

November 30, 2017

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 Southwestern Public Service Company,
FERC Docket No. NP18-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) submits this Notice of Penalty¹ regarding Southwestern Public Service Company's (Xcel Energy)² NERC Reliability Standard violation. This Notice of Penalty and attached Settlement Agreement (Attachment A) provide information regarding the nature and resolution of the violation, in accordance with the Federal Energy Regulatory Commission's (FERC or Commission) rules, regulations and orders, as well as NERC's Rules of Procedure, including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

NERC is filing this Notice of Penalty with the Commission because Southwest Power Pool Regional Entity (SPP RE) and Xcel Energy have entered into a Settlement Agreement to resolve all outstanding issues arising from SPP RE's determination and findings of a Facilities Design, Connections, and Maintenance violation.

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 (2015). *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 NERC Registry ID# NCR01145. Xcel Energy was included on the NERC Compliance Registry as a Distribution Provider (DP) on May 31, 2007, Generator Owner (GO) on May 31, 2007, Generator Operator (GOP) on May 31, 2007, Resource Planner (RP) on May 31, 2007, Transmission Owner (TO) on May 31, 2007, Transmission Operator (TOP) on May 31, 2007, and Transmission Planner (TP) on May 31, 2007.

³ See 18 C.F.R § 39.7(c)(2).

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According to the Settlement Agreement, Xcel Energy neither admits nor denies the violation, but has agreed to the assessed penalty of \$137,000, in addition to mitigation activities to correct the violation and facilitate future compliance under the terms and conditions of the Settlement Agreement.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement, by and between SPP RE and Xcel Energy. This Notice of Penalty also includes the NERC Board of Trustees Compliance Committee's (NERC BOTCC) basis for approval of the Settlement Agreement.

Pursuant to Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2017), NERC provides the following summary table identifying the Reliability Standard violation resolved by the Settlement Agreement. Further information on the violation is set forth in the Settlement Agreement.

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

	Standard	Req	VRF/ VSL	Applicable Function(s)	Discovery Method* Date	Violation Start-End Date	Penalty Amount
SPP2013012947	FAC-009-1	R1	Medium/ Severe	TO, GO	SR 9/16/2013	11/12/2010- 12/18/2015	\$137,000

Background of the Violation and Discovery

On September 16, 2013, Xcel Energy submitted a Self-Report stating that, as a Transmission Owner, it was in violation of FAC-009-1 R1.⁴ Xcel Energy reported that it had failed to establish Facility Ratings for its solely and jointly owned transmission facilities that were consistent with its Transmission Facility Ratings Methodology (TFRM). On October 21, 2013, Xcel Energy notified SPP RE that, as a Generator Owner, it had failed to establish Facility Ratings for its Generation Facilities that were consistent with its Generation Facility Ratings Methodology (GFRM). On October 22, 2013, SPP RE advised Xcel Energy that it was consolidating the generation noncompliance issues with the transmission noncompliance issues associated with the September 2013 Self-Report, which are discussed in detail below.

⁴ FAC-008-3 R6 replaced FAC-009-1 R1 on January 1, 2013. This violation began on November 12, 2010, and ended on December 18, 2015. Therefore, this violation spanned both versions.

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Transmission Issues

In the first instance, Xcel Energy self-reported that the ratings of its bushing current transformers were not adjusted to reflect the methodology described in the SPP RE rating criteria. As a result, the Summer Normal, Winter Normal, Summer Emergency, and Winter Emergency ratings of 11 230 kV and 30 115 kV transmission lines were affected.

In the second instance, Xcel Energy discovered that the emergency ratings for its transmission lines were not consistent with its practice of setting the emergency ratings of its transmission lines equal to the normal rating. This issue affected the Summer Emergency ratings for 243 of Xcel Energy's 411 transmission lines.

In the third instance, Xcel Energy revised its TFRM on July 1, 2010, to use 90 degrees Celsius as the maximum operating temperature for calculating the normal ratings of transmission conductors constructed before 1996. Xcel Energy self-reported that it did not use 90 degrees Celsius when calculating the normal ratings for its transmission line conductors following the change to its TFRM. As a result, the Summer Normal ratings for 151 of Xcel Energy's 411 transmission lines were affected.

Collectively, as a consequence of the issues identified in instances one, two, and three, the Summer Normal ratings for 187 of Xcel Energy's 411 transmission lines were de-rated. The Summer Normal ratings for 17 of these transmission lines were lowered between 50 and 70 percent.

Generation Issues

Xcel Energy discovered that it used obsolete one-line drawings for developing the facility ratings of its generating facilities, resulting in incorrect generator equipment ratings beginning in 2011. Once corrected, the equipment ratings for 123 elements of its generator facilities changed, causing the facility ratings for six of its generation facilities to change. Five generation facilities were de-rated between four and eight point five percent. The rating for one generation facility increased by 20 percent.

SPP2013012947 – OVERVIEW

SPP RE determined that the root cause of the violation was a combination of personnel failing to follow established procedures for updating and maintaining the accuracy of Xcel Energy Facility Rating documentation and inadequate oversight of the ratings documentation.

SPP RE considered this violation to pose a serious risk to the reliability of the bulk power system because most of the facility ratings that needed revision were higher than the updated facility ratings. Ratings that exceed the outputs of a reasonable Facilities Rating Methodology present significant risk by

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providing Reliability Coordinators, Transmission Planners, and others with data and assumptions that do not correspond to the physics of the rated equipment.

Xcel Energy indicated that loading levels on the affected lines exceeded the updated Facility Ratings as follows:

Summer (April-November)		
230 kV lines	Exceedances in 0.9% of all hours	Average of 1% over the updated ratings
115 kV lines	Exceedances in 1.9% of all hours	Average of 5% over the updated ratings
Winter (December-March)		
230 kV lines	Exceedances in 5.6% of all hours	Average of 4% over the updated ratings
115 kV lines	Exceedances in 4.1% of all hours	Average of 6% over the updated ratings

The above operational data provided by Xcel Energy confirms the serious risk of this violation. Operating above reliable limits increases the risk of a serious event that could affect the system surrounding the involved lines. Xcel Energy also reviewed its outage data and found that no outages resulted from the exceedances on the subject transmission lines. While this does not reduce the risk of the violation or lessen the equipment degradation from such operation, it does display a lack of operational harm to the electric system.

Xcel Energy submitted its mitigation plan to SPP RE on March 20, 2014, to address the referenced violation. Attachment B includes a description of the mitigation activities Xcel Energy took to address this violation.

Xcel Energy certified on January 12, 2016, it had completed its mitigation activities on December 18, 2015, and SPP RE verified on January 27, 2016, that Xcel Energy had completed all mitigation activities. Attachment B provides specific information on SPP RE's verification of Xcel Energy's completion of the activities.

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Regional Entity's Basis for Penalty

According to the Settlement Agreement, SPP RE has assessed a \$137,000 penalty. In reaching this determination, SPP RE considered the following factors:

1. Xcel Energy's compliance history was not an aggravating factor for purposes of its penalty determination because the prior violations involved different standards that are unrelated to this violation;
2. Xcel Energy cooperated in an exemplary manner throughout the course of the investigation, risk determination, and mitigation phases of the enforcement process;
3. Xcel Energy had an internal compliance program at the time of the violation, which SPP RE considered a mitigating factor in the penalty determination, as described in the Settlement Agreement;
4. there was neither evidence of any attempt to conceal a violation nor evidence of intent to do so; and
5. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, SPP RE determined that a \$137,000 penalty, in addition to other remedies and actions under the terms and conditions of the Settlement Agreement, 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 June 15, 2017, and November 7, 2017, and approved the Settlement Agreement. In approving the Settlement Agreement,

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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the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standard and the underlying facts and circumstances of the violation at issue.

