

July 31, 2013

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

**Re: NERC Full Notice of Penalty regarding NorthWestern Corporation,
FERC Docket No. NP13-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding NorthWestern Corporation (NWC), NERC Registry ID# NCR05282,² 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)).³

NWC is an investor-owned utility organized under the laws of the state of Delaware. Its principal offices for its Montana operations are located in Butte, Montana. NWC serves approximately 332,500 customers in the State of Montana, and NWC's service area covers approximately 97,540 square miles. NWC's peak load is approximately 1,805 MW, and NWC owns approximately 4,669 miles of transmission lines operating at or above 100 kV, including approximately 500 miles operating at 500 kV.

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 (2011). *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 The Western Electricity Coordinating Council confirmed that NWC was included on the NERC Compliance Registry as a Balancing Authority, Distribution Provider, Generator Owner, Load Serving Entity, Planning Authority, Purchase Selling Entity, Resource Planner, Transmission Owner, Transmission Operator, Transmission Planner and Transmission Service Provider as of June 17, 2008. Because NWC is registered for the above-listed functions, NWC is subject to the requirements of PRC-005-1.

³ See 18 C.F.R. § 39.7(c)(2).

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This Notice of Penalty is being filed with the Commission because the Western Electricity Coordinating Council (WECC) and NWC have entered into a Settlement Agreement to resolve all outstanding issues arising from WECC's determination and findings of the violation⁴ of PRC-005-1 R2. According to the Settlement Agreement, NWC agrees and stipulates to the facts in the Settlement Agreement and has agreed to the assessed penalty of one hundred thirty thousand dollars (\$130,000), 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. Accordingly, the violation identified as NERC Violation Tracking Identification Number WECC201102863 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on January 31, 2013, by and between WECC and NWC, which is included as Attachment a. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty filing contains the basis for approval of the Settlement Agreement by the NERC Board of Trustees Compliance Committee (NERC BOTCC). In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2013), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty
Western Electricity Coordinating Council	NorthWestern Corporation	NOC-1997	WECC201102863	PRC-005-1	R2	High	\$130,000

⁴ 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.

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PRC-005-1 R2

The purpose statement of Reliability Standard PRC-005-1 provides: "To ensure all transmission and generation Protection Systems affecting the reliability of the Bulk Electric System (BES) are maintained and tested."

PRC-005-1 R2 provides:

R2. Each Transmission Owner and any Distribution Provider that owns a transmission Protection System⁵ and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization⁶ on request (within 30 calendar days). The documentation of the program implementation shall include:

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

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

PRC-005-1 R2 has a "High" Violation Risk Factor and a "High"⁷ Violation Severity Level. The subject violation applies to NWC's Distribution Provider (DP), Generator Owner (GO), and Transmission Owner (TO) functions.

On July 15, 2011, NWC submitted a Self-Report citing noncompliance with PRC-005-1 R2. Specifically, NWC reported that it failed to perform maintenance within the defined four-year interval for 12 relays. On September 16, 2011, NWC expanded the scope of the July 15, 2011 Self-Report, stating that it failed to perform maintenance and testing of batteries in 21

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

⁶ Consistent with applicable FERC precedent, the term "Regional Reliability Organization" in this context refers to WECC.

⁷ WECC's Notice of Alleged Violation referenced a "Severe" VSL based on NWC's failure to test 15.4% of its batteries. Because NWC subsequently provided additional information demonstrating that it failed to test 14.8% of its batteries, WECC assigned a "High" VSL to this violation.

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substations according to the seven-year interval prescribed by its maintenance and testing program (Program).⁸ On March 6, 2012, NWC submitted a second Self-Report, further expanding the scope of its PRC-005-1 R2 violation to include missed interval testing for a microprocessor relay at NWC's Rainbow Switchyard.⁹

Between March 12, 2012 and March 22, 2012, WECC conducted an onsite Compliance Audit of NWC. The scope of the Compliance Audit included NWC's compliance with PRC-005-1 R2. WECC's reviewed NWC's Self-Reports, as well as maintenance and testing records provided by NWC, as part of its pre-audit disclosure. WECC determined that, consistent with NWC's Self-Reports, maintenance and testing for 12 relays, 21 batteries, and one microprocessor relay was not performed within defined intervals.

Further, WECC found that the scope of NWC's violation exceeded the scope initially disclosed by NWC in its Self-Reports. During the course of the Compliance Audit, WECC identified an additional 241 devices that had no last test date or no test records. In total, WECC determined that NWC failed to provide evidence of maintenance and testing for 263 devices. The 263 devices included 39 relays (2% of the applicable NWC devices); 21 batteries (15.4%); 101 current transformers (CT) and potential transformers (PT) (3.7%), 98 DC circuits (5%), and 4 communication devices (2%).

On June 28, 2012, NWC disclosed that, during the course of implementing its Mitigation Plan, it identified four additional communication devices at its Judith Gap South facility for which evidence of testing and maintenance could not be produced. Therefore, consistent with information disclosed in these discovery documents, WECC determined that NWC failed to provide evidence of maintenance and testing for a total of 267 Protection System devices, as well as the date each Protection System device was last tested, in violation of R2.

On July 9, 2012, WECC issued a Notice of Alleged Violation (NOAV) of PRC-005-1 R2 to NWC. On August 7, 2012, NWC responded to the NOAV. In its response, NWC requested settlement

⁸ The expansion in scope was reported in NWC's Mitigation Plan dated September 16, 2011.

⁹ The violation included in the second Self-Report was originally processed under NERC Violation ID WECC2012009806. Upon further review, WECC Enforcement determined that processing a single violation that included the full scope of NWC's noncompliance with PRC-005-1 R2 would be more appropriate. WECC Enforcement, therefore, dismissed Violation WECC2012009806.

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to resolve contentions stemming from the penalty attached to the violation and contested the number of devices included in the scope of the violation.

