

April 28, 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 Basin Electric Power Cooperative,  
FERC Docket No. NP16-\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>1</sup> regarding Basin Electric Power Cooperative (BEPC), NERC Registry ID# NCR00102,<sup>2</sup> with information and details regarding the nature and resolution of the violation<sup>3</sup> 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)).<sup>4</sup>

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<sup>1</sup> *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).

<sup>2</sup> BEPC was included on the NERC Compliance Registry as a Generator Operator (GO) and Transmission Operator (TOP) on May 30, 2007.

<sup>3</sup> 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.

<sup>4</sup> See 18 C.F.R § 39.7(c)(2) and 18 C.F.R § 39.7(d).

3353 Peachtree Road NE  
Suite 600, North Tower  
Atlanta, GA 30326  
404-446-2560 | [www.nerc.com](http://www.nerc.com)

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NERC is filing this Notice of Penalty with the Commission because Midwest Reliability Organization (MRO) and BEPC have entered into a Settlement Agreement to resolve the outstanding issue arising from MRO’s determination and findings of the violation of NERC Reliability Standard FAC-008-3 R6.

According to the Settlement Agreement, BEPC admits to the violation and has agreed to the assessed penalty of fifty-nine thousand dollars (\$59,000), 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 Violations**

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement, by and between MRO and BEPC. 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.

\*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	Penalty Amount
MRO2013013188	FAC-008-3	R6	Medium/Severe	TO, GO	SC 8/30/2013	1/1/2013- 4/21/2016	\$59,000

**MRO2013013188 FAC-008-3 R6- OVERVIEW**

In response to an MRO guided Self-Certification process regarding Facility Ratings, BEPC self-certified in 2013 that it was not in compliance with FAC-008-3 R6. BEPC identified equipment documentation that was not available but necessary to determine Facility Ratings. BEPC also identified that it did not have accurate ratings for some of its facilities.

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For the Self-Certification, BEPC performed a review of its Facility Ratings documentation and found 19 Facility Rating errors. Five of the 19 incorrect Facility Ratings were greater than the rating of their most limiting element. During subsequent mitigation, BEPC identified an additional 86 jointly owned 230 kV and 115 kV facilities that were not documented in its Facility Rating database.

The root cause of this violation was BEPC's failure to implement a process for updating and maintaining the accuracy of its Facility Rating documentation, combined with rapid load growth in BEPC's service area due to oil and gas development in the Bakken shale region. Massive growth in North Dakota's Bakken shale region resulted in a 12% increase in the state's population within five years. As BEPC's customer base grew, new equipment was added to keep pace with demand. BEPC did not update or document its Equipment Ratings with the installation of new equipment, rendering some of the Facility Ratings inaccurate and many of the Facility Ratings unsupported by documentation.

MRO determined that this violation posed a moderate and not serious or substantial risk to the reliability of the bulk power system (BPS). Attachment A includes the facts regarding the violation that MRO considered in its risk assessment.

BEPC submitted its Mitigation Plan designated MROMIT011515 to address the referenced violation on March 6, 2015. Attachment A includes a description of the mitigation activities BEPC took to address this violation. A copy of the Mitigation Plan is included as Attachment B2.

MRO verified on April 26, 2016 that BEPC had completed all mitigation activities on April 21, 2016. Attachments A and B4 provide specific information on MRO's verification of BEPC's completion of the activities.

#### Regional Entity's Basis for Penalty

According to the Settlement Agreement, MRO has assessed a penalty of fifty-nine thousand dollars (\$59,000) for the referenced violation. In reaching this determination, MRO considered the following factors:

1. the instant violation constitutes BEPC's first occurrence of violation of the subject NERC Reliability Standard;
2. BEPC had an internal compliance program at the time of the violation, which MRO considered a mitigating factor, as discussed in Attachment A;
3. BEPC self-certified the violation;

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4. BEPC was cooperative throughout the compliance enforcement process, assuming responsibility for and admitting to the violation. MRO considered BEPC's cooperation to be a mitigating factor in the penalty determination;
5. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
6. the violation of MRO2013013188 posed a moderate and not a serious or substantial risk to the reliability of the BPS, as discussed in Attachment A;
7. BEPC is implementing the software tool known as Asset Suite in its Transmission Department. Asset Suite will be implemented to perform many functions, including tracking all transmission-related assets, helping process projects for construction, maintenance and other related activities, and improving analysis and reporting to ensure reliability and compliance with regulatory requirements. The cost of fully implementing Asset Suite into BEPC's Transmission Department is estimated at over \$300,000, with the ongoing annual maintenance of Asset Suite across all of BEPC estimated at \$600,000. BEPC is scheduled to have Asset Suite fully implemented by the end of 2019;<sup>5</sup> and
8. there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, MRO determined that, in this instance, the penalty amount of fifty-nine thousand dollars (\$59,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violation.