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 SPP RE and Xcel Energy, included as Attachment A;
- b) Disposition Documents for SPP2013012947 (FAC-009-1), included as Attachment B;
 - 1. Disposition of Violation: FAC-009-1 R1 (SPP2013012947), dated April 13, 2017, included as Attachment 1 to the Settlement Agreement;
 - 2. Xcel Energy's Self-Report, submitted on September 23, 2013;
 - 3. Mitigation Plan SPPMIT010520, submitted on March 20, 2014;
 - 4. Certification of Mitigation Plan Completion, dated January 12, 2016; and
 - 5. Mitigation Plan Verification for SPP2013012947 (FAC-009-1 R1), dated January 27, 2016.

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

<p>Ron Ciesiel*</p> <p>General Manager Southwest Power Pool Regional Entity 201 Worthen Drive Little Rock, AR 72223 (501) 614-3265 (501) 821-8726 – facsimile rciesiel.re@spp.org</p> <p>Joe Gertsch*</p> <p>Manger of Enforcement Southwest Power Pool Regional Entity 201 Worthen Drive Little Rock, AR 72223 (501) 688-1672 (501) 821-8726 – facsimile jgertsch.re@spp.org</p> <p>SPP RE File Clerk*</p> <p>Southwest Power Pool Regional Entity 201 Worthen Drive Little Rock, AR 72223 (501) 688-1681 (501) 821-8726 – facsimile Spprefileclerk.re@spp.org</p> <p>Mr. Frank Prager *</p> <p>FERC Compliance Officer Southwestern Public Service Company 1800 Larimer Street, Denver, CO 80202 (303) 294-2108 Frank.Prager@xcelenergy.com</p>	<p>Sonia C. Mendonça*</p> <p>Vice President, Deputy General Counsel, and Director of Enforcement 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 Director of Enforcement Oversight 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>Arthur Brown*</p> <p>Counsel North American Electric Reliability Corporation 1325 G Street N.W., Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile arthur.brown@nerc.net</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/ Arthur Brown

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and Director of Enforcement
Edwin G. Kichline
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cc: Southwestern Public Service Company (Xcel Energy)
Southwest Power Pool Regional Entity

Attachments

Attachment A

Settlement Agreement by and between SPP RE and Xcel Energy

**SETTLEMENT AGREEMENT
OF
SOUTHWEST POWER POOL REGIONAL ENTITY
AND
SOUTHWESTERN PUBLIC SERVICE COMPANY**

I. INTRODUCTION

1. The Southwest Power Pool Regional Entity ("SPP RE") and Southwestern Public Service Company ("SPS") (hereinafter referred to individually as "Party" and collectively as the "Parties") enter into this Settlement Agreement ("Agreement") to resolve all outstanding issues arising from the non-public determination by SPP RE, pursuant to the North American Electric Reliability Corporation ("NERC") Rules of Procedure, of the violation by SPS of NERC Reliability Standard, FAC-009-1 R1¹ ("Violation").²

NERC Violation Identification No.	Reliability Standard	Requirement(s)	Discovery Method	Date of Violation
SPP2013012947	FAC-009-1	R1	Self-Report	11/12/10

2. SPS neither admits nor denies the Violation and has agreed to the proposed penalty of \$137,000 to be assessed by SPP RE for the purpose of resolving all outstanding issues relating to the Violation pursuant to the terms and conditions of this Agreement.

II. STIPULATIONS

3. The Parties enter into this Agreement and agree to the facts stipulated herein in order to avoid uncertainty and to effectuate a complete and final resolution of the Violation. The facts stipulated herein are stipulated solely for the purpose of resolving the Violation and do not represent stipulations or admissions, by either Party, for any other purpose. In consideration of the terms set forth herein, SPP RE and SPS hereby stipulate and agree to the following:

A. BACKGROUND

4. See Section I of the Disposition Document, Attachment 1, for a description of SPS.

B. VIOLATION

¹ Due to the violation duration, the violation also implicates FAC-008-3 R6.

² For purposes of this document and attachments hereto, the violation at issue is described as a "violation," regardless of the procedural posture and whether the violation is a possible, alleged, or confirmed violation. Throughout this document the term "Violation" refers only to NERC Reliability Standard FAC-009-1 R1.

5. See Section I of the Disposition Document, Attachment 1, for a description of the Violation.

III. PARTIES' SEPARATE REPRESENTATIONS

A. STATEMENT OF SPP RE

6. As a result of SPP RE's assessment of the Violation, SPP RE has established sufficient facts to reasonably support the SPS Violation.

7. SPP RE has determined that SPS has completed a Mitigation Plan for the Violation.

8. SPP RE agrees that this Agreement is in the best interest of the Parties and Bulk Power System ("BPS") reliability.

B. STATEMENT OF SPS

9. SPS neither admits nor denies that the facts set forth and agreed to by the Parties for purposes of this Agreement constitute a violation of the identified NERC Reliability Standard.

10. SPS has agreed to enter into this Agreement with SPP RE to avoid extended litigation with respect to this matter, to avoid uncertainty, and to effectuate a complete and final resolution of the Violation.

11. SPS agrees that this Agreement is in the best interest of the Parties and BPS reliability.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

12. SPP RE and SPS agree that SPS has completed and SPP RE has verified completion of the mitigating actions set forth in Section IV of the Disposition Document, Attachment 1.

13. SPP RE considered the specific facts and circumstances of the Violation, including SPS's actions in mitigation thereof, in determining a penalty satisfying the requirement in Section 215 of the Federal Power Act that "[a]ny penalty imposed under this section 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." The factors considered by SPP RE Staff in the determination of an appropriate penalty are set forth in Section V of the Disposition Document, Attachment 1.

14. In settlement of all outstanding issues related to the Violation, the Parties agree that SPS shall pay a total penalty amount of \$137,000 ("Penalty") to SPP RE via wire transfer or cashier's check payable to a SPP RE account that will be outlined in an invoice sent to SPS upon approval or acceptance of this Agreement by the NERC Board of Trustees and by the Federal Energy

Regulatory Commission ("FERC" or the "Commission"), either by order or by operation of law. Payment to SPP RE shall be made within thirty (30) days after the receipt of the invoice. SPP RE shall inform NERC if the payment is not timely received.

15. Failure to make a timely Penalty payment or to comply with any other conditions of this Agreement shall be deemed a continuation of the Violation and may subject SPS to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. SPS shall retain all rights to defend against such renewed or additional enforcement actions in accordance with the NERC Rules of Procedure.

16. If SPS fails to make the Penalty payment described above on the date agreed to by the Parties, then interest on the Penalty will begin to accrue at the rate(s) specified in the Commissions regulations at 18 C.F.R. § 35.19(a)(2)(iii) commencing on the date that payment is due. Such interest shall be payable to SPP RE in addition to the Penalty.

