

November 30, 2016

VIA ELECTRONIC FILING

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

**Re: NERC Full Notice of Penalty regarding Black Hills Corporation,
FERC Docket No. NP17-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Black Hills Corporation (BHP), NERC Registry ID# NCR05030,² with information and details regarding the nature and resolution of the violation³ discussed in detail in the Settlement Agreement attached hereto (Attachment A), in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations, and orders, as well as NERC's Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).⁴

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 (2016). *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 BHP was included on the NERC Compliance Registry as a Distribution Provider, Generator Owner, Generator Operator, Resource Planner, Transmission Owner (TO), Transmission Operator, Transmission Planner, and Transmission Service Provider on June 17, 2007, and as a Planning Authority on January 1, 2015.

³ For purposes of this document, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged, or confirmed violation.

⁴ See 18 C.F.R § 39.7(c)(2) and 18 C.F.R § 39.7(d).

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NERC is filing this Notice of Penalty with the Commission because Western Electricity Coordinating Council (WECC) and BHP have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC's determination and findings of the violation of FAC-003-3 R2.

According to the Settlement Agreement, BHP agrees and stipulates to the violation, and has agreed to the assessed penalty of twenty thousand dollars (\$20,000), in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement, by and between WECC and BHP. 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 (2016), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement. Further information on the subject violation is set forth in the Settlement Agreement and herein.

*SR = Self-Report / SC = Self-Certification / CA = Compliance Audit / SPC = Spot Check / CI = Compliance Investigation

NERC Violation ID	Standard	Req	VRF/ VSL	Applicable Function(s)	Discovery Method* Date	Violation Start-End Date	Risk	Penalty Amount
WECC2015015138	FAC-003-3	R2	High/ Severe	TO	SR 8/6/2015	11/18/2014- 7/23/2015	Moderate	\$20,000

WECC2015015138 FAC-003-3 R2 - OVERVIEW

BHP self-reported a violation of FAC-003-3 R2 on August 6, 2015. Specifically, BHP reported that on July 23, 2015, its supervisory control and data acquisition (SCADA) system detected a phase-to-ground fault on a 230 kV transmission line. After an attempt to test-energize the circuit failed, BHP notified its Reliability Coordinator of a Sustained Outage caused by a vegetation contact. BHP identified and removed the vegetation, returning the line to service approximately six hours after it detected the fault. BHP uploaded the FAC-003-3 R2 48-Hour Report to WECC the following afternoon. WECC determined that BHP failed to manage vegetation to prevent encroachment into the minimum

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vegetation clearance distance of a 230 kV transmission line, resulting in a vegetation-related sustained outage.

The root cause of this violation was BHP's field personnel having less than adequate training for vegetation management tasks and BHP's not having an automated process to alert of overdue work in tracking vegetation management.

WECC determined that this violation posed a moderate and not serious or substantial risk to the reliability of the bulk power system (BPS). BHP's failure to manage vegetation resulted in a vegetation-related sustained outage of the line for approximately six hours. Nevertheless, upon detection of the sustained outage, BHP immediately executed generation and load switching contingency plans, and no load was lost because of the outage. Within hours of identifying the vegetation contact, BHP remediated the encroachment and implemented an internal assessment process to determine the root cause. Moreover, WECC's subject matter experts determined that the loss of multiple BHP facilities due to a vegetation-related outage would have little to no impact upon neighboring entities. Attachments A and B include the facts regarding the violation that WECC considered in its risk assessment.

BHP submitted its Mitigation Plan designated WECCMIT011775 to address the referenced violation on September 29, 2015. Attachment B includes a description of the mitigation activities BHP took to address this violation. A copy of the Mitigation Plan is included as Attachment D.

WECC verified on February 22, 2016, that BHP had completed all mitigation activities on December 29, 2015. Attachments E and F provide specific information on WECC's verification of BHP's completion of the activities.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of twenty thousand dollars (\$20,000) for the referenced violation. In reaching this determination, WECC considered the following factors:

1. the instant violation constituted BHP's first occurrence of violation of the subject NERC Reliability Standard;
2. BHP had an internal compliance program at the time of the violation, which WECC considered a mitigating factor, as discussed in Attachment A;

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3. BHP self-reported the violation, which WECC considered a small mitigating factor because BHP would have been required to disclose the vegetation contact to WECC in its quarterly vegetation management submission under FAC-003-3;
4. BHP 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;
6. the violation posed a moderate and not a serious or substantial risk to the reliability of the BPS, as discussed in Attachment B;
7. in addition to required mitigation efforts, WECC considered investments made by BHP in an effort to prevent recurrence of this issue and/or proactively address and reduce reliability risk due to similar issues as a mitigating factor, as discussed in Attachment A;
8. no load was lost due to the violation; and
9. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of twenty thousand dollars (\$20,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violation.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁵

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, October 26, 2009 and August 27, 2010 Guidance Orders,⁶ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on October 31, 2016 and approved 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 violation at issue.

⁵ See 18 C.F.R. § 39.7(d)(4).

⁶ *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); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

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For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of twenty thousand dollars (\$20,000) is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), 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.

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:

- a) Settlement Agreement by and between WECC and BHP executed April 27, 2016, included as Attachment A;
- b) Spreadsheet, included as Attachment B;
- c) BHP's Self-Report for FAC-003-3 dated August 6, 2015, included as Attachment C;
- d) BHP's Mitigation Plan designated as WECCMIT011775 submitted September 29, 2015, included as Attachment D;
- e) BHP's Certification of Mitigation Plan Completion submitted December 29, 2015, included as Attachment E; and
- f) WECC's Verification of Mitigation Plan Completion dated February 22, 2016, included as Attachment F.