#### NERC Enforcement Review

NERC Enforcement staff considered the risk posed by the violation to the reliability of the BPS and supports MRO's determination of "moderate." This violation posed an elevated risk to reliability because 5 of the 19 incorrect Facility Ratings were greater than the rating of their most limiting element—meaning BEPC had calculated Facility Ratings for its equipment that were higher than the actual capability of that equipment. The historical operating characteristics of the facilities partially

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<sup>5</sup> In order to ensure accountability for implementation of Asset Suite, BEPC shall provide to MRO a written report every six months until complete. BEPC shall maintain records and other evidentiary material to support completion of the mitigation and remedies in this Settlement Agreement. The written report shall include scope, progress, and actual expenditures. MRO staff may audit the progress, as necessary, within its discretion, and adequately coordinate with BEPC personnel. The purpose of the audit is to validate that the actions resulting from this settlement are performed in accordance with the terms and conditions of this Settlement Agreement. Further, in order to facilitate MRO's need to communicate the status and provide accountability to NERC, BEPC will provide evidence of completion and written notice to MRO within 30 days of completion of the agreed upon measures.

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reduced this risk, as none of these facilities experienced loading in 2013 or 2014 that was greater than 74% of the corrected normal ratings. BEPC does not own any facilities associated with an Interconnection Reliability Operating Limit. Further, when MRO sampled the ratings BEPC's Transmission Operator applied to the BEPC facilities, all of the ratings were more conservative than the corrected Facility Ratings. Based on these factors and the historical operating characteristics of the line, NERC agrees with MRO's risk assessment that this violation posed a moderate risk and did not pose a serious or substantial risk to the reliability of the bulk power system.

NERC Enforcement staff also considered BEPC's additional investment in a computer program, Asset Suite. Asset Suite will assist BEPC in having more accurate Facility Ratings as soon as the equipment is entered into the software. Further, the implementation of Asset Suite for BEPC's transmission assets requires additional staff. MRO has not commonly seen the use of a program like Asset Suite for transmission facilities in its region. BEPC's adoption of a tool that is not commonplace among its peers, along with the modest credit afforded by MRO, led NERC to determine that the \$16,000 credit for above and beyond activities was appropriate.

NERC Enforcement staff evaluates every penalty according to the NERC Sanction Guidelines in order to ensure consistent application of penalties across the ERO Enterprise. Based on the facts and circumstances of the single violation of FAC-008-3 R6 in this case, and applying the above and beyond credit described above, NERC agrees that MRO's assessed penalty of \$59,000 is reasonable and was appropriate.

NERC is treating this violation in a Full Notice of Penalty because the ERO Enterprise has prioritized inaccurate Facility Ratings as a continent-wide risk within the 2016 CMEP Implementation Plan.

### **Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>6</sup>**

#### **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,<sup>7</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on April 7, 2016 and

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<sup>6</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>7</sup> *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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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.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of fifty-nine thousand dollars (\$59,000) 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 MRO and BEPC executed February 1, 2016, included as Attachment A;
- b) Record documents for the violation of MRO2013013188 FAC-008-3 R6, included as Attachment B:
  1. BEPC's Self-Certification dated August 30, 2013;
  2. BEPC's Mitigation Plan designated as MROMIT011515 submitted March 6, 2015;
  3. BEPC's Certification of Mitigation Plan Completion dated April 25, 2016; and
  4. MRO's Verification of Mitigation Plan Completion dated April 26, 2016.

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

<p>Daniel P. Skaar*                  President                  Midwest Reliability Organization                  380 St. Peter Street, Suite 800                  Saint Paul, MN 55102                  (651) 855-1731                  dp.skaar@midwestreliability.org</p> <p>Sara E. Patrick*                  Vice President of Regulatory Affairs and Enforcement                  Midwest Reliability Organization                  380 St. Peter Street, Suite 800                  Saint Paul, MN 55102                  (651) 855-1708                  se.patrick@midwestreliability.org</p> <p>Mike Risan*                  Senior Vice President-Trans.                  Basin Electric Power Cooperative                  1717 East Interstate Avenue                  Bismarck ND 58503                  (701) 557-5645                  mrisan@bepc.com</p>	<p>Sonia C. Mendonça*                  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*                  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>
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David Rudolph\*  
Senior Engineer  
Basin Electric Power Cooperative  
1717 East Interstate Avenue  
Bismarck ND 58503  
(701) 557-5722  
drudolph@becpc.com

Gizelle Wray\*  
Associate Counsel  
North American Electric Reliability  
Corporation  
1325 G Street N.W.  
Suite 600  
Washington, DC 20005  
(202) 400-3000  
(202) 644-8099 – facsimile  
gizelle.wray@nerc.net

\*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.