On January 15, 2013, NWC and WECC reached agreement as to the scope of the violation. WECC and NWC agreed that the scope of NWC's violation included the following 260 devices;¹⁰ 42 relays (2%); 21 batteries (14.8%);¹¹ 95 CT/PTs (3.5%); 92 DC circuits (4.7%); and 10 communication devices (4.9%).

WECC determined that NWC had a violation of PRC-005-1 R2 because it failed to test and maintain 260 Protection System devices.

WECC determined the duration of the violation to be from June 18, 2007, the date the Standard became mandatory and enforceable, through present.¹²

WECC determined that this violation posed a moderate risk to the reliability of the bulk power system (BPS), but did not pose a serious or substantial risk. Specifically, although NWC failed to complete seven- and four-year interval testing, NWC conducted monthly and quarterly substation checks. During these checks, NWC staff physically inspected the facilities for damaged equipment. For batteries, these checks included electrolyte and voltage checks each month. NWC demonstrated that preventative maintenance triggered by these quarterly and monthly checks prevented any power failure in NWC substations during the violation period. Further, NWC substations are equipped with alarming in the event of Protection System device malfunction or misoperation. NWC has a documented process in place that details procedures to prevent and immediately respond to equipment malfunctions, thereby limiting the risk of cascading failures. NWC also has a full-time equivalent employee (FTE) dedicated to monitoring all relay operations and misoperation each business day. In the event the FTE identifies a misoperation, NWC has a process to take immediate action. Nevertheless, despite the mitigating factors, given the scope of the violation, WECC determined that NWC's noncompliance posed a moderate risk to the BPS.

¹⁰ According to WECC Enforcement, seven devices were excluded from the scope of the violation because they were determined to be part of a Mitigation Plan.

¹¹ The NOAV stated that NWC failed to maintain and test 15.4%, or 21 out of 136, of its batteries. After the NOAV was issued, NWC provided additional information to WECC, demonstrating that it failed to test 21 out of a total of 141 batteries, or 14.8%.

¹² The Mitigation Plan is scheduled for completion on September 25, 2013.

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Regional Entity's Basis for Penalty

According to the Settlement Agreement, WECC has assessed a penalty of one hundred thirty thousand dollars (\$130,000) for the referenced violation. In reaching this determination, WECC considered the following factors:

(1) Mitigating factors:

- NWC self-reported the violation;
- In addition to the mitigating measures included in its Mitigation Plan, NWC implemented significant organizational and programmatic changes to prevent future instances of noncompliance, which were considered a mitigating factor in the penalty determination. NWC implemented two new work tracking databases dedicated to PRC-005-1 R2 testing and maintenance. NWC added additional staff dedicated to PRC-005-1 testing and maintenance. NWC reorganized its staff and management to vertically integrate PRC-005-1 maintenance and testing responsibility. Responsibility for testing and maintenance is now spread across the organization instead of being solely located with individual facility managers; and
- NWC had an internal compliance program (ICP) at the time the violation occurred.¹³

(2) Aggravating factor:

- The instant violation is NWC's fourth violation of PRC-005-1 R2. ■

¹³ WECC reviewed NWC's ICP and determined that: NWC has a comprehensive, established, and effective program; NWC's ICP identifies and lists all applicable NERC Reliability Standards and includes a process for updating this list as Standards change; NWC has identified and assigned responsibility and accountability to a compliance officer or other high-ranking official; NWC has four positions fully dedicated to FERC and NERC compliance; NWC's compliance officer has independent access to the chief executive officer or equivalent; NWC's ICP is operated and managed so it is independent of those responsible for compliance with NERC Reliability Standards; NWC's ICP has the support and participation of senior management; NWC's ICP includes measurable, specific compliance performance targets; NWC's ICP requires compliance training for all NWC staff, contractors, and vendors who have direct responsibility for the implementation of the processes and procedures that demonstrate compliance with the NERC Reliability Standards; NWC's ICP has been distributed to all employees and, if applicable, contractors and vendors; NWC has fully implemented its ICP; NWC's ICP includes documentation regarding compensation, awards, employee recognition, or other incentives to encourage employee compliance with NERC Reliability Standards; NWC's ICP includes procedures for disciplinary action for employees involved in violations of the Reliability Standards; NWC's ICP includes formal, internal self-auditing for compliance with all applicable NERC Reliability Standards on an annual basis; NWC's ICP includes specific procedures to promote prompt detection and self-reporting of possible violations to WECC; NWC reviews its ICP at least annually; and, NWC participates in outreach compliance program activities.

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(3) Other factors:

- WECC reported that NWC was cooperative throughout the compliance enforcement process;
- There was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
- WECC determined that the violation did not pose a serious or substantial risk to the reliability of the BPS, as discussed above; and
- WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

After consideration of the above factors, WECC determined that, in this instance, the penalty amount of one hundred thirty thousand dollars (\$130,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violation.

Status of Mitigation Plan¹⁵

NWC submitted several versions of the Mitigation Plan for this violation.¹⁶ NWC’s Mitigation Plan to address its violation of PRC-005-1 R2 was submitted to WECC on November 20, 2012

[REDACTED]

[REDACTED]

¹⁵ See 18 C.F.R § 39.7(d)(7).
¹⁶ On July 18, 2011, NWC submitted a Mitigation Plan addressing the violation of PRC-005-1 R2 identified in its Self-Report submitted on July 15, 2011. On September 16, 2011 NWC submitted a revised Mitigation Plan identifying

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with a proposed completion date of September 15, 2013. The Mitigation Plan was accepted by WECC on December 3, 2012 and approved by NERC on December 18, 2012. The Mitigation Plan for this violation is designated as WECCMIT00578 and was submitted as non-public information to FERC on December 18, 2012 in accordance with FERC orders.