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

<p>Jim Robb*</p> <p>Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6853 (801) 883-6894 – facsimile jrobb@wecc.biz</p> <p>Ruben Arredondo*</p> <p>Senior Legal Counsel Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 819-7674 (801) 883-6894 – facsimile rarredondo@wecc.biz</p> <p>Heather Laws*</p> <p>Manager of Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 819-7642 (801) 883-6894 – facsimile hlaws@wecc.biz</p> <p>Stuart Wevik*</p> <p>Group Vice President, Electric Utilities 625 Ninth Street, P.O. Box 1400 Rapid City, SD 57709 (605) 721-2222 Stuart.Wevik@blackhillscorp.com</p>	<p>Sonia C. Mendonça*</p> <p>Vice President of Enforcement and Deputy General Counsel North American Electric Reliability Corporation 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile sonia.mendonca@nerc.net</p> <p>Edwin G. Kichline*</p> <p>Senior Counsel and Associate Director, Enforcement North American Electric Reliability Corporation 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile edwin.kichline@nerc.net</p> <p>*Persons to be included on the Commission’s service list are indicated with an asterisk. NERC requests waiver of the Commission’s rules and regulations to permit the inclusion of more than two people on the service list.</p>
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Conclusion

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

Respectfully submitted,

/s/ Edwin G. Kichline

Sonia C. Mendonça
Vice President of Enforcement and Deputy
General Counsel
Edwin G. Kichline
Senior Counsel and Associate Director,
Enforcement
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edwin.kichline@nerc.net

cc: Black Hills Corporation
Western Electricity Coordinating Council

Attachments

Attachment A

**Settlement Agreement by and between
WECC and BHP executed April 16, 2016**

Heather Laws
Manager of Enforcement
801-819-7642
hlaws@wecc.biz

April 19, 2016

Stuart Wevik
Group Vice President, Electric Utilities
Black Hills Corporation
625 Ninth Street, PO Box 1400
Rapid City, South Dakota 57709

NERC Registration ID: NCR05030

Subject: Notice of Expedited Settlement Agreement

Stuart Wevik,

I. Introduction

In accordance with Section 5.1 of the Western Electricity Coordinating Council Compliance Monitoring and Enforcement Program (CMEP), the Western Electricity Coordinating Council (WECC) hereby notifies the Black Hills Corporation (BHP) that WECC has identified Possible Violations of North American Electric Reliability Corporation (NERC) Reliability Standards (Reliability Standards) in the Preliminary Screen process, according to Section 3.8 of the CMEP. WECC has determined that based on an assessment of the facts and circumstances surrounding the Possible Violation, evidence exists that BHP has an Alleged Violation of this Reliability Standard. This Notice of Expedited Settlement Agreement (Notice) notifies BHP of the proposed penalties or sanctions for such violation. By this Notice, WECC instructs BHP to retain and preserve all data and records relating to the Alleged Violation.

WECC reviewed the Self-Report citing possible noncompliance with FAC-003-3 Requirement 2 submitted by BHP on August 6, 2015. WECC determined that this violation is an appropriate violation for disposition through the Expedited Settlement process.



WESTERN ELECTRICITY COORDINATING COUNCIL
155 North 400 West, Suite 200
Salt Lake City, Utah 84103-1114

In determining whether or not to exercise its discretion to use the Expedited Settlement process, WECC will consider all facts and circumstances related to a violation including, but not limited to: (1) the discovery method of the violation, (2) steps taken by the Registered Entity to mitigate the violation, (3) the Violation Risk Factor (VRF) and Violation Severity Level (VSL), (4) the duration of the violation, (5) the Registered Entity's compliance history and culture of compliance, (6) the degree of cooperation by the Registered Entity, (7) any potential aggravating factors, (8) any extenuating circumstances, and (9) "above and beyond" actions and investments made by the Registered Entity in an effort to prevent recurrence of this issue and/or proactively address and reduce reliability risk due to similar issues.

II. Violation Tracking

Standard Requirement	NERC Violation ID	WECC Violation ID
FAC-003-3 R2	WECC2015015138	WECC2015-613947

NERC Reliability Standard FAC-003-3 Requirement 2 states:

Each applicable Transmission Owner and applicable Generator Owner shall manage vegetation to prevent encroachments into the MVCD of its applicable line(s) which are not either an element of an IROL, or an element of a Major WECC Transfer Path; operating within its Rating and all Rated Electrical Operating Conditions of the types shown below¹ [Violation Risk Factor: High] [Time Horizon: Real-time]:

- 1. An encroachment into the MVCD, observed in Real-time, absent a Sustained Outage²*
- 2. An encroachment due to a fall-in from inside the ROW that caused a vegetation-related Sustained Outage³*
- 3. An encroachment due to blowing together of applicable lines and vegetation located inside the ROW that caused a vegetation-related Sustained Outage⁴*

¹ This requirement does not apply to circumstances that are beyond the control of an applicable Transmission Owner or applicable Generator Owner subject to this reliability standard, including natural disasters such as earthquakes, fires, tornados, hurricanes, landslides, wind shear, fresh gale, major storms as defined either by the applicable Transmission Owner or applicable Generator Owner or an applicable regulatory body, ice storms, and floods; human or animal activity such as logging, animal severing tree, vehicle contact with tree, or installation, removal, or digging of vegetation. Nothing in this footnote should be construed to limit the Transmission Owner's or applicable Generator Owner's right to exercise its full legal rights on the ROW.

² If a later confirmation of a Fault by the applicable Transmission Owner or applicable Generator Owner shows that a vegetation encroachment within the MVCD has occurred from vegetation within the ROW, this shall be considered the equivalent of a Real-time observation.

³ Multiple Sustained Outages on an individual line, if caused by the same vegetation, will be reported as one outage regardless of the actual number of outages within a 24-hour period.

4. *An encroachment due to vegetation growth into the line MVCD that caused a vegetation-related Sustained Outage⁵*

III. Procedures for Registered Entity's Response to this Notice

If BHP accepts WECC's proposal that the violation listed in the Agreement be processed through the Expedited Settlement process, BHP must sign the attached Agreement and submit it through the WECC Enhanced File Transfer Server (EFT Server) Enforcement folder within 15 days from the date of this Notice.

If BHP does not accept WECC's proposal, BHP must submit a written rejection, through the EFT Server, within 15 days from the date of this Notice, informing WECC of the decision not to accept WECC's proposal.

If BHP rejects this proposal or does not respond within 15 days, WECC will issue a Notice of Alleged Violation and Proposed Penalty or Sanction.

IV. Disclosure Notice

NERC may include information from this Notice as part of the public record, unless BHP marks specific information as Confidential Critical Energy Infrastructure Information or Privileged Information in accordance with NERC's Rules of Procedure Section 1500 or the Applicable Governmental Authority's regulations, rules, and orders. It is BHP's responsibility as a Registered Entity to identify any confidential information and to provide supporting justification for designating it as such no later than the date of BHP's response to this Notice.

V. Proposed Penalty or Sanction

Pursuant to the Federal Energy Regulatory Commission's (FERC or the Commission) regulations and orders, NERC Rules of Procedure, and the NERC Sanction Guidelines, WECC proposes to assess a penalty for the violation of the Reliability Standard referenced in Attachment 1 in a total amount of \$20,000.