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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  
Gizelle Wray  
Associate Counsel, 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  
edwin.kichline@nerc.net  
gizelle.wray@nerc.net

cc: Basin Electric Power Cooperative  
Midwest Reliability Organization

Attachments

## **Attachment A**

**Settlement Agreement by and between  
MRO and BEPC executed February 1, 2016.**

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**SETTLEMENT AGREEMENT  
OF  
MIDWEST RELIABILITY ORGANIZATION  
AND  
BASIN ELECTRIC POWER COOPERATIVE**

**I. INTRODUCTION**

1. Midwest Reliability Organization (“MRO”) and Basin Electric Power Cooperative (“BEPC”) enter into this Settlement Agreement (“Settlement Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in MRO’s determination and findings, pursuant to the NERC Rules of Procedure, of an alleged violation by BEPC of NERC Reliability Standard FAC-008-3 R6.
2. BEPC admits to the violation of NERC Reliability Standards FAC-008-3 R6 and has agreed to the proposed \$59,000 penalty to be assessed to BEPC, in addition to other remedies and mitigation actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement.

**II. STIPULATION**

3. The facts stipulated herein are stipulated solely for the purpose of resolving, between BEPC and MRO the violation discussed herein and do not constitute stipulations or admissions for any other purpose. The attached Spreadsheet (Attachment 1) is incorporated herein in its entirety. BEPC and MRO hereby stipulate and agree to the following:
  - i. See Attachment 1 for the description of the violation, which both parties stipulate is an accurate description of the violation.
  - ii. See Attachment 1 for the description of the risk assessment, which both parties stipulate is an accurate description of the risk the violation posed to the Bulk Electric System (“BES”).

**III. PARTIES’ SEPARATE REPRESENTATIONS**

**STATEMENT OF MRO AND SUMMARY OF FINDINGS**

4. On August 30, 2013 BEPC submitted a Self-Certification of noncompliance with FAC-008-3, R6 (MRO2013013188) because BEPC identified equipment documentation that was not available, but necessary to accurately determine Facility Ratings. BEPC performed a complete review of its Facility Ratings documentation in response to the



Self-Certification. Specifically, BEPC identified 19 Facility Rating errors as a result of its review. During mitigation BEPC identified an additional 86 jointly owned 230 kV and 115 kV Facilities that were not documented in its facility rating database. Five of the 19 incorrect Facility Ratings were greater than the rating of their most limiting element; however, none of these Facilities experienced loading in 2013 or 2014 that was greater than 74% of the normal corrected ratings. MRO determined that this violation posed a moderate risk and did not pose a serious or substantial risk to the reliability of the bulk power system.

5. MRO agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of BES reliability.

#### **STATEMENT OF BEPC**

6. BEPC admits that the facts set forth and agreed to by the parties for purposes of this Settlement Agreement constitute a violation of Reliability Standard FAC-008-3 R6.
7. BEPC has agreed to enter into this Settlement Agreement with MRO 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. BEPC agrees that this agreement is in the best interest of the parties and in the best interest of BES reliability.

#### **IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS**

8. For purposes of settling any and all disputes arising from MRO's assessment of BEPC's noncompliance with Reliability Standard FAC-008-3 R6, MRO and BEPC agree that on and after the effective date of this Settlement Agreement, BEPC has or shall take the following actions:
  - i. BEPC has an active mitigation plan with an agreed upon completion date of April 29, 2016. BEPC will take all actions necessary to complete the milestones and plan details.
  - ii. BEPC shall pay a monetary penalty of \$59,000 to MRO, via wire transfer to an MRO account that will be outlined in an invoice sent to BEPC within twenty days after the Agreement is either approved by the Commission or is rendered effective by operation of law. Payment of this invoice shall be made within thirty days after the receipt of the invoice and MRO shall notify NERC if the payment is not received.
  - iii. BEPC is implementing the software tool known as Asset Suite to its Transmission Department. Asset Suite will be implemented to perform many functions including, tracking all transmission related assets, helping process projects for construction, maintenance, and other related activities, and improving analysis and reporting to ensure reliability and compliance with regulatory requirements. Fully implementing Asset Suite requires entering each piece of transmission equipment and its ratings into the system, creating a maintenance schedule and detailing maintenance tasks. Asset Suite will assist BEPC in having more accurate Facility Ratings as soon as

the equipment is entered into the software. The cost of fully implementing Asset Suite into BEPC's Transmission Department are estimated at over \$300,000, with the ongoing annual maintenance of Asset Suite estimated at \$600,000. BEPC is scheduled to have Asset Suite fully implemented by the end of 2019.