V. ADDITIONAL TERMS

17. The Parties agree that they enter into this Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer, or promise of any kind by any member, employee, officer, director, agent, or representative of SPS or SPP RE has been made to induce the Parties to enter into this Agreement.

18. SPP RE shall report the terms of this Agreement to NERC. NERC will review the Agreement for the purpose of evaluating its consistency with other settlements entered into for similar violations or involving similar circumstances. Based on this review, NERC will either approve or reject the Agreement. If NERC rejects the Agreement, NERC will provide specific written reasons for such rejection and shall notify SPP RE and SPS of changes to the terms of the Agreement that would result in its approval, and SPP RE will attempt to negotiate a revised settlement agreement with SPS that will reflect any changes to the original Agreement. If a revised settlement cannot be reached, settlement discussions will be terminated and the enforcement process shall continue to conclusion. If NERC approves the Agreement, NERC will, upon execution by the Parties, (i) file the approved Agreement with the Commission for the Commission's review and acceptance or approval by order or operation of law and (ii) may publicly post this Agreement and/or its contents.

19. This Agreement shall become effective upon the Commission's approval or acceptance of the Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the Parties.

20. SPS agrees that this Agreement, when approved or accepted by NERC and the Commission, shall represent a final settlement of all matters set forth herein and SPS waives its right to further hearings and appeal of such matters, unless and only to the extent that SPS contends that any NERC or Commission action on the Agreement contains one or more material modifications to the Agreement. SPP RE reserves all rights to initiate enforcement, penalty or sanction actions against SPS in accordance with the NERC Rules of Procedure in the event that SPS fails to comply with the terms of this Agreement. In the event SPS fails to comply with such terms, SPP

RE may initiate enforcement, penalty, or sanction actions against SPS to the maximum extent allowed by the NERC Rules of Procedure and up to the maximum statutorily allowed penalty. Except as otherwise specified in this Agreement, SPS shall retain all rights to defend against such enforcement actions according to the NERC Rules of Procedure.

21. SPS consents to the use of SPP RE's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing SPS's history of violations of the NERC Reliability Standards, 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 involving the Reliability Standard described herein; provided, however, that SPS does not consent to the use of the specific acts set forth in this Agreement as the sole basis for any other action or proceeding brought by NERC and/or SPP RE, nor does SPS consent to the use of this Agreement by any other party in any other action or proceeding.

22. Each of the undersigned warrants that he or she is an authorized representative of the Party designated; is authorized to bind such Party; and, accepts the Agreement on the Party's behalf.

23. The undersigned representative of each Party affirms that he or she has read this Agreement; that all of the matters set forth in this Agreement are true and correct to the best of his or her knowledge, information and belief; and, that he or she understands that this Agreement is entered into by such Party in express reliance on those representations; provided, however, that such affirmation by each Party's representative shall not apply to the other Party's statements of position set forth in Section III of this Settlement Agreement.

24. This Agreement may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which taken together form but one and the same instrument.

25. This Agreement may be executed in duplicate, each of which so executed shall be deemed to be an original.

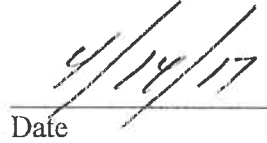
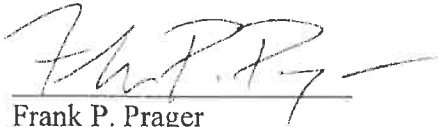
26. This Agreement constitutes the entire agreement between the Parties with respect to the Violation, and supersedes all prior agreements, negotiations, considerations and representations between the Parties.

27. This Agreement may be modified only by written instrument signed by a duly-authorized representative of the Parties.

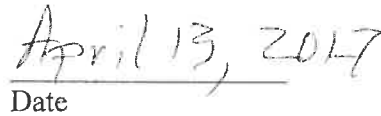
Agreed to and accepted:



Ron Ciesiel
General Manager
Southwest Power Pool Regional Entity


Date

Frank P. Prager
Vice President, Policy and Federal Affairs
Xcel Energy Services Inc.
As agent for
Southwestern Public Service Co.


Date

Attachment B

Disposition Documents for SPP2013012947 (FAC-009-1)

- b.1 Disposition of Violation: FAC-009-1 R1 (SPP2013012947), dated April 13, 2017, included as Attachment 1 to the Settlement Agreement;
- b.2 Xcel Energy's Self-Report, submitted on September 23, 2013;
- b.3 Mitigation Plan SPPMIT010520, submitted on March 20, 2014;
- b.4 Certification of Mitigation Plan Completion, dated January 12, 2016; and

DISPOSITION OF VIOLATION¹**April 13, 2017**

NERC TRACKING NO.

SPP2013012947

REGISTERED ENTITY

Southwestern Public Service Co. (SPS)

NERC REGISTRY ID

NCR01145

REGIONAL ENTITY

Southwest Power Pool Regional Entity (SPP RE)**I. REGISTRATION INFORMATION****ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS (BOTTOM ROW INDICATES REGISTRATION DATE):**

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
X	X	X	X		X		X		X		X	X	X	X
5/31/2007 ²	5/31/2007	5/31/2007	5/31/2007		5/31/2007 ²		5/31/2007 ²		5/31/2007		5/31/2007	5/31/2007	5/31/2007	5/31/2007 ²

*** VIOLATION APPLIES TO SHADED FUNCTIONS****DESCRIPTION OF THE REGISTERED ENTITY**

Southwestern Public Service Company (SPS) is an operating company subsidiary of Xcel Energy Inc. (Xcel Energy), located in the Southwest Power Pool (SPP) region. SPS serves approximately 389,000 retail and wholesale customers in a 52,000 square mile area that encompasses parts of New Mexico, Texas, Oklahoma, and Kansas. SPS has 623 miles of 345 kV, 1733 miles of 230 kV, and 2953 miles of 115 kV transmission lines. SPS has 26 bulk power system generating plants with a total generation capacity of 4,426 MW.

¹ For purposes of this document and attachments hereto, the violation at issue is described as a “violation,” regardless of its procedural posture and whether it is a possible, alleged or confirmed violation.

² This table shows the SPS registrations as of January 10, 2012. SPS deregistered as a Transmission Service Provider on October 19, 2012, Purchasing Selling Entity on March 19, 2015, Load Serving Entity on October 15, 2015, and Balancing Authority on March 11, 2014.

VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT	SUB-REQUIREMENT	VRF	VSL
FAC-009-1³	R1	N/A	Medium	Severe

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT

PURPOSE: “To ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology or methodologies.”

FAC-009-1:

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.

VIOLATION DESCRIPTION

On September 16, 2013, SPS submitted a self-report stating that, as a Transmission Owner, it was in violation of FAC-009-1 R1. SPS reported it had failed to establish Facility Ratings for its solely and jointly owned Transmission Facilities that were consistent with its Transmission Facility Ratings Methodology (TFRM).

On October 21, 2013, SPS notified SPP RE that as a Generator Owner, it had failed to establish Facility Ratings for its Generation Facilities that were consistent with its Generation Facility Ratings Methodology (GFRM).

On October 22, 2013, SPP RE advised SPS that it was consolidating the transmission and generation noncompliance issues under the NERC Violation Identification Number SPP2013012947 that was associated with the September 16, 2013 self-report.