⁴ EPAAct 2005 section 1211c: "Access approvals by Federal agencies."

⁵ *Id.*

WECC's determination of penalties 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 [the Registered Entity] to remedy the violation in a timely manner." In addition, WECC considers the direction of the Commission provided in Order No. 693, the NERC Sanction Guidelines, the Commission's Policy Statement on Enforcement, the Commission's July 3, 2008 Guidance Order, the Commission's August 27, 2010 Guidance Order, and all other applicable guidance from NERC and FERC.

To determine a penalty or sanction, WECC considers various factors that may include, but are not limited to: (1) Violation Risk Factor; (2) Violation Severity Level; (3) risk to the reliability of the bulk electric system (BES)⁶, including the seriousness of the violation; (4) Violation Time Horizon; (5) the violation's duration; (6) the Registered Entity's compliance history; (7) the Registered Entity's Self-Reports and voluntary corrective action; (8) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (9) the quality of the Registered Entity's compliance program; (10) any attempt by the Registered Entity to conceal the violation or any related information; (11) whether the violation was intentional; (12) any other relevant information or extenuating circumstances; (13) "above and beyond" actions and investments made by the Registered Entity in an effort to prevent recurrence of this issue and/or proactively address and reduce reliability risk due to similar issues; and (14) the Registered Entity's ability to pay a penalty, as applicable.

Responses or questions regarding this notice should be directed to Hannah Etherington, Associate Enforcement Analyst, at 801-883-6852 or hetherington@wecc.biz.

Respectfully submitted,



Heather Laws
Manager of Enforcement

cc: NERC Enforcement
Attachment: Expedited Settlement Agreement

⁶ "The Commission, the ERO, and the Regional Entities will continue to enforce Reliability Standards for facilities that are included in the bulk electric system." (*Revision to Electric Reliability Organization Definition of Bulk Electric System*, 113 FERC ¶ 61,150 at P 100 (Nov. 18, 2010))

Attachment

EXPEDITED SETTLEMENT AGREEMENT

OF

WESTERN ELECTRICITY COORDINATING COUNCIL

AND

BLACK HILLS CORPORATION

Western Electricity Coordinating Council (WECC) and Black Hills Corporation (BHP) (collectively, the Parties) agree to the following:

1. BHP does not contest the violation of the NERC Reliability Standard listed below.
2. This Settlement Agreement is subject to approval or modification by the North American Electric Reliability Corporation (NERC) and the Federal Energy Regulatory Commission (FERC or Commission).
3. BHP has agreed to enter into this Settlement Agreement with WECC to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. BHP agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.
4. The violation addressed herein will be considered a Confirmed Violation as set forth in the NERC Rules of Procedure.
5. This Settlement Agreement represents a full and final disposition of the violation listed below, subject to approval or modification by NERC and FERC. BHP waives its right to further hearings and appeal; unless and only to the extent that BHP contends that any NERC or Commission action on this Settlement Agreement contains one or more material modifications to this Settlement Agreement.
6. In the event BHP fails to comply with any of the terms set forth in this Settlement Agreement, WECC will initiate enforcement, penalty, or sanction actions against BHP to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. Except as otherwise specified in this Settlement Agreement, BHP shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
7. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Settlement Agreement on the entity's behalf.

8. The undersigned representative of each party affirms that he or she has read the Settlement Agreement, that all of the matters set forth in the Settlement Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Settlement Agreement is entered into by such party in express reliance on those representations.
9. WECC and BHP stipulate to the following violation facts:
 - a. BHP is registered on the NERC Compliance Registry as a Distribution Provider, Generator Owner, Generator Operator, Resource Planner, Transmission Owner, Transmission Operator, Transmission Planner, Transmission Service Provider, and Planning Authority. BHP is required to demonstrate compliance with this Standard in its capacity as a Transmission Owner.
 - b. On August 6, 2015, BHP submitted a Self-Report citing possible noncompliance with FAC-003-3 R2. Specifically, BHP reported that at 1:54 PM MST on July 23, 2015, BHP's SCADA detected a Phase-to-Ground fault on the Stegall-to-West Hills 230kV transmission line. After an attempt to test-energize the circuit from Stegall failed, BHP notified the Reliability Coordinator of a Sustained Outage. BHP identified and remediated vegetation interference, returning the line to service at 8:14 PM. BHP uploaded the FAC-003-3 R2 48-Hour Report to WECC the following afternoon.
 - c. WECC reviewed the Self-Report and determined that BHP failed to manage vegetation to prevent encroachment into the Minimum Vegetation Clearance Distance (MVCD) of a 230kV transmission line, resulting in a vegetation-related Sustained Outage. This violation began November 18, 2014, when a field inspection incorrectly evaluated and reported vegetation clearance at 25 feet, and continued through July 23, 2015, when BHP returned the line to service.
 - d. On September 29, 2015, BHP submitted a Mitigation Plan to address this violation. To mitigate this violation, BHP: 1) generated escalated electronic reminders for additional actions at locations identified during annual inspections; 2) clearly identified tools and techniques acceptable for field evaluations and measurements; 3) reviewed and adjusted its aerial patrol schedule to occur prior to times of year during which the system is most vulnerable; 4) retrained vegetation and line inspection personnel; and 5) completed guidelines regarding completion and documentation of vegetation management tasks. WECC accepted the Mitigation Plan on December 16, 2015, verified that BHP completed mitigating activities on December 31, 2015, and approved BHP's Certification of Mitigation Plan Completion on February 22, 2016.
 - e. In this instance BHP failed to manage vegetation to prevent encroachment into the MVCD of a 230kV transmission line. This failure resulted in a vegetation-related

Sustained Outage of the line for six hours and twenty minutes. However, upon detection, BHP immediately executed generation and load switching contingency plans, and no load was lost as a result of the outage. Within hours of the discovery, BHP remediated the encroachment and implemented an internal assessment process to determine root cause. For these reasons, WECC determined this violation posed moderate risk to the reliability of the BES.