NWC's revised Mitigation Plan required NWC to:

1. Reorganize its protective relay employee group. The structure of the group before the reorganization placed the process of scheduling and reviewing the maintenance and testing records with one employee. Following the reorganization, that employee was given an oversight function and given control over the scheduling and review process. Two additional engineering resources have been added with the responsibility of scheduling and reviewing the maintenance records based on the specific intervals defined in NWC's Protection System maintenance and testing program;
2. Purchase a software package to supplement its substation maintenance system. This software allows NWC to centralize Protection System maintenance and testing activities;

mitigation action to be completed by December 30, 2011. On November 8, 2011, WECC issued a Notice of Revised Mitigation Plan Acceptance. On January 4, 2012, NWC submitted the Certification of Mitigation Plan Completion as of December 30, 2011. On February 8, 2011, WECC issued a Notice of Completed Mitigation Plan Acceptance.

However, during WECC's review of NWC's Self-Report submitted on July 15, 2011, WECC identified a number of gaps in NWC's testing data. On March 6, 2012, NWC submitted a Self-Report that contained evidence of ongoing PRC-005-1 R2 violation that was not mitigated.

After reviewing the record, including NWC Self-Reports and Compliance Audit findings, WECC determined that NWC failed to mitigate fully the violation of PRC-005-1 R2. On June 13, 2012, WECC issued a Notice of Retraction of Completed Mitigation Plan Acceptance. WECC requested that NWC submit a revised Mitigation Plan to address the full scope of the violation.

On July 5, 2012, NWC submitted a revised Mitigation Plan. WECC reviewed the revised plan and issued a Notice of Revised Mitigation Plan Acceptance on July 18, 2012. The Mitigation Plan was accepted by WECC on July 12, 2012 and approved by NERC on August 7, 2012. The Mitigation Plan for this violation was submitted as non-public information to FERC on August 7, 2012 in accordance with FERC orders.

On November 20, 2012, NWC submitted a second revision to its Mitigation Plan that included additional action to mitigate the full scope of the violation and prevent future violations of the same Standard.

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3. Establish a project team and create a project charter for implementation of PowerBase database system;
4. Complete testing of all the batteries in the 21 substations identified as being noncompliant;
5. Implement the PowerBase database system;
6. Schedule maintenance and testing for relays, DC circuitry, PTs and CTs, and communication devices to address the expanded scope of PRC-005-1 R2 violation discovered during the Compliance Audit;
7. Complete testing and maintenance for the relays in scope;
8. Complete testing and maintenance for all noncompliant devices in accordance with the Mitigation Plan schedule;
9. Ensure that all identified devices subject to PRC-005-1 R2 are maintained and tested in accordance with NWC's testing and maintenance program;
10. Develop a plan for verifying the completeness and accuracy of its PRC-005-related Bulk Electric System (BES) inventory, including reconciling system documentation for devices in the field; and
11. Complete its plan for verifying the completeness and accuracy of its PRC-005 BES inventory.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed¹⁷

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,¹⁸ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on July 9, 2013. The NERC BOTCC approved the Settlement Agreement, including WECC's

¹⁷ See 18 C.F.R. § 39.7(d)(4).

¹⁸ *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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assessment of a hundred thirty thousand dollars (\$130,000) financial penalty against NWC and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement. In approving the Settlement Agreement, the NERC BOTCC reviewed the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violation at issue.

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

1. NWC self-reported the violation;
2. NWC implemented significant organizational and programmatic changes to prevent future instances of noncompliance, as discussed above;
3. NWC had an ICP at the time of the violation, which WECC considered a mitigating factor, as discussed above;
4. the violation constituted NWC's fourth occurrence of violation of the subject NERC Reliability Standard;
5. WECC reported that NWC was cooperative throughout the compliance enforcement process;
6. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
7. WECC determined that the violation did not pose a serious or substantial risk to the reliability of the BPS, as discussed above; and
8. WECC reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty thirty thousand dollars (\$130,000) is appropriate for this 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.

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Attachments to be Included as Part of this Notice of Penalty

The attachments to be included as part of this Notice of Penalty are the following documents:

- a) Settlement Agreement by and between WECC and NWC executed January 31, 2013, included as Attachment a;
- b) NWC's Self-Report for PRC-005-1 R2 dated July 15, 2011, included as Attachment b;
- c) NWC's Self-Report for PRC-005-1 R2 dated March 6, 2012, included as Attachment c;
- d) NWC's Mitigation Plan designated as WECCMIT00578 submitted September 16, 2011, included as Attachment d; and
- e) NWC's last Mitigation Plan designated as WECCMIT00578 submitted November 20, 2012, included as Attachment e.

A Form of Notice Suitable for Publication¹⁹

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

¹⁹ See 18 C.F.R § 39.7(d)(6).

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

<p>Gerald W. Cauley President and Chief Executive Officer North American Electric Reliability Corporation 3353 Peachtree Road NE Suite 600, North Tower Atlanta, GA 30326 (404) 446-2560</p>	<p>Sonia C. Mendonça* Assistant 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>Charles A. Berardesco* Senior Vice President and General Counsel North American Electric Reliability Corporation 1325 G Street N.W., Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile charles.berardesco@nerc.net</p>	<p>Edwin G. Kichline* North American Electric Reliability Corporation Senior Counsel and Associate Director, Enforcement Processing 1325 G Street N.W. Suite 600 Washington, DC 20005 (202) 400-3000 (202) 644-8099 – facsimile edwin.kichline@nerc.net</p>
<p>Mark Maher* Chief Executive Officer Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (360) 713-9598 (801) 582-3918 – facsimile Mark@wecc.biz</p>	<p>Christopher Luras* Director of Enforcement Western Electricity Coordinating Council 155 North 400 West, Suite 200 Salt Lake City, UT 84103 (801) 883-6887 (801) 883-6894 – facsimile CLuras@wecc.biz</p>

PRIVILEGED AND CONFIDENTIAL INFORMATION
HAS BEEN REMOVED FROM THIS PUBLIC VERSION

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Constance White*
Vice President of Compliance
Western Electricity Coordinating Council
155 North 400 West, Suite 200
Salt Lake City, UT 84103
(801) 883-6855
(801) 883-6894 – facsimile
CWhite@wecc.biz

Ruben Arredondo*
Senior Legal Counsel
Western Electricity Coordinating Council
155 North 400 West, Suite 200
Salt Lake City, UT 84103
(801) 819-7674
(801) 883-6894 – facsimile
raredondo@wecc.biz

*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.