9. In order to ensure accountability for the plan addressed above in Paragraph 8 iii, BEPC shall provide to MRO a written report every six months until complete. BEPC shall maintain records and other evidentiary material to support completion of the mitigation and remedies in this Settlement Agreement. The written report shall include scope, progress, and actual expenditures. MRO staff may audit the progress, as necessary, within its discretion, and adequately coordinate with BEPC personnel. The purpose of the audit is to validate that the actions resulting from this settlement are performed in accordance with the terms and conditions of this Settlement Agreement.
10. In order to facilitate MRO's need to communicate the status and provide accountability to NERC, BEPC will provide evidence of completion and written notice to MRO within thirty (30) days of completion of the agreed upon remedies listed in Paragraph 8. BEPC will submit this notice and these updates to MRO in accordance with the confidentiality provisions of Section 1500 of the NERC Rules of Procedure.

#### **V. ADDITIONAL TERMS**

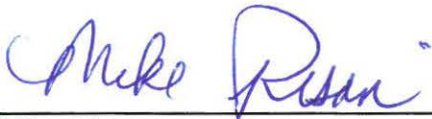
11. This Settlement Agreement shall become effective upon the Commission's approval of the Settlement Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
12. BEPC agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and BEPC waives its right to further hearings and appeal, unless and only to the extent that BEPC contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. MRO reserves all rights to initiate enforcement, penalty or sanction actions against BEPC in accordance with the NERC Rules of Procedure in the event that BEPC fails to comply with the Mitigation Plan, other actions, and compliance program agreed to in this Settlement Agreement. In the event BEPC fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, MRO will initiate enforcement, penalty, or sanction actions against BEPC 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, BEPC shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
13. BEPC consents to the use of MRO's determinations, findings, and conclusions set forth in this Settlement Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or



any Regional Entity; provided, however, that BEPC does not consent to the use of the specific acts set forth in this Settlement Agreement as the sole basis for any other action or proceeding brought by MRO, nor does BEPC consent to the use of this Settlement Agreement by any other party in any other action or proceeding.

14. 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.
15. The undersigned representative of each party affirms that he or she has read the Settlement Agreement, had the opportunity to review this Settlement Agreement with counsel, 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, 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.
16. The Settlement Agreement may be signed in counterparts.
17. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original, and a photocopy or electronic copy of this Settlement Agreement may be relied upon as if it were an original.

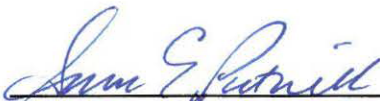
Agreed to and accepted:



\_\_\_\_\_  
Mike Risan  
Senior Vice President of Transmission  
Basin Electric Power Cooperative



\_\_\_\_\_  
Date



\_\_\_\_\_  
Sara E. Patrick  
Vice President, Enforcement and Regulatory Affairs  
Midwest Reliability Organization