10. Enforcement determined that the penalty of \$20,000 is appropriate for the following reasons:

- a. The VRF is “High” and the VSL is “Severe” for this violation. This violation posed a moderate risk to the BES.
- b. The violation duration is as described above.
- c. Enforcement applied mitigating factors in its penalty determination.
 - i. BHP Self-Reported this violation.
 - ii. Upon undertaking the actions outlined in the Mitigation Plan, BHP took voluntary corrective action to remediate this violation.
 - iii. WECC reviewed BHP’s Internal Compliance Program (ICP). WECC found that: BHP has a comprehensive, established, and documented program; BHP’s ICP identifies and lists all applicable NERC Reliability Standards and includes a process for updating this list as Standards change; BHP has identified and assigned responsibility and accountability to a Compliance Officer or other high ranking official; BHP has one position fully dedicated to FERC/NERC compliance; BHP’s compliance official has independent access to the CEO or equivalent; BHP has dedicated adequate resources to support its ICP; BHP’s ICP has the support and participation of senior management; BHP’s ICP includes measurable, specific compliance performance targets; BHP’s ICP requires compliance training for all staff, contractors, and vendors who have direct responsibility for the implementation of the processes and procedures that demonstrate compliance with the NERC Reliability Standards; BHP has distributed the ICP to all employees and, if applicable, contractors and vendors; BHP has fully implemented its program; BHP’s ICP includes documentation regarding compensation, awards, employee recognition or other incentives to encourage employee compliance with NERC Reliability Standards; BHP’s ICP includes procedures for disciplinary action for employees involved in violations of the Reliability Standards; BHP’s ICP includes formal, internal self-auditing for compliance with all applicable NERC Reliability Standards on an annual basis; BHP’s ICP includes specific procedures to promote prompt detection and self-reporting of possible violations to WECC. BHP reviews its ICP at least annually; BHP’s ICP includes a process to prevent recurrence of

NERC Reliability Standard Violations; and, BHP participates in outreach compliance program activities.

- iv. Enforcement considered “above and beyond” actions and investments made by BHP in an effort to prevent recurrence of this issue and/or proactively address and reduce reliability risk due to similar issues.
 - 1. In December 2015, BHP added a new FTE, Vegetation Management Supervisor position to its Colorado operations. This addition will improve day-to-day oversight of Vegetation Management in Colorado, and enable BHP’s Vegetation Management Program Manager to perform analytics to support detective control functions throughout BHP’s entire system. BHP will provide evidence of this addition to WECC no later than May 1, 2016.
 - 2. BHP developed an expanded formal line patrol training program, integrating vegetation hazard awareness and reporting responsibilities at all transmission and distribution voltage levels, and across multiple departments. This annual training will ensure personnel conducting vegetation and structural integrity patrols have a single set of expectations and system performance standards to apply uniformly to all assets. Beginning in December 2015, BHP provided this training to lineman and related support crews. BHP will provide evidence of this training to WECC no later than May 1, 2016.
 - 3. BHP is in the process of investing in formal Vegetation Management software, with targeted implementation for spring 2017. This software will provide more detailed information regarding Vegetation Management, which will improve BHP’s situational awareness, enhance BHP’s detective and preventive controls, and inform future program decisions. BHP will provide evidence of this investment to WECC no later than May 1, 2017.
 - 4. BHP is in the process of investing in a third-party review of its Vegetation Management Program, with a targeted completion for fall 2017. This review will provide BHP unbiased, comprehensive feedback for the program in general, as well as BHP’s recently-implemented improvements. BHP will provide evidence of this review to WECC no later than November 1, 2017.
- d. Enforcement determined there were no aggravating factors warranting a penalty higher than the proposed penalty. BHP was cooperative throughout the process. BHP did not fail to complete any applicable compliance directives. There was no evidence of any attempt by BHP to conceal the violation. There was no evidence that BHP’s violation was intentional. WECC is not aware of any violations of this Reliability Standard by BHP affiliates or any involvement in BHP’s activities such that this violation by BHP should be treated as recurring conduct.

11. To settle this matter, BHP hereby agrees to pay \$20,000 to WECC via wire transfer or cashier's check. BHP shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to BHP upon approval of this Agreement by NERC and FERC. BHP shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment Due. If this payment is not timely received, WECC shall assess, and BHP agrees to pay, an interest charge calculated according to the method set forth at 18 CFR §35.19(a)(2)(iii) beginning on the 31st day following issuance of the Notice of Payment Due.

[Remainder of page intentionally left blank - signatures affixed to following page]

Agreed to and Accepted by:

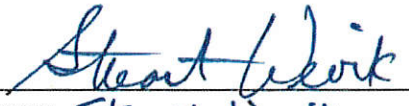
WESTERN ELECTRICITY COORDINATING COUNCIL



Heather Laws
Manager of Enforcement

4-27-16
Date

BLACK HILLS CORPORATION



Name: Stuart Wevik
Title: Group Vice President,
Electric Utilities

4/25/16
Date

Attachment B

Spreadsheet Supporting Information for each Violation

Region	Registered Entity	NCR_ID	NERC Violation ID #	Notice of Confirmed Violation or Settlement Agreement	Description of the Violation	Reliability Standard	Req.	Violation Risk Factor	Violation Severity Level	Risk Assessment
Western Electricity Coordinating Council (WECC)	Black Hills Corporation (BHP)	NCR05030	WECC2015015138	Settlement Agreement	<p>On August 6, 2015, BHP submitted a Self-Report stating that as a Transmission Owner, it had a potential issue of noncompliance with FAC-003-3 R2. Specifically, BHP reported that on July 23, 2015, BHP's SCADA detected a Phase-to-Ground fault on a 230kV transmission line. After an attempt to test-energize the circuit failed, BHP notified the Reliability Coordinator of a Sustained Outage. BHP identified and remediated vegetation interference, returning the line to service the same evening. BHP uploaded the FAC-003-3 R2 48-Hour Report to WECC the following afternoon.</p> <p>WECC reviewed the Self-Report and determined that BHP failed to manage vegetation to prevent encroachment into the Minimum Vegetation Clearance Distance (MVCD) of a 230kV transmission line, resulting in a vegetation-related Sustained Outage. The root cause of this issue was less than adequate tracking of, and training for, vegetation management tasks.</p>	FAC-003-3	R2	High	Severe	<p>This violation posed a moderate risk and did not pose a serious or substantial risk to the reliability of the Bulk Power System. In this instance, BHP failed to manage vegetation to prevent encroachment into the MVCD of a 230kV transmission line. This failure resulted in a vegetation-related Sustained Outage of the line for six hours and twenty minutes.</p> <p>However, upon detection, BHP immediately executed generation and load switching contingency plans, and no load was lost as a result of the outage. Within hours of the discovery, BHP remediated the encroachment and implemented an internal assessment process to determine root cause. For these reasons, WECC determined this violation posed moderate risk to the reliability of the BPS.</p>