Instance No. 1 - Current Transformer Ratings

SPS revised its TFRM (Version 5.0) on July 1, 2010; this revision was to reference the Southwest Power Pool (SPP) Criteria, Section 12.2.6, as the method for determining the ratings of its bushing current transformers (CTs). The TFRM provides that when changes are made to the TFRM, an implementation period of 18 months is allowed for application of the change. Accordingly, the change providing for determination of bushing CT ratings utilizing the SPP Criteria did not take effect until January 1, 2012. SPS self-reported that the ratings of its bushing CTs were not adjusted to reflect the methodology

³ SPP RE determined that because the violation began on November 12, 2010 and ended on December 18, 2015, the violation is applicable to both FAC-009-1 R1 and FAC-008-3 R6.

described in the SPP Criteria. As a result, the Summer Normal, Winter Normal, Summer Emergency, and/or Winter Emergency ratings of eleven 230 kV and thirty 115 kV transmission lines were affected.

Instance No. 2 - Transmission Line Emergency Ratings

SPS discovered that the emergency ratings for its transmission lines were not consistent with its practice of setting the emergency ratings of its transmission lines equal to the normal rating. SPS's TFRM provides that the emergency ratings of its transmission lines is 110% of the normal ratings unless the transmission line rating is limited by clearance to ground or other structure. This issue affected the Summer Emergency ratings for 243 of SPS's 411 transmission lines.

Instance No. 3 - Transmission Line Conductor Maximum Operating Temperature

SPS revised its TFRM (Version 5.0) on July 1, 2010, to use 90 degrees Celsius as the maximum operating temperature for calculating the normal ratings of transmission conductors constructed before 1996. Prior to Version 5.0, SPS utilized a maximum operating temperature specific to the conductor type to calculate the normal transmission conductor ratings. The Version 5.0 TFRM provides that when changes are made to the TFRM, an implementation period of 18 months is allowed for application of the change. Accordingly, the change providing for utilizing 90 degrees Celsius for determining the normal conductor ratings of transmission conductors constructed before 1996 did not take effect until January 1, 2012. SPS self-reported that it did not utilize 90 degrees Celsius when calculating the normal ratings for its transmission line conductors following the change to its TFRM in July 2010. As a result, the Summer Normal ratings for 151 of SPS' 411 transmission lines were affected.

Instance No. 4 - Incorrect One-Line Diagrams Used in Generation Facility Ratings

When preparing evidence for its 2013 operation and planning standards Compliance Audit, SPS discovered that it had utilized obsolete one-line drawings for developing the facility ratings of its generating facilities, resulting in incorrect generator equipment ratings beginning in 2011. Specifically, SPS utilizes the one-line drawings maintained by its Transmission Substation Engineering group to determine the ratings of generation equipment located between the generator step-up transformer and the interconnection substation. SPS discovered that the link to Substation Engineering's one-line drawings was no longer valid and SPS generation personnel had been using outdated drawings as of December 10, 2011 to determine its generator facility ratings. The equipment ratings for 123 elements of its generator facilities changed, causing the facility ratings for six of its generation facilities to change. Five generation facilities were de-rated between 4% and 8.5%. The rating for one generation facility was increased by 20%.

Collectively, as a consequence of the issues identified in Instances 1, 2, and 3, the Summer Normal ratings for 187 of SPS's 411 transmission lines were de-rated. The

Summer Normal ratings for 17 of these transmission lines were de-rated between 50% and 70%.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

This violation posed a serious risk to the reliability of the Bulk Power System (BPS). Inaccurate facility ratings potentially affect: system models, which are the basis for planning, current, next day and seasonal operational studies; Supervisory Control and Data Acquisition and/or Energy Management System alarms and set points; relay settings; and operating assumptions. Collectively, these inaccurate facility ratings increased the risk of equipment overloads, cascading outages, and system instability.

The root cause of the violation was a combination of personnel failing to follow established procedures for updating and maintaining the accuracy of SPS Facility Rating documentation and inadequate oversight of the ratings documentation.

No harm is known to have occurred as a result of this violation.

IS THERE A SETTLEMENT AGREEMENT YES ☒ NO ☐

WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY) YES ☒
ADMITS TO IT YES ☐
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS) YES ☐

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT YES ☒

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATESInstance No. 1:

The duration of this violation was from January 1, 2012, the date current transformer ratings should have been adjusted according to the methodology in the TFRM (Version 5.0), through December 18, 2015, the date the mitigation was 100% complete.

Instance No. 2:

The duration of this violation was from November 12, 2010, the day after the completion of the previous SPS operation and planning standards audit, through December 18, 2015, the date the mitigation was 100% complete.

Instance No. 3:

The duration of this violation was from January 1, 2012, the date the transmission line calculations should have been adjusted according to the TFRM methodology, until July 31, 2013, the date that the reference to a "90-degree Celsius rating" was removed from the TFRM.

Instance No. 4:

The duration of this violation was from December 10, 2011, the date of the prior update of SPS's generator facility ratings, through December 18, 2015, the date mitigation was 100% complete.

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY 9/16/2013

IS THE VIOLATION STILL OCCURRING YES ☐ NO ☒
IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED YES ☐ NO ☒
PRE TO POST JUNE 18, 2007 VIOLATION YES ☐ NO ☒

IV. MITIGATION INFORMATION**FOR FINAL ACCEPTED MITIGATION PLAN:**

MITIGATION PLAN NO.	SPPMIT010520
DATE SUBMITTED TO REGIONAL ENTITY	3/20/2014
DATE ACCEPTED BY REGIONAL ENTITY	3/24/2014
DATE APPROVED BY NERC	5/14/2014
DATE PROVIDED TO FERC	5/15/2014

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE N/A

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE	1/15/2016
EXTENSIONS GRANTED	N/A
ACTUAL COMPLETION DATE	12/18/2015
DATE OF CERTIFICATION LETTER	1/12/2016
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF 1/12/2016	
DATE OF VERIFICATION LETTER	1/27/2016
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF	12/18/2015
ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE	

To mitigate this violation, SPS:

1. developed and implemented procedures defining the roles and responsibilities for management of transmission facility ratings;
2. developed a complete set of facility rating drawings showing the ratings for all of the generation and transmission facility elements;
3. completed a field verification of all transmission and generation BES facility ratings, corrected any ratings found to be incorrect, and communicated changes to the impacted business areas; and
4. established a forum for information exchange between Transmission and Generation facility rating administrators, which will provide prompt identification of potential transmission system changes that may impact generation facility ratings.