\_\_\_\_\_  
Date



ATTACHMENT 1

Region	Registered Entity	MCR_ID	BEPC Violation ID #	Notice of Confirmed Violation or Settlement Agreement	Description of the Violation	Reliability Standard	Violation Risk Factor	Violation Risk Severity Level	Risk Assessment	Violation Start Date	Violation End Date	Total Penalty or Sanction (\$)	Method of Discovery	Description of Mitigation Activity	Mitigation Completion Date	Admission Date	Other Factors Affecting the Penalty and Other Considerations
Midwest Reliability Organization (MRO)	Basin Electric Power Cooperative (BEPC)	MCR00182	MRO2013013188	TBD	<p>On August 30, 2013, BEPC submitted its Self-Certification in which it identified non-compliance with FAC-008-3 RS. Specifically, BEPC identified equipment documentation that was not available, but necessary to accurately determine Facility Ratings. BEPC performed a review of its Facility Ratings documentation in response to the Self-Certification. Specifically, BEPC identified 19 Facility Rating errors as a result of its review. During mitigation BEPC identified an additional 86 jointly owned 230 kV and 115 kV facilities that were not documented in its facility rating database. Five of the 19 incorrect Facility Ratings were greater than the rating of their most limiting element; however, none of these facilities experienced loading in 2013 or 2014 that was greater than 74% of the normal corrected ratings.</p> <p>BEPC had internal controls centered on the model building process to review Facility Ratings. BEPC used the model building process to communicate rating changes, track Facility Ratings, and trigger reviews of Facility Ratings. These internal controls are inadequate to eliminate the risk and achieve compliance as evidenced by the discrepancies that were found between the mitigated facility rating documentation and the 2013 series summer peak model, which was the planning model that was utilized for sampling by MRO.</p> <p>Five out of the 86 jointly owned facilities were judgmentally sampled by MRO based on potential system impact in order to investigate the relationship between the corrected normal and emergency ratings compared to the ratings that were used in planning studies and in the TOP SCADA models. In four of the five facilities at least one sampled rating was in error. The only error in the sampled planning model that, once corrected, reduced the rating of the line was a single emergency rating of a line.</p>	FAC-008-3	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. Specifically, five facilities, out of 19 facilities identified by BEPC as having Facility Rating Errors, were rated higher than their most limiting element, but none of these facilities experienced loadings greater than 74% of their corrected normal ratings. For the 14 Facility Ratings that were rated below their most limiting element, these errors could have limited dispatch options for operators. The use of these incorrect ratings in models and planning studies could also have led to unnecessary Corrective Action Plans. Additionally, BEPC failed to document 86 jointly owned facilities in its Facility Rating database. This increases the risk of a rating discrepancy between the joint owners. The risk to the BES is further increased because BEPC is not a transmission operator and the Western Area Power Administration (WAPA) (BEPC's transmission operator), relies on the accuracy of BEPC's Facility Ratings during operations. The risk to the BES was reduced, and is not categorized as severe because: 1) BEPC did not own any facilities associated with an Interconnection Reliability Operating Limit (IROL); 2) BEPC worked with the owners of the jointly owned lines on the yearly model building and planning study process which provided a forum for resolving rating discrepancies; and 3) All the TOP SCADA ratings sampled were more conservative than the corrected Facility Ratings. Although none of the facilities exceeded their most limiting element, that appears to be by circumstance as there is no evidence that BEPC was aware that it had errors in its Facility Ratings. No harm is known to have occurred.</p>	Anticipated 12/31/2015 (when the mitigation is scheduled to be complete) (a pending mitigation extension request may after this date)	\$75,000	Self-Certification	<p>BEPC will complete a comprehensive review of its Facility Rating Database and update all Facility and Equipment Ratings. BEPC will augment its internal controls to help maintain the accuracy of the facility database. Mitigation is scheduled to be complete on or before December 31, 2015 (a pending mitigation extension request may after this date).</p>	TBD	Admits	<p>MRO reviewed BEPC's internal compliance program and considered it to be a mitigating factor in the penalty determination. BEPC has a compliance program that engages senior management and specifically designates compliance authority and responsibility to the Manager of Transmission Compliance (Manager). The Manager has direct access to the CEO and has defined proactive responsibilities in the areas of detection and training. Further, BEPC's internal compliance program empowers employees to report compliance concerns and includes a procedure to allow for anonymous complaints.</p> <p>BEPC cooperated fully with MRO's investigation and MRO considered BEPC's cooperation to be a mitigating factor in the penalty determination.</p> <p>This is BEPC's first issue with FAC-008-3.</p>		

## **Attachment B**

### **Record documents for the violation of FAC-008-3 R6 (MRO2013013188):**

**B-1. BEPC's Self-Certification dated  
August 30, 2013;**

**B-2. BEPC's Mitigation Plan dated  
March 6, 2015;**

**B-3. BEPC's Certification of Mitigation  
Plan Completion dated April 25,  
2016; and**

**B-4. MRO's Verification of Mitigation Plan  
Completion dated April 26, 2016.**

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Self-Certification Report

Entity: Basin Electric Power Cooperative

NERC ID: NCR00102

Address: 1717 East Interstate Avenue  
Bismarck ND 58503

Title: FAC-008-3 R6

Reporting Period From: To:  
Region Setup Comment:

Start Date: August 01, 2013

Due Date: August 31, 2013

Submitted On: August 30, 2013

General Entity Comment: Basin Electric Power Cooperative (BEPC) has completed the Self-Certification for FAC-008-3\_R6. Please refer to BEPC's 0\_Identification\_of\_Policies\_Practices\_or\_Procedures document for a detailed explanation of the documents provided via the MRO EFT Site.