Violation Start Date	Violation End Date	Total Penalty or Sanction (\$)	Method of Discovery	Description of Mitigation Activity	Mitigation Completion Date	Date Regional Entity Verified Completion of Mitigation	"Admits," "Agrees/Stipulates," "Neither Admits nor Denies," or "Does Not Contest"
11/18/2014 (when a field inspection incorrectly evaluated and reported vegetation clearance at 25 feet)	7/23/15 (when BHP returned the line to service)	\$20,000	Self-Report	To mitigate this violation, BHP: 1) generated escalated electronic reminders for additional actions at locations identified during annual inspections; 2) clearly identified tools and techniques acceptable for field evaluations and measurements; 3) reviewed and adjusted its aerial patrol schedule to occur prior to times of year during which the system is most vulnerable; 4) retrained vegetation and line inspection personnel; and 5) completed guidelines regarding completion and documentation of vegetation management tasks.	12/31/2015	2/22/2016	Does Not Contest

Other Factors Affecting the Penalty Determination, including Compliance History, Internal Compliance Program and Compliance Culture
<p>WECC reviewed BHP's compliance history and determined there were no relevant prior instances of noncompliance.</p> <p>WECC considered the fact that BHP self-reported this violation a mitigating factor.</p> <p>WECC reviewed BHP's internal compliance program (ICP) and considered it to be a mitigating factor in penalty determination. Areas of the program that WECC considered relevant to this issue included:</p> <ol style="list-style-type: none">1) the program is fully implemented, comprehensive, well-documented, and distributed to all employees (and, if applicable, contractors and vendors);2) the program includes formal, internal self-auditing for compliance with all applicable NERC Reliability Standards on an annual basis;3) the program has dedicated adequate resources and includes support and participation of senior management;4) the program requires compliance training for all staff, contractors, and vendors who have direct responsibility for the implementation of the processes and procedures that demonstrate compliance with the NERC Reliability Standards;5) the program includes specific procedures to promote prompt detection and self-reporting of possible violations to WECC; and6) the program includes a process to prevent recurrence of NERC Reliability Standard Violations. <p>In addition to required mitigation efforts, WECC considered “above and beyond” actions and investments made by BHP in an effort to prevent recurrence of this issue and/or proactively address and reduce reliability risk due to similar issues as mitigating factors:</p> <ol style="list-style-type: none">1) In December 2015, BHP added a new FTE, Vegetation Management Supervisor position to its Colorado operations. This addition will improve day-to-day oversight of Vegetation Management in Colorado, and enable BHP's Vegetation Management Program Manager to perform analytics to support detective control functions throughout BHP's entire system. BHP will provide evidence of this addition to WECC no later than May 1, 2016.2) BHP developed an expanded formal line patrol training program, integrating vegetation hazard awareness and reporting responsibilities at all transmission and distribution voltage levels, and across multiple departments. This annual training will ensure personnel conducting vegetation and structural integrity patrols have a single set of expectations and system performance standards to apply uniformly to all assets. Beginning in December 2015, BHP provided this training to lineman and related support crews. BHP will provide evidence of this training to WECC no later than May 1, 2016.3) BHP is in the process of investing in formal Vegetation Management software, with targeted implementation for spring 2017. This software will provide more detailed information regarding Vegetation Management, which will improve BHP's situational awareness, enhance BHP's detective and preventive controls, and inform future program decisions. BHP will provide evidence of this investment to WECC no later than May 1, 2017.4) BHP is in the process of investing in a third-party review of its Vegetation Management Program, with a targeted completion for fall 2017. This review will provide BHP unbiased, comprehensive feedback for the program in general, as well as BHP's recently-implemented improvements. BHP will provide evidence of this review to WECC no later than November 1, 2017.

Attachment C

**BHP's Self-Report dated August 6, 2015, for
one violation**

Self Report

Entity Name: Black Hills Corporation (BHP)

NERC ID: NCR05030

Standard: FAC-003-3

Requirement: FAC-003-3 R2.

Date Submitted: August 06, 2015

Has this violation previously No
been reported or discovered?:

Entity Information:

Joint Registration
Organization (JRO) ID:

Coordinated Functional
Registration (CFR) ID:

Contact Name: Bob Case
Contact Phone: 6057212716
Contact Email: Bob.Case@blackhillscorp.com

Violation:

Violation Start Date: July 23, 2015

End/Expected End Date: July 23, 2015

Region Initially Determined a
Violation On:

Reliability Functions: Transmission Owner (TO)

Is Possible Violation still No
occurring?:

Number of Instances: 1

Has this Possible Violation No
been reported to other
Regions?:

Which Regions:

Date Reported to Regions:

Detailed Description and Cause of Possible Violation: At 13:54 MT on 23-Jul-2015, a Phase-to-Ground fault was detected by BHP SCADA in the Stegall-to-West Hills 230kV transmission line, 45 miles from the West Hill end. At 14:00 MT, WAPA test-energized circuit from Stegall and the test failed, indicating a sustained outage. At 16:23 MT, aerial inspection identified likely vegetation interference between structure number 318 and 319. At 18:20 MT, ground resources arrive at fault site to confirm, document, and remediate outage cause. See Attachment "Pre-Cut (23Jul2015)". At 20:14 MT, the Stegall-to-West Hill 230kV transmission line is returned to service. At 14:01 on 24-Jul-2015, the FAC-003-3 R2 48-Hr Report Uploaded to WECC EFT Server.

[Additional Event Time Line details are available in the attached internal event analysis]

Recent history of vegetation management at event location:

- 1) 11-Aug-2014: Regular aerial patrol indicated that this location warranted further assessment.
- 2) October 2014: LIDAR data is collected on BHP transmission, including this location. LIDAR data was collected via solo pilot, with no vegetation management personnel on board.
- 3) 18-Nov-2014: Visual inspection of location, from ~1,200 feet away due to

Self Report

heavy snow conditions, indicated 25 feet of clearance between vegetation and nearest transmission line. The MVCD for this 230kV line at its altitude is 3.49 feet. The visual observation may have been compromised due to the lack of leaves on the Cottonwood tree at this time of year.

4) 09-Feb-2015: Regular aerial patrol did not indicate that this location warranted further assessment.