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE COMPLETION OF MITIGATION PLAN (FOR CASES IN WHICH MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED FOR COMPLETED MILESTONES)

- 06.19.15MITIGATION PLAN – Summary and Definitions.pdf
- 06.19.15MITIGATION SUMMARY 2015 Q2.pdf
- 3.20.15MITIGATION PLAN – Summary and Definitions.pdf
- 3.20.15MITIGATION SUMMARY 2015 Q1.pdf
- Deaf Smith Co. – FVF – 5H66 WT.pdf
- EPR 5.200 V1.0 Facility Rating and Reporting Policy.doc
- EPR 5.200 V2.0 Facility Rating and Reporting Policy.doc
- EPR 5.200 V3.0 Facility Rating and Reporting Policy.doc
- EPR 5.200 V4.0 Facility Rating and Reporting Policy.doc
- EPR 5.200 V4.1 Facility Rating and Reporting Policy.doc
- EPR 5.200 V4.2 Facility Rating and Reporting Policy.doc
- EPR 5.220 V1.0 Facility Rating Methodology FAC008.doc

- EPR 5.220 V2.0 Facility Rating Methodology FAC008.doc
- EPR 5.220 V3.0 Facility Rating Methodology FAC008.doc
- EPR 5.220 V4.0 Facility Rating Methodology FAC008_2.doc
- EPR 5.220P01 V4.0 Facility Rating Methodology FAC008.doc
- EPR 5.220P01 V5.0 Facility Rating Methodology FAC008.doc
- Explanation of Procedures Developed.doc
- FAC-008 SPS Facility Ratings Discrepancies Ver 6 to Ver 7.xlsx
- FAC-008 SPS Facility Ratings Rev 6.xlsx
- FAC-008 SPS Facility Ratings Rev 7.xls
- FAC-009-1 Mitigation Milestone Completion Attestation.pdf
- FW Impending Rating Changes on T04.msg
- MITIGATION PLAN – 2015 Q3 Summary and Definitions.pdf
- Mitigation Plan – 2015 Q4 Summary and Definitions.pdf
- MITIGATION SUMMARY – Definitions.pdf
- MITIGATION SUMMARY 2014 Q4.pdf
- MITIGATION SUMMARY 2015 Q3.pdf
- Mitigation Summary 2015 Q4.pdf
- MITIGATION SUMMARY.pdf
- RE Ratings – SPS line and transformer ratings for 63014.msg
- SPS Facility Ratings – newest revision.msg
- SPS-EXT-Transmission SVP Attestation of MP Completion.doc
- SPS-POL-FAC-008-3 FACILITY RATING – BES TRANSFORMERS.pdf
- SPS-POL-FAC-008-3 FACILITY RATING CHANGES.pdf
- SPS-POL-FAC-008-3 FACILITY RATINGS – BES LINES.pdf
- SPS-POL-FAC-008-3 FACILITY RATINGS (Ver.12).xls
- SPS-PRO-Facility Rating Additional Instructions.doc
- SPS-PRO-Facility Rating Methodology Procedure.doc
- SPS-PRO-Facility Rating Spreadsheet Recording.doc
- SPS-PRO-Substation Device Rating Field Verification.doc
- T04 FAC Form.pdf
- T04 Ratings.xls
- Transmission Line Rating Update Process – Guide.doc
- XEL-POL-Facility-Rating-Methodology (v1.0).doc
- XEL-POL-Facility-Rating-Methodology (v4.0).doc
- XEL-POL-Facility-Rating-Methodology (v5.0).doc
- XEL-POL-Facility-Rating-Methodology (v5.1).doc
- XEL-POL-Facility-Rating-Methodology (v6.0).doc
- XEL-POL-Facility-Rating-Methodology (v7.0).doc
- XEL-POL-Facility-Rating-Methodology (v8.0).doc

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF \$137,000 FOR ONE (1) VIOLATION OF THE RELIABILITY STANDARDS.

(6) REGISTERED ENTITY'S COMPLIANCE HISTORY

PREVIOUSLY FILED VIOLATIONS OF ANY OF THE INSTANT RELIABILITY STANDARD(S) OR REQUIREMENT(S) THEREUNDER

YES ☐ **NO** ☒

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES ☒ **NO** ☐

LIST VIOLATIONS AND STATUS

A Spreadsheet Notice of Penalty covering violations of PRC-023-1 R1 (SPP201100630) and VAR-002-1.1b R3 (SPP2012011057) was filed with FERC under NP-13-57-000 on September 30, 2013. On October 31, 2013, FERC issued an order stating that it would not engage in further review of the Notice of Penalty.

A Spreadsheet Notice of Penalty covering a violation of PRC-023-1 R1 (SPP2013012644) was filed with FERC under NP-14-34-000 on February 27, 2014. On March 28, 2014, FERC issued an order stating that it would not engage in further review of the Notice of Penalty.

SPP RE considered SPS's compliance history and determined that it was not an aggravating factor for purposes of its penalty determination because the prior violations involved different standards and are unrelated to the violation subject to this enforcement action.

ADDITIONAL COMMENTS

N/A

(2) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

**FULL COOPERATION
IF NO, EXPLAIN**

YES ☒ **NO** ☐

(3) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAMYES ☒ NO ☐ UNDETERMINED ☐**EXPLAIN**

SPP RE reviewed Xcel Energy's internal compliance program (ICP) and considered it to be a mitigating factor in the penalty determination.

XCEL ENERGY's Compliance Program falls under the general oversight of the Corporate Compliance and Business Conduct (CCBC) Program. The purpose of the CCBC Program is to promote a culture across XCEL ENERGY and its subsidiaries that encourages ethical conduct and a commitment to compliance with the law. The CCBC Council comprises executives from all business units, and assures that compliance is fully institutionalized and managed consistently throughout the company. The Audit Committee of the XCEL ENERGY Board of Directors is the governing authority for XCEL ENERGY's CCBC Program. The XCEL ENERGY Senior Vice President and Corporate Secretary is the corporation's Chief Compliance Officer, and has overall responsibility for the CCBC Program. The Chief Compliance Officer and the Director of Corporate Compliance provide updates to the Audit Committee of the XCEL ENERGY Board of Directors relating to compliance issues within the company. Additionally, on an annual basis, the CCBC Council reviews the effectiveness of each of the company's compliance programs, including the FERC/NERC Compliance Program. The CCBC Council assists the chief compliance officer and the XCEL ENERGY Board of Directors Audit Committee in providing direction and oversight of XCEL ENERGY's CCBC Program.

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM, INCLUDING WHETHER SENIOR MANAGEMENT TAKES ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE.

Day-to-day management of the FERC/NERC Compliance Program falls under the responsibility of the Director, Compliance Monitoring and Policy, with oversight from the FERC Compliance Officer (currently the Vice President, Policy and Federal Affairs), who is the executive responsible for oversight of activities specific to FERC and NERC compliance. The FERC Compliance Officer reports to XCEL ENERGY's CEO and through this reporting relationship has direct access to the XCEL ENERGY Board of Directors. In addition, FERC/NERC Compliance Program staff have access to the CEO and Board of Directors through staff's reporting relationship to the FERC Compliance Officer, as well as through the FERC/NERC Compliance Program Steering Committee.

The FERC Compliance Officer is responsible for:

- Fostering a culture of compliance among affected business units;
- Monitoring compliance through internal audits, spot checks, investigations, or other reviews;
- Coordinating activities associated with implementation of new or revised requirements;
- Advising the FERC/NERC Compliance Program and business units regarding potential self-reports to FERC, NERC or Regional Entities;
- Working with affected business units as necessary to ensure that appropriate corrective measures are implemented; and
- Providing guidance on the development of policies, procedures and training as needed to support the company's FERC and NERC compliance programs.

Strategic guidance and oversight of the FERC/NERC Compliance Program is provided by an executive-level Steering Committee. The FERC/NERC Compliance Program Steering Committee consists of senior management representatives from the business units responsible for compliance (such as Transmission, Business Systems and Energy Supply), as well as from independent business units (such as General Counsel, Audit Services and Risk Management). The Steering Committee sets policy for the FERC/NERC compliance program, and provides guidance on emerging compliance issues and priorities.