Michael Cashell*
Vice President
NorthWestern Corporation
40 E. Broadway
Butte, MT 59701
406-497-4575
406-497-2150 – facsimile
Michael.Cashell@NorthWestern.com

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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/ Sonia Mendonça

Sonia C. Mendonça
Assistant 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

Gerald W. Cauley
President and Chief Executive Officer
North American Electric Reliability Corporation
3353 Peachtree Road NE
Suite 600, North Tower
Atlanta, GA 30326
(404) 446-2560

Charles A. Berardesco
Senior Vice President and General Counsel
North American Electric Reliability Corporation
1325 G Street N.W., Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
charles.berardesco@nerc.net

Edwin G. Kichline
North American Electric Reliability
Corporation
Senior Counsel and Associate Director,
Enforcement Processing
1325 G Street N.W.
Suite 600
Washington, DC 20005
(202) 400-3000
(202) 644-8099 – facsimile
edwin.kichline@nerc.net

cc: NorthWestern Corporation
Western Electricity Coordinating Council
Attachments

Attachment a

**Settlement Agreement by and between WECC
and NWC executed January 31, 2013**

CONFIDENTIAL

SETTLEMENT AGREEMENT OF WESTERN ELECTRICITY COORDINATING COUNCIL AND NORTHWESTERN CORPORATION

Western Electricity Coordinating Council ("WECC") and NorthWestern Corporation, d/b/a NorthWestern Energy ("NWC") (collectively the "Parties") hereby enter into this Settlement Agreement ("Agreement") on this 31 day of JAN, 2013.

RECITALS

A. The Parties desire to enter into this Agreement to resolve all outstanding issues between them arising from a non-public, preliminary assessment of NWC by WECC that resulted in certain WECC determinations and findings regarding what was an Alleged Violation of the following North American Electric Reliability Corporation ("NERC") Reliability Standard ("Reliability Standard[s]" or "Standard[s]"):

WECC201102863: PRC-005-1 R2 Protection and Control

B. NWC is an investor-owned utility organized under the laws of the State of Delaware. Its principal offices for its Montana Operations are located in Butte, Montana. NWC serves approximately 332,500 customers in the State of Montana, and NWC's service area covers approximately 97,540 square miles. NWC's peak load is approximately 1805 MW, and NWC owns approximately 4,669 miles of transmission lines operating at or above 100kV, including approximately 500 miles operating at 500 kV. On June 17, 2008, NWC was registered on the NERC Compliance Registry as a Balancing Authority, Transmission Owner, Transmission Service Provider, Generator Owner, Purchase Selling Entity, Distribution Provider, Transmission Operator, Transmission Planner, Planning Authority, Resource Planner, and Load Serving Entity.

C. WECC was formed on April 18, 2002, by the merger of the Western Systems Coordinating Council, Southwest Regional Transmission Association, and Western Regional Transmission Association. WECC is one of eight Regional Entities in the United States responsible for coordinating and promoting electric system reliability and enforcing the mandatory Reliability Standards created by NERC under the authority granted in Section 215 of the Federal Power Act. In addition, WECC supports efficient competitive power markets, assures open and non-discriminatory transmission access among members, provides a forum for resolving transmission access disputes, and provides an environment for coordinating the operating and planning activities of its

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members. WECC's region encompasses a vast area of nearly 1.8 million square miles extending from Canada to Mexico and including 14 Western states. It is the largest and most diverse of the eight Regional Entities in the United States.

D. The Parties are entering into this Agreement to settle all disputed matters between them concerning the Alleged Violation. It is in the Parties' and the public's best interests to resolve this matter efficiently without the delay and burden associated with a contested proceeding. Thus, for the purposes of this agreement, NWC agrees that the Alleged Violation may be treated as a Confirmed Violation as set forth in the NERC Rules of Procedure.

Nothing contained in this Agreement shall be construed as a waiver of either Party's rights, provided, however, that nothing in this Agreement shall limit or prevent WECC from evaluating NWC for subsequent violations of the same Reliability Standards addressed herein and taking enforcement action, if necessary. Such enforcement action can include assessing penalties against NWC for subsequent violations of the Reliability Standards addressed herein in accordance with NERC Rules of Procedure, which can include consideration of the Confirmed Violations resolved herein as prior non-compliance with Reliability Standards.

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

I. Stipulated Violation Facts

A. NERC Reliability Standard PRC-005-1 R2

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

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

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

VIOLATION FACTS

NWC is registered on the NERC Compliance Registry as an entity performing the functions of a Transmission Owner, Generator Owner, and Distribution Provider and owns a Protection System subject to PRC-005-1 R2.

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On July 15, 2011, NWC submitted a Self Report citing possible noncompliance with PRC-005-1 R2. Specifically, NWC reported that it failed to perform maintenance within the defined interval for twelve (12) relays. In September 2011, NWC expanded the scope of its Self Report, noting that it failed to perform maintenance and testing on the seven-year interval prescribed by its Maintenance and Testing Program ("Program") for twenty-one (21) batteries. On March 6, 2012, NWC submitted a second Self Report that expanded the scope of PRC-005-1 R2 noncompliance to include missed interval testing for a microprocessor relay at NWC's Rainbow Switchyard.¹

Between March 12, 2012, and March 22, 2012, WECC conducted an onsite compliance audit of NWC. The scope of the audit included NWC compliance with PRC-005-1 R2. To that end, the WECC Audit Team reviewed NWC Self Reports as well as maintenance and testing records provided by NWC as part of its pre-audit disclosure.

The Audit Team determined that, consistent with NWC's Self Reports, maintenance and testing for twenty-one batteries and one relay was not performed within defined intervals. Further, NWC and the Audit Team found that the scope of NWC noncompliance exceeded that initially disclosed by NWC in its Self Reports. During the course of the onsite audit, the Audit Team identified an additional 241 devices as having "no last test date" or "no test records." In total, the Audit Team determined that NWC failed to provide evidence of maintenance and testing for two hundred sixty-three (263) devices. The following summarizes the Audit Team's findings.