5) March 2015: The LIDAR data collection project is completed, with all data files provided to BHP.

6) May 2015: Informal review of LIDAR data in event location area indicates that this location warranted closer assessment.

7) 02-Jun-2015: Visual inspection near the event location indicated 10 feet of clearance between vegetation and nearest transmission line. This inspection occurred much closer than that of the 18-Nov-2014 inspection, but still not directly at the vegetation location due to three feet of moving water on the ground. This inspection confirmed that the Cottonwood needed remediation, but it was not identified as an imminent threat per R4, resulting in decision to wait for ground conditions to improve allowing for safe access and removal.

As indicated on the "Cause Mapping" and "Compliance Analysis" tabs of the attached Internal Event Analysis spreadsheet, the cause of this event has been identified as a lack of a clear procedure for ensuring timely follow-up for threats identified as being non-immediate. The BHP identified NERC Cause Codes associated with this event are primarily A3B1C05 and secondarily A4B1C04.

Mitigating Activities:

Description of Mitigating Activities:
Activities and Preventative

Measure: 1) By approximately 19:00 MT on 23-Jul-2015, ground crews performed an initial cut of the offending vegetation to provide 15 feet of clearance between vegetation and nearest transmission line. See Attachment "Post-Cut (23Jul2015)".

2) By approximately 13:00 MT on 25-Jul-2015, ground crews performed a regular clearing cut between structure numbers 318 and 319 to a 30 foot clearance as required by the Black Hills Corporation DTVMP.

Preventative Measures:

1) By 15-Sep-2015, concurrent with Operations VP approvals of the "BHC Line Patrol Inspection Procedure", vegetation locations identified during annual inspection will generate electronic reminders for additional actions which will be escalated to leadership to ensure completion.

2) By 15-Sep-2015, the tools and techniques are that are acceptable for field evaluations and measurement will be clearly identified.

3) By 30-Sep-2015, the aerial patrol schedule will be reviewed and, if necessary, adjusted to occur prior to times of the year when system vulnerability is at its highest. The review, its findings, and any aerial patrol schedule adjustments made will be documented.

4) By 31-Dec-2015, retraining for vegetation and line inspection personnel will be completed regarding which conditions constitute imminent threats requiring immediate mitigation, and Priority "B" threat identification; with an interim milestone of development of training materials and scheduling of training sessions to be completed by 15-Oct-2015.

Self Report

- 5) By 15-Sep-2015, complete the guidelines for noting that a vegetation element is complete only when either thorough inspection of vegetation has been verified as a non-issue, or fully remediated, and supported with documentation.
- 6) By 21-Aug-2015, all corrective actions will be fully documented and filed on BHC content management system.

Have Mitigating Activities No
been Completed?

Date Mitigating Activities
Completed:

Impact and Risk Assessment:

Potential Impact to BPS: Minimal

Actual Impact to BPS: Minimal

Description of Potential and Actual Impact to BPS: There was no actual impact to the BES. As indicated on the "Compliance Drivers" tab of the attached Internal Event Analysis spreadsheet, this event did not trigger any NERC Event Analysis category, EOP-004-2 Attachment 1, or OE-417 reporting.

There was minimal potential impact to the BES, per Section 4.8 of attached BES-01-000, which states: "Black Hills' transmission systems have no Adverse Reliability Impact upon the greater BES, even with taking multiple substations out of service. Any local reliability concerns that would result from unauthorized actions on the Black Hills' systems can be mitigated within a reasonable time period through manual operation of the system, equipment protective system action or reconfiguration of non-Black Hills facilities by neighboring utilities."

Risk Assessment of Impact to BPS: The attached BES-00-006 "BHC NERC Risk Assessment by Standard" identifies the risk to the Western Interconnect as a "2" on a 5-point scale, with a "2" defined as potentially having some neighboring utility impact..

Additional Entity Comments: The "BHC Line Patrol Inspection Procedure" referenced in Preventative Measure #1 was initiated in April 2015 as a normal course of business in instituting industry best practices. The procedure is intended to incorporate additional controls, new software implementation, QC, and leader accountability.

Note that the NERC entity associated with this event and Self-Report is Black Hills Corporation. The NERC registry uses the acronym "BHP" to refer to Black Hills Corporation. Personnel at Black Hills Corporation use the acronym "BHC" to refer to Black Hills Corporation, whereas "BHP" refers to Black Hills Power which is a business unit under Black Hills Corporation. For the purposes of this Self-Report, references to "BHP" and "BHC" are both considered to refer to the NERC entity Black Hills Corporation.

Additional Comments		
From	Comment	User Name
No Comments		



Self Report

Additional Documents			
From	Document Name	Description	Size in Bytes
Entity	Stegall-West Hill FAC-003-3 Outage Event Analysis (05Aug2015).xlsx	BES-00-007 BHC Internal Event Analysis	2,048,947
Entity	Pre-Cut (23Jul2015).jpg	Pre-Cut Picture of 23-Jul-2015	3,429,230
Entity	Post-Cut (23Jul2015).jpg	Post-Cut Picture of 23-Jul-2015	3,104,664
Entity	BES-01-000 Rev 1-2 BHC Risk to BES (01Jun2015).pdf	BES-01-000 BHC Impact on the BES	463,508
Entity	BES-00-006 NERC Risk Assessment Rev 2-0 (23-Jun-2015).xlsx	BES-00-006 Risk Assessment for FAC-003	133,165

Attachment D

**BHP's Mitigation Plan designated as
WECCMIT011775 submitted
September 29, 2015**



Mitigation Plan

Mitigation Plan Summary

Registered Entity: Black Hills Corporation

Mit Plan Code	NERC Violation ID	Requirement	Violation Validated On	Mit Plan Version
WECCMIT011775	WECC2015015138	FAC-003-3 R2.	11/02/2015	1

Mitigation Plan Submitted On: September 29, 2015

Mitigation Plan Accepted On: December 16, 2015

Mitigation Plan Proposed Completion Date: December 31, 2015

Actual Completion Date of Mitigation Plan:

Mitigation Plan Certified Complete by BHP On: December 29, 2015

Mitigation Plan Completion Verified by WECC On:

Mitigation Plan Completed? (Yes/No): No



Compliance Notices

Section 6.2 of the NERC 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 B.
- (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
- (3) The cause of the Alleged or Confirmed Violation(s).
- (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
- (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
- (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
- (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
- (8) 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 or recommended to the applicable governmental authorities 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.
- (11) This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.