The responsibilities of the Steering Committee are to assist the FERC Compliance officer with:

- Monitoring and overseeing the FERC/NERC Compliance Program;
- Setting policy direction for the enterprise-level FERC/NERC Compliance Program;
- Ensuring independence in the evaluation and review of compliance matters under the direction of the enterprise-level FERC/NERC Compliance Program;
- Resolving issues that may arise between FERC/NERC Compliance Program and business units; and
- Ensuring adequate staffing and resources of the FERC/NERC Compliance Program to evaluate and monitor compliance at the functional business unit level.

The Steering Committee meets with FERC/NERC Compliance Program staff on a regular basis and as needed to address high-priority concerns. In addition, Steering Committee members or their representatives also meet on an as-needed basis to address high-priority concerns such as system events, compliance issues or emerging policy matters.

(4) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION(S) OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES ☐ NO ☒
IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION(S) WERE INTENTIONAL (IF THE RESPONSE IS “YES,” THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☒ NO ☐
IF YES, EXPLAIN

Xcel Energy also implemented the following above and beyond controls:

1. In addition to the mitigating activities above, Xcel Energy implemented a computerized system that calculates transmission facility ratings based on smart substation and transmission line models, and consolidates multiple sources of facility ratings across all three Xcel Energy Registered Entities (SPS, NSP, PSCO) into a single electronic data base. The smart models contain equipment and conductor attributes and connectivity. Prior to the implementation of this system, all facility ratings were calculated and stored on spreadsheets. The new system allows for one common system that will identify, rate, and provide information on transmission equipment to the people and systems that use the data across the company. Benefits of the new system include:
 - Consolidation of multiple sources of paper and spreadsheet facility rating information into a single electronic data store.
 - Auditable standardized equipment and facility rating calculations resulting in improved NERC and FAC compliance.
 - Operational efficiency is gained with facility rating information available across multiple business units.
 - Engineering, Control Centers, Planning, and other business functions will all have access to the same information at the same time.
2. Xcel Energy developed an approval process for publishing facility ratings, which requires both the Transmission Line Engineering Manager and the Substation Engineering Manager to approve ratings prior to the facility ratings being published.
3. Xcel Energy initiated a company-wide peer sharing effort in order to leverage the experience and knowledge of Subject Matter Experts (SMEs) from other business areas within Xcel Energy. This promotes learning,

peer-to-peer sharing, advances industry best practices, and drives enterprise consistency for NERC compliance. In 2015, Xcel Energy assembled a facility ratings SME team. This cross-business area team meets quarterly to discuss issues related to facility ratings that the company faces, as well as related to current events in the industry.

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENTS

Exhibit A - Self-report SPS 12947 (9/16/2013)

Exhibit B - Ireland E-Mail to Morgan SPS 12947.msg (10/25/2013) (Email notification by SPS of additional instance of noncompliance with FAC-008-3)

MITIGATION PLAN

Exhibit C - Mitigation Plan SPS 12947 (3/20/2014)

CERTIFICATION BY REGISTERED ENTITY

Exhibit D - Certification of Completion SPS 12947 (1/20/2016)

VERIFICATION BY REGIONAL ENTITY

Exhibit E – Mitigation Verification SPS 12947 (1/27/2016)

Exhibit F – CDMS notification of Mitigation completion SPS 12947 (1/27/2016)

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION ISSUED

DATE: OR N/A ☒

SETTLEMENT DISCUSSIONS COMMENCED

DATE: 4/13/2017 OR N/A ☐

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) **OR N/A** ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ **PENALTY** ☐ **BOTH** ☐ **DID NOT CONTEST** ☒

HEARING REQUESTED

YES ☐ **NO** ☒

DATE

OUTCOME

APPEAL REQUESTED

Self Report - 2013

Entity Name: Southwestern Public Service Co. (Xcel Energy)

NERC ID: NCR01145

Address: Post Office Box 1261
Amarillo TX 79105

Standard Requirement: FAC-009-1 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.

Date of Alleged Violation: June 18, 2007

Date Submitted: September 16, 2013

Self Report Status: Self Report has been submitted

Description and Cause: (This requirement moved to FAC-008-3, R6 effective January 1, 2013.)

SPS recently implemented some additional processes and controls around the coordination of facility ratings between various internal departments. In addition, there were some changes in the management of the personnel responsible for maintaining the facility ratings for SPS. As the new management was educating themselves on the methodology and how the facility ratings were maintained, as well as preparing for the upcoming SPP RE audit, some issues were identified. It appears that as the Xcel Energy Facility Rating Methodology (FRM) "which applies to all Xcel Energy operating companies, with certain exceptions for specific companies - was put into effect, and modified over the years, certain aspects of the FRM may not have been applied correctly in every case at SPS.

The causes and extent of the condition are still under investigation.

We have identified 3 specific issues with application of the FRM by SPS:

ISSUE # 1 " Current Transformer Ratings:

When the FRM was updated for versions 5.0 and later, it specified that, for SPS only, the methodology as outlined in the SPP criteria for the calculation of the rating for bushing current transformers should be followed. The bushing CT ratings were not adjusted to reflect the new SPP criteria method, and as a result bushing CTs are assigned ratings that may exceed the rating allowed by the FRM. (Version 5.0 went into effect on 7/1/2010. The ratings methodology allows 18 months for application of a change in methodology, and therefore, ratings were required to have been updated with the new formula by 1/1/2012.)

ISSUE # 2 " Transmission Line Conductor Emergency Ratings:

In the case of transmission line ratings, SPS has always set the emergency rating of the conductor as equal to the normal rating. However, all versions of the FRM since 4/19/2007 state that the emergency rating for transmission line conductors will be 110% of the normal rating, unless the line rating is limited by clearance to ground or other structures. Therefore, SPS's practice was inconsistent with the FRM. (Version 1.0 went into effect on 4/19/2007.)

ISSUE # 3 " Transmission Line Conductor Maximum Operating Temperature:

Self Report - 2013

Another apparent issue for transmission line conductor ratings is related to the temperature used to calculate the normal rating. For versions prior to 5.0, the FRM stated that normal conductor ratings be based on a maximum conductor operating temperature identified by conductor type, and these were appropriately applied. In FRM version 5.0, the statement that "SPS will use 90 degrees Celsius on lines constructed before 1996 as a maximum operating temperature" was included irrespective of conductor type. Yet, this change in version 5.0 was not appropriately applied on all SPS lines. Version 5.0 of the FRM became effective on 7/1/2010, and was required to be implemented by 1/1/2012. Version 6.1 of the FRM became effective 8/1/2013, and removed the reference to a "90 degree Celsius rating". Therefore, during the timeframe of 1/1/2012 thru 7/31/2013, while FRM versions 5.0, 5.1, and 6.0 were in effect, transmission line segment facility ratings for circuits constructed prior to 1996 were not adjusted downward based on the 90 degree Celsius statement.

Potential Impact to the Bulk Power System: Since facility ratings impact how the system is operated and affect how an operator recovers from a system event, SPS does not believe the historical impact to the BES can be determined. However, no facilities have suffered any damage due to a misapplication of the FRM.