Applicable Devices	Devices without Maintenance and Testing evidence	Total Number of Applicable Devices	Percentage of Applicable Devices in scope of Alleged Violation
Relays	39	1964	2.0%
Batteries	21	136	15.4%
CT/PTs	101	2697	3.7%
DC Circuits	98	1964	5.0%
Communications	4	205	2.0%

The Audit Team, therefore, determined that NWC was in possible violation of PRC-005-1 R2 and forwarded their findings to WECC Enforcement ("Enforcement").²

Enforcement reviewed NWC's Self Reports, Audit findings, and determinations, as well as testing records disclosed by NWC. Consistent with information disclosed in these

¹ NERC Violation ID WECC2012009806. Enforcement determined to allege a single violation that included the full scope of NWC noncompliance with PRC-005-1 R2. Enforcement, therefore, dismissed Violation WECC2012009806 as a separate violation.

² Audit findings were included within the scope of the Open Enforcement Action, Violation ID WECC201102863, alleged herein.

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discovery documents, Enforcement determined that NWC failed to provide evidence of maintenance and testing for 267³ Protection System devices in violation of R2.1 and R2.2.

On July 9, 2012, Enforcement, therefore, issued NWC a Notice of Alleged Violation of PRC-005-1 R2.

On August 7, 2012, NWC responded to Enforcement's Notice of Alleged Violation. In its Response, NWC requested settlement to resolve contentions stemming from the penalty attached to the Alleged Violation and contested the number of devices in scope of the Alleged Violation.

On January 15, 2013, NWC and Enforcement reached agreement as to the scope of the Alleged Violation. As outlined in the table included below, Enforcement and NWC agreed that the scope of NWC noncompliance with PRC-005-1 R2 included 260 devices:

Applicable Devices	Devices without Maintenance and Testing evidence	Total Number of Applicable Devices	Percentage of Applicable Devices in scope of Alleged Violation
Relays	42	1964	2.0%
Batteries	21	141	14.8% ⁴
CT/PTs	95	2697	3.5%
DC Circuits	92	1964	4.7%
Communications	10	205	4.9%

Enforcement, therefore, determined that NWC failed to test and maintain 260 Protection System devices as prescribed under PRC-005-1 R2 as of June 18, 2007, the effective date of the Standard.

DESCRIPTION OF MITIGATION ACTIVITY

On July 18, 2011, NWC submitted a Mitigation Plan addressing possible noncompliance with PRC-005-1 R2 identified in its Self Report submitted on July 15, 2011. On September 16, 2011 NWC submitted a Revised Mitigation Plan identifying mitigation action to be completed by December 30, 2011. On November 8, 2011, WECC issued Notice of Revised Mitigation Plan Acceptance. On January 4, 2012, NWC submitted the

³ On Thursday, June 28, 2012, NWC disclosed that during the course of implementing its Mitigation Plan, NWC identified four communication devices at Judith Gap South for which evidence of testing a maintenance required under R2 could not be found.

⁴ The NOAV alleged that NWC failed to maintain and test 15% or 21 out of a total of 136 batteries. After the NOAV was issued, NWC provided additional information demonstrating that it failed to test 21 out of a total of 141 batteries, or 14.8%.

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Certification of Mitigation Plan Completion as of December 30, 2011. On February 8, 2011, WECC issued a Notice of Completed Mitigation Plan Acceptance.

During Enforcement's review of NWC's Self Report submitted on July 15, 2011, Enforcement identified a number of gaps in NWC's testing data. On March 6, 2012, NWC submitted a Self Report that contained evidence of ongoing PRC-005-1 R2 noncompliance that was not mitigated.

After a thorough review of the record, including NWC Self Reports and Audit findings, Enforcement determined that NWC failed to mitigate possible noncompliance with PRC-005-1 R2. On June 13, 2012, WECC issued a Notice of Retraction of Completed Mitigation Plan Acceptance. WECC requested that NWC submit a Revised Mitigation Plan to address the full scope of noncompliance alleged therein.

On July 2, 2012, NWC submitted a Revised Mitigation Plan to address the full scope of noncompliance with PRC-005-1 R2. WECC reviewed NWC's Revised Mitigation Plan and issued a Notice of Revised Mitigation Plan Acceptance on July 18, 2012.

On November 20, 2012, NWC submitted a second revision to its Mitigation Plan that included additional action to mitigate the full scope of NWC noncompliance and prevent future violations of PRC-005-1 R2. NWC has outlined the following actions that have been taken and that it expects will be completed by September 25, 2013:

1. As of July 5, 2011, NWC reorganized its "Protective Relay group." The structure of the group before the reorganization placed the process of scheduling and reviewing the maintenance and testing records with one (1) employee. Now, with the reorganization, that employee has moved to an oversight function providing controls over scheduling and review process. Two additional engineering resources have been added with the responsibility of scheduling and reviewing the maintenance records based on specific intervals defined in NWC's Protection System Maintenance and Testing Program.
2. As of July 5, 2011, NWC purchased a software package to supplement its Substation Maintenance System (Cascade). This software allows NWC to centralize Protective System maintenance and testing activities.
3. As of October 1, 2011, NWC established a project team and created a project charter for implementation of PowerBase database system.
4. As of October 1, 2011, NWC completed testing of all the batteries in the 21 substations identified as being out of compliance.
5. On December 30, 2011, NWC began implementation of the PowerBase database system.
6. On September 24, 2012, NWC scheduled maintenance and testing for noncompliant relays, DC circuitry, PTs/CTs, and communication devices to address the expanded scope of PRC-005-1 R2 noncompliance discovered at Audit.