- The Mitigation Plan shall be submitted to the regional entity(ies) and NERC as confidential information in accordance with Section 1500 of the NERC Rules of Procedure.
- This Mitigation Plan form may be used to address one or more related alleged or confirmed violations of one Reliability Standard. A separate mitigation plan is required to address alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.
- If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission or filed with the applicable governmental authorities for approval in Canada.
- Regional Entity(ies) or NERC may reject Mitigation Plans that they determine to be incomplete or inadequate.
- Remedial action directives also may be issued as necessary to ensure reliability of the bulk power system.
- The user has read and accepts the conditions set forth in these Compliance Notices.

Entity Information

Identify your organization:

Entity Name: Black Hills Corporation

NERC Compliance Registry ID: NCR05030

Address: P.O. Box 1400
Rapid City SD 57709

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

Name: Bob Case
Title: NERC Compliance Manager
Email: Bob.Case@BlackHillsCorp.com
Phone: 605-721-2716

Violation(s)

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

Violation ID	Date of Violation	Requirement
Requirement Description		
WECC2015015138	11/18/2014	FAC-003-3 R2.
Each applicable Transmission Owner and applicable Generator Owner shall manage vegetation to prevent encroachments into the MVCD of its applicable line(s) which are not either an element of an IROL, or an element of a Major WECC Transfer Path; operating within its Rating and all Rated Electrical Operating Conditions of the types shown below: 1. An encroachment into the MVCD, observed in Real-time, absent a Sustained Outage, 2. An encroachment due to a fall-in from inside the ROW that caused a vegetation-related Sustained Outage, 3. An encroachment due to blowing together of applicable lines and vegetation located inside the ROW that caused a vegetation-related Sustained Outage, 4. An encroachment due to vegetation growth into the line MVCD that caused a vegetation-related Sustained Outage.		

Brief summary including the cause of the violation(s) and mechanism in which it was identified:

Brief Summary: On 23-Jul-2015, 230kV line Stegall-West Hill line flashed to vegetation in ROW. (See Event Overview Tab in attached BHC internal Event Analysis report of 05-Aug-2015.)

Cause of Violation: Tree in ROW not cleared to FAC-003-3 requirements and BHC DTVMP procedure at time of event. Lack of written procedure to ensure documentation and timely followup of all "B" Priority observations. (See Compliance Analysis Tab in attached BHC internal Event Analysis report of 05-Aug-2015.)

Discovery Mechanism: A Phase-to-Ground fault was detected by SCADA for the Stegall-to-West Hills 45 miles from the West Hill end at 13:54 on 23-Jul-2015. Aerial inspection identified likely vegetation interference between structure number 318 and 319. Mobilization ground resources to investigate fault and clear line from ground at 16:23 on 23-Jul-2015. (See Event Overview Tab in attached BHC internal Event Analysis report of 05-Aug-2015.)

Details available in attached BHC internal Event Analysis report of 05-Aug-2015.

Relevant information regarding the identification of the violation(s):

From Self-Report: At 13:54 MT on 23-Jul-2015, a Phase-to-Ground fault was detected by BHP SCADA in the Stegall-to-West Hills 230kV transmission line, 45 miles from the West Hill end. At 14:00 MT, WAPA test-energized circuit from Stegall and the test failed, indicating a sustained outage. At 16:23 MT, aerial inspection identified likely vegetation interference between structure number 318 and 319. At 18:20 MT, ground resources arrive at fault site to confirm, document, and remediate outage cause.

(See Cause Map Tab in attached BHC internal Event Analysis report of 05-Aug-2015, and "Pre-Cut (23Jul2015) attachment.

Plan Details

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

Mitigating Activities:

- 1) By approximately 19:00 MT on 23-Jul-2015, ground crews performed an initial cut of the offending vegetation to provide 15 feet of clearance between vegetation and nearest transmission line. See Attachment "Post-Cut (23Jul2015)".
- 2) By approximately 13:00 MT on 25-Jul-2015, ground crews performed a regular clearing cut between structure numbers 318 and 319 to a 30 foot clearance as required by the Black Hills Corporation DTVMP.

Preventative Measures:

- 1) By 15-Sep-2015, concurrent with Operations VP approvals of the "BHC Line Patrol Inspection Procedure", vegetation locations identified during annual inspection will generate electronic reminders for additional actions which will be escalated to leadership to ensure completion. COMPLETE.
- 2) By 15-Sep-2015, the tools and techniques are that are acceptable for field evaluations and measurement will be clearly identified. COMPLETE.
- 3) By 30-Sep-2015, the aerial patrol schedule will be reviewed and, if necessary, adjusted to occur prior to times of the year when system vulnerability is at its highest. The review, its findings, and any aerial patrol schedule adjustments made will be documented. COMPLETE
- 4) By 31-Dec-2015, retraining for vegetation and line inspection personnel will be completed regarding which conditions constitute imminent threats requiring immediate mitigation, and Priority "B" threat identification; with an interim milestone of development of training materials and scheduling of training sessions to be completed by 15-Oct-2015.
- 5) By 15-Sep-2015, complete the guidelines for noting that a vegetation element is complete only when either thorough inspection of vegetation has been verified as a non-issue, or fully remediated, and supported with documentation. COMPLETE

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:

Proposed Completion date of Mitigation Plan: December 31, 2015

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

Milestone Activity	Description	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date	Entity Comment on Milestone Completion	Extension Request Pending
Development of Training Materials	As noted in Preventative Mitigation Plan #4, retraining for vegetation and line inspectin personnel	10/15/2015	10/15/2015	See attachment " NERC VM Training (15Oct2015)"	No



Milestone Activity	Description	*Proposed Completion Date (Shall not be greater than 3 months apart)	Actual Completion Date	Entity Comment on Milestone Completion	Extension Request Pending
	will be completed regarding which conditions constitute imminent threats requiring immediate mitigation, and Priority "B" threat identification. The training delivery is to be completed by 31-Dec-2015. An interim milestone has be defined to complete the development of training materials and scheduling of the training sessions by 15-Oct-2015.				

Additional Relevant Information

Additional background on selected mitigation plan elements is available in the attached "Stegall - West Hill FAC-003 Outage Event Analysis".



Reliability Risk

Reliability Risk

While the Mitigation Plan is being implemented, 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 or anticipated : (i) Identify any such risks or impacts, and; (ii) discuss any actions planned or proposed to address these risks or impacts.