Standard Requirement	Compliance Status	OEA Status	Entity Requirement Comment
FAC-008-3 R6.	Not Compliant	No	Basin Electric Power Cooperative (BEPC) has completed a detailed review of its Facility Ratings Methodology, Facility Ratings Calculations / Supporting Evidence, and its overall Facility Ratings information. In reviewing the documentation for the Random sample that was generated for BEPC, all documentation and evidence appears to be complete. However in reviewing all documentation pertaining to Facility Ratings, BEPC has identified areas where Supporting Evidence may not be available at this time or there are slight differences in the current Facility Ratings compared to the historical Facility Ratings. Based on this extensive review and improvement project, Basin Electric Power Cooperative (BEPC) is Self-Certifying "Non Compliant" to FAC-008-3_R6 at this time.

## Mitigation Plan

### Mitigation Plan Summary

Registered Entity: Basin Electric Power Cooperative

Mitigation Plan Code: MROMIT011515

Mitigation Plan Version: 1

<u>NERC Violation ID</u>	<u>Requirement</u>	<u>Violation Validated On</u>
MRO2013013188	FAC-008-3 R6.	12/01/2014

Mitigation Plan Submitted On: March 06, 2015

Mitigation Plan Accepted On: March 23, 2015

Mitigation Plan Proposed Completion Date: April 29, 2016

Actual Completion Date of Mitigation Plan: April 21, 2016

Mitigation Plan Certified Complete by BEPC On: April 25, 2016

Mitigation Plan Completion Verified by MRO On: April 26, 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: Basin Electric Power Cooperative

NERC Compliance Registry ID: NCR00102

Address: 1717 East Interstate Avenue  
Bismarck ND 58503

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: David Rudolph

Title: Manager of Transmission Compliance

Email: drudolph@becp.com

Phone: 701-557-5722

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		
MRO2013013188	01/01/2013	FAC-008-3 R6.
Each Transmission Owner and Generator Owner shall have Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings.		

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

On April 15, 2013 the MRO Region issued a Notification of FAC-008-3\_R6 Self-Certification to Basin Electric Power Cooperative (Basin Electric) with a due date of August 31, 2013. From April 15, 2013 to approximately August 15, 2013, Basin Electric conducted a thorough review of its Facility Ratings Methodology and its documentation for determining its Facility Ratings. The results of Basin Electric's thorough review indicated that Basin Electric had a complete and detailed Facility Ratings Methodology, but Basin Electric's documentation and/or supporting evidence for determining its Facility Ratings was incomplete. From May of 2012 and continuing through August 2013, Basin Electric had dedicated significant resources (Full-time Engineering staff and Summer Engineering Interns) towards gathering, reviewing, and verifying the documentation and/or supporting evidence for determine its Facility Ratings. Even though the majority of the tasks relating to this documentation and/or supporting evidence project were completed, the overall Facility Ratings project was incomplete. Therefore, Basin Electric Self-Certified "Non-Compliant" for FAC-008-3\_R6 on August 30, 2013.

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

FAC-008-3\_R6 is as follows:

Each Transmission Owner and Generator Owner shall have Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings methodology or documentation for determining its Facility Ratings.

As of August 30, 2013, Basin Electric had completed the following items:

1. A documented Facility Ratings Methodology.
2. A majority of the Facility Ratings for "Cooperative-owned" BES Elements or Facility(s).
3. A majority of the documentation and/or supporting evidence for cooperative-owned BES Elements or Facility(s).

As of August 30, 2013, Basin Electric had NOT completed the following items:

1. A portion of the Facility Ratings for "Cooperative-owned" BES Elements or Facility(s).
2. A portion of the documentation and/or supporting evidence for cooperative-owned BES Elements or Facility(s).
3. The completion and publishing of an overall Basin Electric Facility Ratings document.

## 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:

1. Gather and review ALL remaining documentation and/or supporting evidence for cooperative-owned BES Elements or Facility(s).
2. For joint-owned or multiple owner Facilities, Basin Electric will coordinate with ALL applicable entities to review, document, and publish Facility Ratings for all joint-owned or multiple-owner Facilities with cooperative-owned BES Elements.
3. Complete and publish an overall Basin Electric Facility Ratings document.
4. Develop a procedure and/or process for gathering, reviewing, and updating Basin Electric's Facility Ratings on a periodic basis.