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7. On September 26, 2012, NWC completed testing and maintenance for noncompliant relays in accordance with the schedule discussed above.
8. On December 17, 2012, NWC completed testing and maintenance for all noncompliant associated devices in accordance with the schedule discussed above.
9. By March 27, 2013, NWC will ensure that all identified devices subject to PRC-005-1 R2 are maintained and tested in accordance with the NWC Testing and Maintenance Program.
10. As part of its Mitigation Plan, NWC will develop a plan for verifying the completeness and accuracy of its PRC-005 related BES inventory, including as appropriate reconciling system documentation to devices in the field, and begin implementing this plan by June 26, 2013.
11. By September 25, 2013, NWC will complete its plan for verifying the completeness and accuracy of its PRC-005 BES inventory. If any deficiencies are discovered, NWC will immediately notify WECC, correct these deficiencies, and add them to the scope of the Mitigation Plan.

WECC reviewed NWC's Mitigation Plan. On December 6, 2012, WECC issued Notice of Revised Mitigation Plan Acceptance.

In addition to the actions prescribed by NWC's Mitigation Plan, NWC implemented significant organizational and programmatic changes to prevent future instances of noncompliance. NWC implemented two new work tracking databases dedicated to PRC-005-1 R2 testing and maintenance. NWC added additional staff dedicated to PRC-005-1 testing and maintenance. NWC reorganized its staff and management to vertically integrate PRC-005-1 maintenance and testing responsibility. Responsibility for testing and maintenance is now spread across the organization instead of being solely located with individual facility managers.

RELIABILITY IMPACT STATEMENT

The purpose of PRC-005-1 is to ensure that all transmission and generation Protection Systems affecting the reliability of the BES are maintained and tested. To that end, R2 requires entities to provide evidence of testing and maintenance that adheres to the schedule prescribed by the entity's Maintenance and Testing Program ("Program") pursuant to sub parts R2.1 and R2.2. In this case, NWC failed to provide evidence of interval testing and evidence of the date last tested in violation of R2.1 and R2.2 for 260 protective devices.

The risks posed by NWC noncompliance are, to an extent, limited by compensating measures in place during the violation period. Although NWC failed to complete seven- and four-year interval testing, NWC conducted monthly and quarterly substation checks. During these checks, NWC staff physically inspected the facilities looking for damaged equipment. For batteries, these checks included electrolyte and voltage checks, monthly. NWC demonstrated that preventative maintenance triggered by these

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quarterly and monthly checks prevented any power failure in NWC substations during the violation period. NWC substations are equipped with alarming in the event of Protection System device malfunction or misoperation. NWC has a documented process in place that details procedures to prevent and immediately respond to equipment malfunctions, thereby limiting the risk of cascading failures. NWC also has an FTE dedicated to monitoring all relay operations and misoperation each business day. In the event the FTE identifies a misoperation, NWC has a process to take immediate action. Nevertheless, given the scope of the violation, NWC's failure to test and maintain over two hundred protection system devices, WECC determined that NWC's noncompliance poses a moderate risk to the BES.

PENALTY CONSIDERATIONS

The Violation Risk Factor (VRF) is "High," the Violation Severity Level (VSL) is "High,"⁵ and this violation posed a moderate risk to the reliability of the BES.

The violation duration is as described above.

MITIGATING FACTORS

Enforcement applied a mitigating factor for the following reason(s):

- a. NWC Self Reported the violation.
- b. Upon undertaking the actions outlined in the Mitigation Plan, NWC took voluntary corrective action to remediate this violation. Further, NWC implemented significant organizational and programmatic changes to prevent future instances of noncompliance. NWC implemented two new work tracking databases dedicated to PRC-005-1 R2 testing and maintenance. NWC added additional staff dedicated to PRC-005-1 testing and maintenance. NWC reorganized its staff and management to vertically integrate PRC-005-1 maintenance and testing responsibility. Responsibility for testing and maintenance is now spread across the organization instead of being solely located with individual facility managers.
- c. WECC reviewed NWC's Internal Compliance Program Assessment ("ICPA"). WECC found that: NWC has a comprehensive, established, and effective program; NWC's ICP identifies and lists all applicable NERC Reliability Standards and includes a process for updating this list as Standards change;

⁵ The NOAV alleged a "Severe" VSL based on NWC's alleged failure to test 15.4% of its batteries. As described above, however, NWC subsequently provided additional information demonstrating that it failed to test 14.8% of its batteries. Per the NERC VSL Table (January 9, 2013), a "High" VSL is warranted when evidence protection system devices were maintained and tested within defined intervals was missing for more than 10% up to (and including) 15% of the applicable devices.

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NWC has identified and assigned responsibility and accountability to a Compliance Officer or other high ranking official; NWC has four positions fully dedicated to FERC/NERC compliance; NWC's Compliance Officer has independent access to the CEO or equivalent; NWC's ICP is operated and managed so it is independent of those responsible for compliance with NERC Reliability Standards; NWC's ICP has the support and participation of senior management; NWC's ICP includes measurable, specific compliance performance targets; NWC's ICP requires compliance training for all entity staff, contractors, and vendors who have direct responsibility for the implementation of the processes and procedures that demonstrate compliance with the NERC Reliability Standards; NWC's ICP has been distributed to all employees and, if applicable, contractors and vendors; NWC has fully implemented its program; NWC's ICP includes documentation regarding compensation, awards, employee recognition, or other incentives to encourage employee compliance with NERC Reliability Standards; NWC's ICP includes procedures for disciplinary action for employees involved in violations of the Reliability Standards; NWC's ICP includes formal, internal self-auditing for compliance with all applicable NERC Reliability Standards on an annual basis; NWC's ICP includes specific procedures to promote prompt detection and self-reporting of possible violations to WECC; NWC regularly reviews its ICP at least annually; and, NWC participates in outreach compliance program activities.

AGGRAVATING FACTORS

Enforcement applied an aggravating factor for the following reason(s):

- a. NWC has relevant negative compliance history. This is NWC's third violation of PRC-005-1 R2 with WECC.

[REDACTED]

[REDACTED]

- [REDACTED]
- b. Enforcement determined there were no other aggravating factors warranting a penalty higher than the proposed penalty. NWC was cooperative throughout the process. NWC did not fail to complete any applicable compliance directives. There was no evidence of any attempt by NWC to conceal the violation. There was no evidence that NWC's violation was intentional.