As identified in the "Mitigating Plans" #1, and supported by the attached "Post-Cut" picture, immediate event mitigation steps to clear suspected vegetation were completed within about five hours of the initiation of the event. The affected line was then able to be regenerated about six hours after the initial event. Reference attached BHC internal event analysis "Event Overview" and "Compensating Factors" for additional event mitigation activities between the initial line trip and restoration.

The initial trim was followed by a more aggressive trim in the area on 25-Jul-2015, after the line was re-energized.

Prevention

Describe how successful completion of this plan will prevent or minimize the probability further violations of the same or similar reliability standards requirements will occur

This plan identifies and addresses the key contributing elements to the July 23, 2015 event: training, process, and controls. By establishing clear guidelines for field inspections of vegetation issues and establishing meaningful expectations regarding which areas in and around transmission rights-of-way should be inspected for potentially threatening vegetation, BHP will address the training opportunities that contributed to the July 23 event. The publication of the Line Patrol Procedure document (ELECTRIC OPERATIONS-01) will also establish expectations regarding documentation for all types of line inspections as well as controls in the form of BHP internal audit requirements.

Describe any action that may be taken or planned beyond that listed in the mitigation plan, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements

After the July 23, 2015 outage, BHP completed an additional patrol of all of its 200 kV and above right-of-ways. These patrols were conducted with an additional level of scrutiny and resulted in a number of hazardous, off right-of-way trees being identified and subsequently removed. In addition, an effort has been launched to implement a vegetation management software tool to better enable tracking and mitigation of vegetation-related issues on all BHP electric facilities. Finally, an additional vegetation management employee is being hired by the end of 2015 to assist with work planning and crew supervision in Colorado. This will enable existing vegetation management staff to focus more fully on the remaining BHP facilities.

Authorization

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

- * Submits the Mitigation Plan, as presented, to the regional entity for acceptance and approval by NERC, and
- * if applicable, certifies that the Mitigation Plan, as presented, was completed as specified.

Acknowledges:

1. I am qualified to sign this mitigation plan on behalf of my organization.
2. I have read and understand the obligations to comply with the mitigation plan requirements and ERO remedial action directives as well as ERO documents, including but not limited to, the NERC rules of procedure and the application NERC CMEP.
3. I have read and am familiar with the contents of the foregoing Mitigation Plan.

Black Hills Corporation Agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authority.

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

Authorized Individual

Name: Ivan Vancas

Title: VP Operations Services

Authorized On: September 29, 2015

Attachment E

**BHP's Certification of Mitigation Plan
Completion submitted December 29, 2015**

Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for the Regional Entity to verify completion of the Mitigation Plan. The Regional Entity 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 Name: Black Hills Corporation

NERC Registry ID: NCR05030

NERC Violation ID(s): WECC2015015138

Mitigated Standard Requirement(s): FAC-003-3 R2.

Scheduled Completion as per Accepted Mitigation Plan: December 31, 2015

Date Mitigation Plan completed: December 29, 2015

WECC Notified of Completion on Date: December 29, 2015

Entity Comment: Six VM inspection training sessions were conducted between Nov 6th and Dec 29th of 2015, which delivered mitigation plan training (Mitigation Plan Preventative Element #4) to 71 individuals, thus completing all specified mitigation plan elements.

Additional Documents			
From	Document Name	Description	Size in Bytes
Entity	Stegall-West Hill FAC-003-3 Outage Event Analysis (05Aug2015).xlsx	BHC Internal Event Analysis of 23-Jul-2015 Stegall-West Hill Vegetation Trip.	2,048,947
Entity	Pre-Cut (23Jul2015).jpg	Photo at event site of the perceived offending vegetation prior to initial cut on 23-Jul-2015.	3,429,230
Entity	Post-Cut (23Jul2015).jpg	Photo at event site after an initial cut of the offending vegetation to provide 15 feet of clearance between vegetation and nearest transmission on 23-Jul-2015.	3,104,664
Entity	VM Tools and Techniques for Ground Observations (15Sep2015).pdf	Vegetation Management Tools and Techniques Guidance associated with MitPlan Preventative Measure #2.	163,036
Entity	ELECTRIC OPERATIONS-01 BHC Line Patrol Inspection Procedure (15Sep2015).pdf	Updated BHC Line Patrol Procedure (ELECTRIC OPERATIONS-01) associated with MitPlan Preventative Measures #1 & #5.	77,284
Entity	Aerial Patrol Scheduling Memorandum (29Sep2015).pdf	Aerial Patrol Schedule Documentation (29Sep2015)	259,745
Entity	NERC VM Training (15Oct2015).pdf	See attached for training material development evidence.	1,179,348
Entity	Att-08 - NERC VM Training Delivery (29Dec2015).pdf	Evidence of having trained 71 internal and contractor personnel to the VM inspection criteria and practices associated with MitPlan Preventative Element #4.	501,985

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

Name: Ivan Vancas

Title: VP Operations Services

Email: Ivan.Vancas@blackhillscorp.com

Phone: 1 (605) 721-1428

Authorized Signature _____ Date _____

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

Attachment F

WECC's Verification of Mitigation Plan Completion dated February 22, 2016

From: noreply@oati.net
Sent: 02/22/2016 13:22:48
To: Bob.Case@BlackHillsCorp.com; Maryanne.Darling-Reich@blackhillscorp.com
Subject: WECC Notice - Completed Mitigation Plan Acceptance - FAC-003-3 R2. - Black Hills Corporation

Please do not REPLY to this message. It was sent from an unattended mailbox and replies are not monitored. If you have a question, send a new message to the OATI Help Desk at support@oati.net.

NERC Registration ID: NCR05030
NERC Violation ID: WECC2015015138
Standard/Requirement: FAC-003-3 R2.
Subject: Completed Mitigation Plan Acceptance

The Western Electricity Coordinating Council (WECC) received the Certification of Mitigation Plan Completion submitted by Black Hills Corporation on 12/29/2015 for the violation of FAC-003-3 R2.. After a thorough review, WECC has accepted the Certification of Mitigation Plan Completion.

Note: Effective 04/01/2013, WECC will formally notify registered entities of completed Mitigation Plan acceptances via this email notice. WECC will no longer notify entities by uploading a Notice of Completed Mitigation Plan Acceptance letter to the Enhanced File Transfer (EFT) Server.

Thank you, OATI

[OATI Information - Email Template: MitPlan_Completed]