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: April 29, 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
Status Update for FAC-008-3_R6	Status Update for FAC-008-3_R6 Mitigation Plan.	04/30/2015	04/29/2015	<p>1. On 3/25/2015, Basin Electric had identified all Facilities in which it had not received all the series element information required for the correct calculation of transmission circuits.</p> <p>2. On 4/8/2015, Basin Electric and Western Area Power Administration held an initial meeting to discuss the coordination of Element and Facility ratings between the two parties and the reporting entity responsible for those Facilities that are jointly owned. Western is currently reviewing the information that Basin Electric had provided to them.</p> <p>3. Basin Electric has</p>	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
				developed an initial Facility Ratings Process on how to keep the Facility Ratings current and up to date. Meetings to discuss this process were held on 3/25/2015 and 4/24/2015. The topics discussed were how to develop a process that will work within the confines of the current way in which the work is being performed.	
Status Update for FAC-008-3_R6	Status Update for FAC-008-3_R6 Mitigation Plan.	06/30/2015	06/30/2015	<p>1. On 3/25/2015, Basin Electric had identified all Facilities in which it had not received all the series element information required for the correct calculation of transmission circuits. On 6/10/2015, Basin Electric again verified all Facilities missing a portion of the series element information required for the correct calculation of transmission circuits.</p> <p>2. On 4/8/2015, Basin Electric and Western Area Power Administration held an initial meeting to discuss the coordination of Element and Facility ratings between the two parties and the reporting entity responsible for those Facilities that are jointly owned. Western is currently reviewing the information that Basin Electric had provided to them. On 6/8/2015, Basin Electric and WAPA conducted a second meeting to further discuss the gathering and reporting</p>	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
				<p>of Facility Ratings Information. Several coordination options were discussed at this meeting including the identification of a "Reporting Entity" for each Facility Rating which would ensure that each Facility Rating has a single source of information. Also discussed at this meeting, was the idea of a coordinated "Database" between multiple entities and each entity would be responsible for their elements within this database. Basin Electric continues to coordinate a Facility Ratings solution with Western and other entities.</p> <p>3. Basin Electric has developed an initial Facility Ratings Process on how to keep the Facility Ratings current and up to date. Meetings to discuss this process were held on 3/25/2015 and 4/24/2015. The topics discussed were how to develop a process that will work within the confines of the current way in which the work is being performed. As of 6/30/2015, Basin Electric continues to develop a procedure for gathering, reviewing, and updating the Basin Electric Facility Ratings on a periodic basis (including a coordinated database).</p>	
Provide status update for FAC-008-3 Mitigation Plan	Provide status update for FAC-008-3 Mitigation Plan	08/31/2015	08/28/2015	1. On 3/25/2015, Basin Electric had identified all Facilities in which it had not	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
				<p>received all the series element information required for the correct calculation of transmission circuits. On 6/10/2015, Basin Electric again verified all Facilities missing a portion of the series element information required for the correct calculation of transmission circuits. On 8/25/2015 Basin Electric again verified all Facilities missing a portion of the series element information required for the correct calculation of transmission circuits. Currently BEPC is 98% complete with gathering of the FAC-008-3 Facility Ratings.</p> <p>2. On 4/8/2015, Basin Electric and Western Area Power Administration held an initial meeting to discuss the coordination of Element and Facility ratings between the two parties and the reporting entity responsible for those Facilities that are jointly owned. Western is currently reviewing the information that Basin Electric had provided to them. On 6/8/2015, Basin Electric and WAPA conducted a second meeting to further discuss the gathering and reporting of Facility Ratings Information. Several coordination options were discussed at this meeting including the identification of a "Reporting Entity" for each</p>	

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
				<p>Facility Rating which would ensure that each Facility Rating has a single source of information. Also discussed at this meeting, was the idea of a coordinated "Database" between multiple entities and each entity would be responsible for their elements within this database. Basin Electric continues to coordinate a Facility Ratings solution with Western and other entities. As of 8/28/2015, WAPA is still in the process of identifying the Facilities they own. Once completed, this will allow us to be able to better determine how the coordination should take place on these jointly owned facilities. Due to the time constraints of this project and the multiple entities involved it will be difficult to get a database solution in place right away. Because of this realization the initial coordination will involve getting each owners limiting facility for each jointly owned circuit. Once this is complete, we'll have a jointly coordinated list of facility ratings. BEPC is hopeful that through this process a more permanent and robust solution can be reached such as a single coordinated database for FAC-008-3 ratings.</p> <p>3. Basin Electric has developed an initial Facility Ratings Process on how to</p>	