II. Settlement Terms

A. **Payment.** To settle this matter, NWC hereby agrees to pay \$130,000 to WECC via wire transfer or cashier's check. NWC shall make the funds payable to a WECC account identified in a Notice of Payment Due that WECC will send to NWC upon approval of this Agreement by NERC and the Federal Energy Regulatory Commission ("FERC"). NWC shall issue the payment to WECC no later than thirty days after receipt of the Notice of Payment Due. If this payment is not timely received, WECC shall assess, and NWC agrees to pay, an interest charge calculated according to the method set forth at 18 CFR § 35.19(a)(2)(iii) beginning on the 31st day following issuance of the Notice of Payment Due.

The terms of this Agreement, including the agreed-upon payment, are subject to review and possible revision by NERC and FERC. Upon NERC approval of the Agreement, NERC will file a Notice of Penalty with FERC and will post the Agreement publicly. If either NERC or FERC rejects the Agreement, then WECC will attempt to negotiate a revised settlement agreement with NWC that includes any changes to the Agreement specified by NERC or FERC. If the Parties cannot reach a settlement agreement, the CMEP governs the enforcement process.

B. **Settlement Rationale.** WECC's determination of any penalty and sanction included in this Agreement is guided by the statutory requirement codified at 16 U.S.C. § 824o(e)(6) that any penalty imposed "shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of [the Registered Entity] to remedy the violation in a timely manner." In addition, WECC considers the direction of the Commission provided in Order No. 693, the NERC Sanction Guidelines, the Commission's Policy Statement on Enforcement, the Commission's July 3, 2008 Guidance Order, the Commission's August 27, 2010 Guidance Order, and all other applicable guidance from NERC and FERC.

To determine a penalty or sanction, WECC considers various factors, including, but not limited to: (1) Violation Risk Factor; (2) Violation Severity Level, (3) risk to the reliability of the Bulk Electric System ("BES"), including the seriousness of the violation; (4) Violation Time Horizon; (5) the violation's duration; (6) the Registered Entity's compliance history; (7) the Registered Entity's self-reports and voluntary corrective

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action; (8) the degree and quality of cooperation by the Registered Entity in the audit or investigation process, and in any remedial action; (9) the quality of the Registered Entity's compliance program; (10) any attempt by the Registered Entity to conceal the violation or any related information; (11) whether the violation was intentional; (12) any other relevant information or extenuating circumstances; and (13) the Registered Entity's ability to pay a penalty, as applicable.

WECC determined the penalty is appropriate in light of the specific violation facts and penalty considerations described above.

III. Additional Terms

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

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

C. Review. Each party agrees that it has had the opportunity to consult with legal counsel regarding the Agreement and to review it carefully. Each party enters the Agreement voluntarily. No presumption or rule that ambiguities shall be construed against the drafting party shall apply to the interpretation or enforcement of this Agreement.

D. Entire Agreement. The Agreement represents the entire agreement between the Parties. No tender, offer, or promise of any kind outside the terms of the Agreement by any member, employee, officer, director, agent, or representative of NWC or WECC has been made to induce the signatories or the Parties to enter into the Agreement. No oral representations shall be considered a part of the Agreement.

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

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

G. Reservation of Rights. WECC reserves all of its rights to initiate enforcement, penalty, or sanction actions against NWC in accordance with the

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

H. Consent. NWC consents to the use of WECC's determinations, findings, and conclusions set forth in this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, in accordance with the NERC Sanction Guidelines and applicable Commission orders and policy statements. Such use may be in any enforcement action or compliance proceeding undertaken by NERC and/or any Regional Entity; provided, however, that Registered Entity 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 WECC, nor does NWC consent to the use of this Agreement by any other party in any other action or proceeding.

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

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

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

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

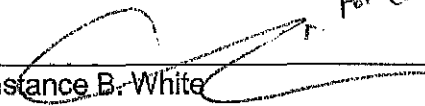
M. Counterparts and Facsimiles. The Agreement may be executed in counterparts, in which case each of the counterparts shall be deemed to be an original. Also, the Agreement may be executed via facsimile, in which case a facsimile shall be deemed to be an original.

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

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Agreed to and accepted:

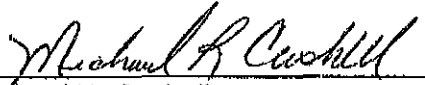
WESTERN ELECTRICITY COORDINATING COUNCIL

 *For Constance White.*

Constance B. White
Vice President of Compliance

Date 1/31/13

NORTHWESTERN CORPORATION, d/b/a NORTHWESTERN ENERGY



Michael R. Cashell
Vice President - Transmission

Date 1/29/13

Attachment b

**NWC's Self-Report for PRC-005-1 R2 dated
July 15, 2011**

Self Report - 2011

Entity Name: NorthWestern Corporation

Address: 125 S. Dakota Ave.
Sioux Falls SD 57104

NERC Registry ID: NCR05282

Standard Requirement: PRC-005-1 R2.1

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

Date of Alleged Violation: August 31, 2010

Date Submitted: July 15, 2011

Self Report Status: Self Report has been submitted

Description and Cause: Maintenance of the attached Protective Relays did not occur in the interval defined in NorthWestern's Protection System Maintenance and Testing Program. These relays were properly scheduled for maintenance, but the follow-up to ensure the maintenance was performed was not done on time.

Potential Impact to the Bulk Power System: Although the attached relays were not maintained in accordance with the interval specified in the program, relay operations and misoperations are monitored during all business days and are addressed if necessary. Additionally the testing on the devices was completed in a timely manner as set forth by NorthWestern's Protection and System Maintenance and Testing Program, therefore the risk to the Bulk Power System was minimal. The testing provided confirmation that the relays were functioning properly and the reliability of the BPS was not in jeopardy. The relays in question represent less than 1/2 percent of the total population of NorthWestern's BES relays. These relays have now been properly maintained and as discussed in the Mitigation Plan that will accompany this Self Report, actions have been taken and planned to improve NorthWestern's processes and controls to mitigate future occurrences of this issue.