Mitigation Plan

Mitigation Plan Summary

Registered Entity: Southwestern Public Service Co. (Xcel Energy)

Mit Plan Code	NERC Violation ID	Requirement	Violation Validated On	Mit Plan Version
SPPMIT010520	SPP2013012947	FAC-009-1 R1.		1

Mitigation Plan Submitted On: March 20, 2014

Mitigation Plan Accepted On: March 24, 2014

Mitigation Plan Proposed Completion Date: January 15, 2016

Actual Completion Date of Mitigation Plan: December 18, 2015

Mitigation Plan Certified Complete by SPS On: January 12, 2016

Mitigation Plan Completion Verified by SPPRE On: January 27, 2016

Mitigation Plan Completed? (Yes/No): Yes

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: Southwestern Public Service Co. (Xcel Energy)

NERC Compliance Registry ID: NCR01145

Address: Post Office Box 1261
Amarillo TX 79105

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: Alice Ireland

Title: Manager, Reliability Standard Compliance

Email: alice.ireland@xcelenergy.com

Phone: 303-571-7868

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		
SPP2013012947	11/12/2010	FAC-009-1 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.		

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

SPS's Transmission group recently implemented some additional processes and controls around the coordination of facility ratings between various internal departments. In addition, there were some changes in the management of the personnel responsible for maintaining the facility ratings for the SPS Transmission Owner function. As the new management was educating themselves on the methodology and how the facility ratings were maintained, as well as preparing for the upcoming SPP RE audit, some issues were identified. It appears that as the Xcel Energy Transmission Facility Rating Methodology (FRM) - which applies to all Xcel Energy operating companies, with certain exceptions for specific companies - was put into effect, and modified over the years, certain aspects of the FRM may not have been applied correctly in every case at SPS.

We have identified 3 specific issues with application of the Transmission FRM by SPS:

ISSUE # 1 - Current Transformer Ratings:

When the FRM was updated for versions 5.0 and later, it specified that, for SPS only, the methodology as outlined in the SPP criteria for the calculation of the rating for bushing current transformers should be followed. The bushing CT ratings were not adjusted to reflect the new SPP criteria method, and as a result bushing CTs are assigned ratings that may exceed the rating allowed by the FRM. (Version 5.0 went into effect on 7/1/2010. The ratings methodology allows 18 months for application of a change in methodology, and therefore, ratings were required to have been updated with the new formula by 1/1/2012.)

ISSUE # 2 - Transmission Line Conductor Emergency Ratings:

In the case of transmission line ratings, SPS has always set the emergency rating of the conductor as equal to the normal rating. However, all versions of the FRM since 4/19/2007 state that the emergency rating for transmission line conductors will be 110% of the normal rating, unless the line rating is limited by clearance to ground or other structures. Therefore, SPS' practice was inconsistent with the FRM. (Version 1.0 went into effect on 4/19/2007.)

ISSUE # 3 - Transmission Line Conductor Maximum Operating Temperature:

Another apparent issue for transmission line conductor ratings is related to the temperature used to calculate the normal rating. For versions prior to 5.0, the FRM stated that normal conductor ratings be based on a maximum conductor operating temperature identified by conductor type, and these were appropriately applied. In FRM version 5.0, the statement that "SPS will use 90 degrees Celsius on lines constructed before 1996 as a maximum operating temperature" was included irrespective of conductor type. Yet, this change in version 5.0 was not appropriately applied on all SPS lines. Version 5.0 of the FRM became effective on 7/1/2010, and was required to be implemented by 1/1/2012. Version 6.1 of the FRM became effective 8/1/2013, and removed the reference to a "90 degree Celsius rating". Therefore, during the timeframe of 1/1/2012 thru 7/31/2013, while FRM versions 5.0, 5.1, and 6.0 were in effect, transmission line segment facility ratings for circuits constructed prior to 1996 were not adjusted downward based on the 90 degree Celsius statement.

In addition to the 3 Transmission Owner issues above, a 4th issue related to the Generator Owner function was identified:

ISSUE # 4 - Use of Outdated One-Line Diagrams

In preparing evidence for an SPP pre-audit data request for FAC-008-3, SPS was verifying the facility

ratings according to their methodology. According to FAC-008-3 requirement R1, the GO will have documentation for determining Facility Ratings of its generator Facility(ies) up to the high side terminals of the main step up transformer. SPS Energy Supply, as the GO, has developed and maintained drawings of the generator up to the generator step up transformers. For the remainder of the equipment, from the generator step up transformer to the interconnection to the substation, Energy Supply has relied on drawings of facility ratings maintained by Transmission Substation Engineering. While preparing responses to the data request, it was discovered that the link to Substation Engineering's one-line drawings was no longer up to date and Energy Supply had been using outdated drawings as of 12/10/11. The updated drawings contained changes in generator element ratings that were not included in the 2011 and 2012 facility ratings updates.

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

SPS's Transmission group recently implemented some additional processes and controls around the coordination of facility ratings between various internal departments. In addition, there were some changes in the management of the personnel responsible for maintaining the facility ratings for the SPS Transmission Owner function. As the new management was educating themselves on the methodology and how the facility ratings were maintained, as well as preparing for the upcoming SPP RE audit, these issues were identified.

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:

The following mitigating actions have already been completed:

1. Energy Supply developed their own complete set of facility rating drawings that shows the ratings for all of the Energy Supply owned elements. These drawings clearly identify equipment owned by Energy Supply and the interconnection with Transmission Owner.
2. Energy Supply has a plan to field verify all equipment ratings that impact the BES generator facility ratings by 9/31/2014.
3. Transmission has a plan to field verify all equipment ratings that impact the BES transmission facility ratings by 9/30/2015.

The following mitigating actions will be completed as part of the Mitigation Plan

4. Develop and implement procedures that will better define roles and responsibilities for management of transmission facility ratings.
5. Complete a field verification of all BES substation and BES generation element ratings in scope of FAC-008 to validate accuracy.
6. Complete an assessment of all transmission BES facility ratings and all generation BES facility ratings and correct any ratings found to be incorrect.
7. Establish a periodic forum or information exchange that would allow Energy Supply to promptly identify potential transmission system changes that may impact generation facility ratings from modification, upgrade, or new installation of facility elements.
8. All actions will be taken to ensure compliance with FAC-008-3 R6.