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
				keep the Facility Ratings current and up to date. Meetings to discuss this process were held on 3/25/2015 and 4/24/2015. The topics discussed were how to develop a process that will work within the confines of the current way in which the work is being performed. As of 6/30/2015, Basin Electric continues to develop a procedure for gathering, reviewing, and updating the Basin Electric Facility Ratings on a periodic basis (including a coordinated database).	
Provide status update for FAC-008-3 Mitigation Plan	Provide status update for FAC-008-3 Mitigation Plan	11/30/2015	11/19/2015	* Please refer to attached Email for FAC-008-3 Mitigation Plan Status Update.	No
Coordinate joint-owned or multiple-owner Facility Ratings.	Coordinate the review, documentation, and publishing of ALL joint-owned or multiple-owner Facilities with all applicable entities.	02/29/2016	02/29/2016	Basin Electric has completed the coordination of the review, documentation, and publishing of all joint-owned or multiple-owner Facilities with all applicable entities. Please refer to the attached BEPC Facility Ratings, Appendix 2.1 spreadsheet.	No
Gather & review remaining FAC-008 documentation.	Gather and review all remaining documentation and/or supporting evidence required to be compliant with FAC-008-3_R6 for cooperative owned BES Facilities.	02/29/2016	02/29/2016	Basin Electric has completed gathering and reviewing all remaining documentation and/or supporting evidence required to be compliant with FAC-008-3_R6 for cooperative owned BES Facilities. Please refer to the attached BEPC Facility Ratings, Appendix 2.1 spreadsheet.	No
Develop a Facility	Develop a procedure	03/31/2016	03/31/2016	Basin Electric Power	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
Ratings Procedure	and/or process for gathering, reviewing, and updating Basin Electric's Facility Ratings.			Cooperative, NCR00102, has completed its development of a Facility Ratings Procedure.	
MRO Review of Mitigation Plan	MRO Review of Basin Electric's Facility Ratings Mitigation Plan.	04/29/2016	04/21/2016	On Thursday, April 21, 2016 Basin Electric received an email notification that the MRO Region had completed its review of the Basin Electric Mitigation Plan for FAC-008-3_R6.	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.

Basin Electric's non-compliance of FAC-008-3\_R6, as identified in the Self-Certification on August 30, 2013, poses minimal risk or impact to the Bulk Electric System (BES). Facility Ratings have been established for all cooperative-owned BES Facilities and these Facility Ratings have been provided to both the Transmission Operator (TOP) and Reliability Coordinator (RC) through appropriate data requests (Model Building). Basin Electric's Self-Certification of "Non-Compliant" on August 30, 2013 was based on the incomplete documentation and/or supporting evidence for a portion of cooperative-owned BES Facilities.

### 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

As part of this mitigation plan, Basin Electric will develop a procedure and/or process for gathering, reviewing, and updating Basin Electric's Facility Ratings on a reoccurring periodic basis.

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

None

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.

Basin Electric Power Cooperative 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: David Rudolph

Title: Manager of Transmission Compliance

Authorized On: March 06, 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: Basin Electric Power Cooperative

NERC Registry ID: NCR00102

NERC Violation ID(s): MRO2013013188

Mitigated Standard Requirement(s): FAC-008-3 R6.

Scheduled Completion as per Accepted Mitigation Plan: April 29, 2016

Date Mitigation Plan completed: April 25, 2016

MRO Notified of Completion on Date: April 25, 2016

Entity Comment: On Thursday, April 1, 2016 Basin Electric received an email notification that the MRO Region had completed its review of the FAC-008-3\_R6 Mitigation Plan. No instances of Non-Compliance were identified during this review.

Additional Documents			
From	Document Name	Description	Size in Bytes
Entity	Justification for FAC-008-3_R6 Mitigation Plan Extension for MRO Region.msg	Email: FAC-008-3 Mitigation Plan Status Update	116,224
Entity	Facility_Ratings_Program_Appendix-2.1-MRO_BES_2016-02-29-Final.xlsx	BEPC Facility Ratings dated February, 29, 2016.	2,458,031
Entity	NCR00102_BEPC_FAC-008-3_Procedure_20160331.pdf	Facility Ratings Procedure for Basin Electric Power Cooperative, NCR00102.	46,897

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: David Rudolph

Title: Manager of Transmission Compliance

Email: drudolph@bepc.com

Phone: 1 (701) 557-5722

Authorized Signature \_\_\_\_\_ Date \_\_\_\_\_

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

**From:** noreply@oati.net  
**Sent:** 04/26/2016 15:00:03  
**To:** drudolph@bepc.com;jvoll@bepc.com;mkraft@bepc.com  
**Subject:** A Mitigation Plan has been verified as completed for Basin Electric Power Cooperative - MRO2013013188 - FAC-008-3 R6.

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The following Mitigation Plan has been verified as completed by MRO.

**Entity: Basin Electric Power Cooperative - NCR00102**

**NERC Violation ID: MRO2013013188**

**Standard Requirement: FAC-008-3 R6.**

**Mitigation Plan submitted on: 03/06/2015 (Version 1) Proposed Completion Date: 04/29/2016**

**Actual Completion Date: 04/21/2016**

**MRO Verified Completion Date on: 04/26/2016**

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Thank you, OATI

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