off Site Audit: <input type="checkbox"/>	
Deemed Date: 7/18/2008	
Violation Level: VSL - Lower	
Violation Risk Factor: MEDIUM	
Alleged Violation Time:	
Alleged Violation End Date:	
Violation Description:	
<p>After asking for additional evidence, the audit team determined that on August 29, 2007, at 1017 hours, the Affon GS unit PSS was disabled for three minutes without notifying the PNM transmission operator.</p> <p>Additionally, evidence provided indicated that on March 31, 2008, a</p>	
Regional Contact Person: Wells, Mike	

Applicable Functions: GOP
Regional Determination of Impact to BPS:
Detailed Description of Potential Impact to BPS:
<p>Minimal – minimal impact to the bulk electric system since both incidents were of short duration and PNM continues to meet the 98% in service measure</p>
ID sent to Entity:
Additional Comments
Reviewed in Audit (Audit Date):

Close



Mitigation Plan Submittal Form

New ☒ or Revised ☐

Date this Mitigation Plan is being submitted: 3/6/2009

If this Mitigation Plan has already been completed:

- Check this box ☐
- Provide the Date of Completion of the Mitigation Plan: 4/30/2009
- Evidence supporting full compliance must be submitted along with this Mitigation Plan Submittal Form

Section A: Compliance Notices & Mitigation Plan Requirements

- A.1 Notices and requirements applicable to Mitigation Plans and this Submittal Form are set forth in "Attachment A - Compliance Notices & Mitigation Plan Requirements" to this form. **Review Attachment A and check this box ☒ to indicate that you have reviewed and understand the information provided therein.** This Submittal Form and the Mitigation Plan submitted herein are incomplete and cannot be accepted unless the box is checked.

Section B: Registered Entity Information

- B.1 Identify your organization:

Registered Entity Name: Public Service Company of New Mexico
Registered Entity Address: Alvarado Square Albuquerque, NM 87158
NERC Compliance Registry ID: NCR05333

- 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: Jim Butler
Title: FERC Compliance Officer

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

Email: jim.butler@pnmresources.com

Phone: (505) 241-2388



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-002-1
[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)
		R3	Low	08/29/07	audit
		R3	Low	03/31/08	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:

On August 29, 2007, at 1017 hours, the Afton GS unit PSS was disabled for three minutes without notifying the PNM transmission service provider. On March 31, 2008, a Lordsburg unit experienced an AVR failure and the generator operator did not notify the transmission operator.

[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:



[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 PNM generating plants have standing orders (procedures) that include the direction to notify the transmission service provider of a change in status of PSS and AVR. The two instances are due to the plant operators not following the standing orders.

The mitigation plan is to send a notification to the plant managers specifying that additional training is required by the plant operators regarding the notification processes related to the PSS and AVR change in status notifications. The additional training will consist of two parts. The first part will be the responsibility of the plant manager to remind all plant operators of the requirement to provide notification to the transmission service provider whenever there is a change of status of PSS or AVR. The plant managers will obtain evidence that the plant operators have been trained by either providing a meeting sign-up sheet or individual signatures as the training has been given. The evidence will be sent to NERC Compliance Group within PNM. The second part of the training will include a PowerPoint presentation that provides an overview of the NERC/WECC Standards with an emphasis on the GO and GOP applicable standards including VAR-002. A section in the presentation will highlight the importance of maintaining communication with the FERC/NERC/WECC Compliance group at PNM.

[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



Western Electricity Coordinating Council



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:

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)
Plant Manager reminder to the Plant Operators	March 31, 2009
PowerPoint presentation to Plant Operators	April 30, 2009

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

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

Additional Relevant Information (Optional)

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

[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:

The risk to the BES is minimal since the Plant Management and Operators have already been reminded of the procedures regarding notification requirements for PSS and AVR change in status.
[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:

By having multiple methods for reminding and training the Plant Operators, the probability of failing to notify the transmission service provider of a change in status of PSS or AVR is greatly reduced.
[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



Western Electricity Coordinating Council



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 FERC Compliance Officer of Public Service Company of New Mexico.
- 2. I am an officer, employee, attorney or other person authorized to sign this Mitigation Plan on behalf of Public Service Company of New Mexico.
- 3. I understand Public Service Company of New Mexico'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. Public Service Company of New Mexico 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: James H Butler

(Electronic signatures are acceptable; see CMEP Section 3.0)

Name (Print): James G. Butler
Title: FERC Compliance Officer
Date: 3/9/2009



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 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.



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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: Public Service Company of New Mexico

Standard Title: Generator Operation for Maintaining Network Voltage Schedules

Standard Number: VAR-002-1

Requirement Number(s): R3

Actual completion date of Mitigation Plan: 3/30/2009

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.

Exhibit 1 is the annual training process document. As stated in this Training Requirement, the training is annual and includes the reminder of the importance of the (Var-002-1 R3) 30 minute notification requirement for a change in status of PSS or AVR. The Training Requirement Document includes a list of attendees for the March 2009 training session at Lordsburg/Luna Generating Stations.

Exhibit 2 is a copy of the Afton Generating Station Supplemental Operating Procedure. This form has been signed by the plant operators to acknowledge that each has read and understands the highlighted change which states: "This form must be filled out and sent to the Transmission Provider within 30 minutes upon a change in status of the reactive device (ie. PSS or AVR)." The PNM Generating Stations will use this form daily to comply with Var-002 and other NERC standards.

Additional Notes or Comments pertaining to this violation:

Multiple verbal discussions and emails have occurred with the PNM Generating Station management regarding the importance of providing training and other process to minimise the probability for another VAR-002 violation.

By endorsement of this document I attest that Public Service Company of New Mexico is now in
WECC Compliance Monitoring and Enforcement Program
Mitigation Plan Completion Form

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: James G. Butler

Authorized Officer's Name: James G. Butler

Authorized Officer's Title: FERC Compliance Officer

Date: 3/30/2009

CONFIDENTIAL



Laura Scholl
Managing Director of Compliance

801.819.7619
lscholl@wecc.biz

April 29, 2009

Jim Butler
FERC Compliance Officer
Public Service Company of New Mexico
Alvarado Square, MS-0920
Albuquerque, New Mexico 87158

NERC Registration ID: NCR05333

Subject: Certification of Completion Response Letter

Dear Jim Butler,

The Western Electricity Coordinating Council (WECC) received the Certification of Completion and supporting evidence of Public Service Company of New Mexico (PNM) on 3/30/2009 for the 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. Thank you for your assistance in this effort.

Sincerely,

Laura Scholl

Laura Scholl
Managing Director of Compliance

LS:cm

cc: Dave Eubank, PNM Director, Power Operations
Lisa Milanese, WECC Manager of Compliance Program Administration
Mike Wells, WECC Senior Compliance Engineer

Attachment g

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Public Service Company of New Mexico

Docket No. NP10-____-000

NOTICE OF FILING
July 30, 2010

Take notice that on July 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Public Service Company of New Mexico 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.

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Comment Date: [BLANK]

Kimberly D. Bose,
Secretary