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: January 15, 2016

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
Develop and implement procedures	Develop and implement procedures that will better define roles and responsibilities for management of transmission facility ratings	04/01/2014	03/24/2014	Please see attached procedure documents.	No
Field verification and corrective action	Energy Supply - Verify on schedule with field verification and take corrective actions if necessary; update generator facility rating	04/01/2014	03/28/2014	Energy Supply is on schedule for the field verification of equipment. As part of the process, Energy Supply developed their own drawings that show the ratings for the	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
	spreadsheet if identify any inaccurate equipment ratings; recalculate generator facility ratings and communicate changes to impacted business areas.			Energy Supply owned elements. These drawings clearly identify equipment owned by Energy Supply and the interconnection with the Transmission Owner. The drawings have gone through a thorough review. Errors and omissions in the drawings are being corrected. The drawings are being revised by Engineering Document Services. Once complete, the field verification will begin utilizing these new drawings. Energy Supply is on track for completion according to the mitigation plan schedule.	
Process Improvement	Energy Supply will establish a periodic forum or information exchange with Transmission Owner to ensure timely identification of potential changes in facility ratings from modification, upgrade, or new installation of facility elements that could impact the Generator Owner's facility ratings.	05/01/2014	04/22/2014	Energy Supply established a forum for information exchange with Transmission Owner. The forum to be used is face to face meetings. The kickoff meeting has been scheduled with involved parties to discuss the sharing of information related to facility ratings.	No
Field verification and corrective action	Transmission - Verify on schedule with field verification and take corrective actions if necessary; update transmission facility rating spreadsheet if identify any	07/01/2014	07/01/2014	Transmission field verifications are on schedule. (See attached MITIGATION SUMMARY document.) One facility rating has been changed to date (T-04) due to the previous wave trap	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
	inaccurate equipment ratings; recalculate transmission facility ratings and communicate changes to impacted business areas.			rating being incorrect. (See attached evidence files for details of the rating changes, internal notification, and notification to the RC.)	
Completion of field verification and generator facility rating updates	Energy Supply - Complete all field verifications; ensure all affected generator facility ratings have been recalculated; ensure all changed generator facility ratings are communicated to impacted parties/business areas.	09/30/2014	09/22/2014	All Energy Supply field verifications have been completed. The Facility Ratings Spreadsheet has been corrected and ratings have been recalculated. Field verification resulted in no change to the most limiting element or second most limiting element. Impacted parties and business areas were contact.	No
Field verification and corrective action	Transmission - Verify on schedule with field verification and take corrective actions if necessary; update transmission facility rating spreadsheet if identify any inaccurate equipment ratings; recalculate transmission facility ratings and communicate changes to impacted business areas.	12/30/2014	12/29/2014	The report (spreadsheet) showing the status of the review and verification of facility ratings under the mitigation plan for FAC-009 was updated on December 29, 2014 and reflects the status as of that date. As shown on the report, SPS has completed the review and updating of facility ratings for 115 terminals, right on target for Plan to Date. SPS is ahead of schedule for the field verification by contractors and terminals with complete data.	No
Field verification and corrective action	Transmission - Verify on schedule with field verification and take corrective actions if necessary; update transmission facility rating spreadsheet if identify any	03/30/2015	03/20/2015	Same documents showing completion as for Q4 2014 with the following changes: 1. Two metrics added to the "Mitigation Summary" document: Terminals requiring O&M follow-up and Terminals requiring	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
	inaccurate equipment ratings; recalculate transmission facility ratings and communicate changes to impacted business areas.			consultant follow-up 2.A summary narrative was added to the "Summary and Definition" document 3.Defiinitions for the added metrics were added to the "Summary and Definition" document The following entity documents were added as evidence for completing this milestone: "3.20.15MITIGATION PLAN-Summary and Definitions.pdf" "3.20.15MITIGATION SUMMARY2015 Q1.pdf"	
Field verification and corrective action	Transmission - Verify on schedule with field verification and take corrective actions if necessary; update transmission facility rating spreadsheet if identify any inaccurate equipment ratings; recalculate transmission facility ratings and communicate changes to impacted business areas.	06/30/2015	06/19/2015	Documents showing the status of the facilities review through June 18, 2015 are being provided. These documents are essentially the same format as have been provided in previous updates. The following entity documents were addas as evidence for completing this milestone: "06.19.15Mitigation Plan-- Summary and Definitions.pdf" and "06.19.15Mitigation	No
Complete field verifications	Transmission - Complete all field verifications and corrective action.	09/30/2015	09/24/2015	Documents showing the completion of this milestone are being provided. Documents are essentially the same format as have been provided in previous updates. The following entity documents were addas as evidence for completing this milestone: "Mitigation Summary 2015	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
				Q3.pdf" "Mitigation Plan-2015 Q3 Summary and Definitions.pdf"	
Complete Facility Ratings updates	Transmission - Ensure the facility rating spreadsheets are updated with any corrected equipment ratings; ensure all affected transmission facility ratings have been recalculated; ensure all changed transmission facility ratings are communicated to impacted parties/business areas.	12/30/2015	12/18/2015	Submittal of Final Milestone for FAC-009-1 R1 Mitigation Plan. Evidence Files uploaded with this milestone: "Mitigation Plan-2015 Q4 Summary and Definitions.pdf" "Mitigation Summary 2015 Q4.pdf" "SPS Facility Ratings - newest revision.msg"	No

Additional Relevant Information

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.

We've been operating with the current ratings for several years and no facilities have suffered damage. Therefore, the risk to the bulk power system is deemed minimal.

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

The elimination of external control of a portion of the Energy Supply methodology will help ensure accurate equipment ratings. Verification of all element ratings will ensure that the facility ratings and associated spreadsheets are correct and up to date. Ongoing review of modifications, upgrades, and new installations of facility elements with the Transmission Operator will ensure that any potential changes are captured and documented in the Facility Ratings. The development of additional procedures will help ensure processes are followed and facility rating changes are accurately captured.

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

A web based portal is being evaluated for the management of Transmission facility ratings across all three operating regions of Xcel Energy. If implemented, it will eliminate the reliance on manually created spreadsheets and improve consistency in facility rating management.

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.

Southwestern Public Service Co. (Xcel Energy) 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: Teresa Mogensen

Title: VP, Transmission

Authorized On: March 20, 2014

Certification of a Completed Mitigation Plan

All Mitigation Plan Completion Certification submittals shall include data or information sufficient for SPP RE to verify completion of the Mitigation Plan. SPP RE may request such 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 Information

Company Name: Southwestern Public Service Co. (Xcel Energy)

Company Address: 600 S. Tyler St., Amarillo, Texas 79101

NERC Compliance Registry ID: **NCR** NCR01145

Date Original Mitigation Plan was submitted to SPP RE: 3/20/2014

Date Mitigation Plan was completed: 12/18/2015

List below the NERC Standard and Requirement covered under the accepted Mitigation Plan

Standard and Requirement Number: FAC-009-1 R1

NERC Violation Number: SPP2013012947

Date of Certification:

I certify that the mitigation plan for the above named alleged or confirmed violation has been completed on the date shown above and that all information submitted is complete and correct to the best of my knowledge.

Name: Teresa Mogensen

Title: Sr. Vice President, Transmission

Email: Teresa.M.Mogensen@xcelenergy.com

Phone: 612-330-7947

Authorized Signature:



Date Signed: 1-12-14

The completed and signed Certification of a Completed Mitigation Plan should be submitted to the SPP RE via the CDMS Mitigation Plan Entity Document function. Once submitted, please notify the SPP RE by emailing the spprefileclerk@spp.org.

From: noreply@oati.net
To: [SPP RE Mitigation Plan](#)
Subject: Mitigation Plan has been Completed: Southwestern Public Service Co. (Xcel Energy) SPP2013012947/ SPP RE
Date: Wednesday, January 27, 2016 9:41:05 AM

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Entity: Southwestern Public Service Co. (Xcel Energy) - NCR01145

NERC Violation ID: **SPP2013012947**
Standard and Requirement: FAC-009-1 R1.
Discovery Method: Self Report
Proposed Completion Date: 01/15/2016
Mitigation Plan Submitted: 03/20/2014
Mitigation Plan Verified: 01/27/2016

Southwest Power Pool Regional Entity (SPP RE) received Southwestern Public Service Co. (Xcel Energy)'s Certification of Completion for the subject Mitigation Plan. The SPP RE Enforcement Staff has completed its review of the evidence in support of the mitigation plan completion. The SPP RE Enforcement Staff finds Southwestern Public Service Co. (Xcel Energy) has successfully completed the subject mitigation plan on 12/18/2015.

Questions regarding this matter should be directed to Bob Reynolds.

Thank you, OATI

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