Additional Documents			
From	Document Name	Description	Size in Bytes
Entity	List of Protective Relays.xlsx	Attached protective relays for PRC-005 self report - late maintenance	10,093

Attachment c

**NWC's Self-Report for PRC-005-1 R2 dated
March 6, 2012**

Self Report - 2010

Entity Name: NorthWestern Corporation

NERC ID: NCR05282

Address: 3010 W 69th Street
Sioux Falls SD 57108

Standard Requirement: PRC-005-1 R2

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

Date of Alleged Violation: June 01, 2010

Date Submitted: March 06, 2012

Self Report Status: Self Report has been submitted

Description and Cause: Testing of a relay in NWC's Rainbow Switchyard (100-012 relay/RFL 9300) did not occur as scheduled. This is a microprocessor relay controlling a 100 kV line breaker.

The proper follow-up was not performed on this particular relay to ensure that it was tested on time.

Potential Impact to the Bulk Power System: Although this relay was not tested as scheduled, relay operations and mis-operations are monitored at all times and are addressed as necessary. Additionally, the maintenance for this relay did occur on schedule in March 2010. NWC will test this relay by April 15, 2012 and actions have been taken or in progress to improve NWC's processes and controls to mitigate future occurrences of this issue. Finally, there is a backup relay for the 100 kV line, a Schweitzer relay, therefore minimizing the impact if the RFL 9300 relay had failed.

For these reasons, NWC believes the risk to the BES because of this missed relay testing is minimal.

Attachment d

**NWC's Mitigation Plan designated as
WECCMIT00578 submitted September 16,
2011**

Mitigation Plan

Registered Entity: NorthWestern Corporation

<u>NERC Violation ID</u>	<u>Requirement</u>	<u>Violation Validated On</u>
WECC201102863	PRC-005-1 R2	null

Mitigation Plan Submitted On: September 16, 2011

Mitigation Plan Accepted On:

Mitigation Plan Proposed Completion Date: December 30, 2011

Actual Completion Date of Mitigation Plan:

Mitigation Plan Certified Complete by NWC On:

Mitigation Plan Completion Validated by WECC On:

Mitigation Plan Completed? (Yes/No): No

Section A: 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.

Section B: Registered Entity Information

B.1 Identify your organization:

Entity Name: NorthWestern Corporation

NERC Compliance Registry ID: NCR05282

Address: 125 S. Dakota Ave.
Sioux Falls SD 57104

B.2 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: John Canavan

Title: Manager, FERC Compliance

Email: john.canavan@northwestern.com

Phone: 406-497-4309

Section C: Identification of Reliability Standard Violation(s) Associated with this Mitigation Plan

C.1 This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

Violation ID	Date of Violation	Requirement
Requirement Description		
WECC201102863	08/31/2010	PRC-005-1 R2
Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30calendar days). The documentation of the program implementation shall include:		

C.2 Identify the cause of the violation(s) identified above:

Maintenance of the attached Protective Relays did not occur in the interval defined in the Protection System Maintenance and Testing Program. These relays were properly scheduled for maintenance, but the follow-up to ensure the maintenance was performed was not done on a timely basis.

September 2011 Update: During follow-up with WECC staff relating to this violation, NorthWestern Energy discovered that it had missed testing or lost test data pertaining to battery testing in 21 substations. A list of these substations is attached to this mitigation plan. Per our discussion with WECC staff on 9/8/11, it was recommended that this mitigation plan be modified in scope to include this missed battery testing. The attached list indicates that 10 of the 21 substations were not tested within their defined interval. Of these 10 substations, 5 have recently been tested (2011). The remaining 5 substations are scheduled for testing by 12/31/2011.

The list also indicates that 11 of the 21 substations were last tested in 2005 and 2006 and are not scheduled to be tested again until 2012. However, because of computer issues, NorthWestern does not have the records to support that these 11 substations were tested within their 7 year interval. Even though these 11 substations are not scheduled to be tested until 2012, NorthWestern Energy plans to test these substations by 12/31/2011. NorthWestern Energy has a total of 170 BES substations and as indicated in the attached spreadsheet, most of the substations relating to the missed battery testing are lower voltage (100 kV) substations.

C.3 Provide any relevant information regarding the violation(s) associated with this Mitigation Plan: [If known]

Although the attached relays were not maintained in accordance with the interval specified in NorthWestern's Protection System Maintenance and Testing Program, relay operations and misoperations are monitored during all business days and are addressed if necessary. Additionally the testing on the devices was completed in a timely manner as set forth by NorthWestern's Protection and System Maintenance and Testing Program, therefore the risk to the BES was minimal. The testing provided confirmation that the relays were functioning properly and the reliability of the BES was not in jeopardy. These 12 relays represent less than 1/2 percent of the total number of NorthWestern's BES relays. The testing of the batteries included in the scope of this mitigation plan has been made a top priority.

Section D: Details of Proposed Mitigation Plan

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

In addition to completing the testing and maintenance identified in this Mitigation Plan and to mitigate any future occurrences, NorthWestern's Protective Relay group has gone through reorganization. The structure of the Protective Relay group before the reorganization placed the process of scheduling and reviewing the maintenance/testing records with one employee. Now with the reorganization, that employee has moved to an oversight function providing controls over the scheduling and review process and two additional engineering resources have been added with the responsibility of scheduling and reviewing the maintenance records based on the specific intervals defined in NorthWestern's Protection System Maintenance and Testing Program.

NorthWestern has purchased a software package to supplement its Substation Maintenance System (Cascade). This software will allow NorthWestern to more centralize its protective system maintenance and testing activities and improve the efficiency of scheduling and monitoring these activities. This software is scheduled to begin implementation in late 2011.

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

Proposed Completion date of Mitigation Plan: December 30, 2011

- D.3 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
Maintenance on the 12 relays	The date for the full implementation of this Mitigation Plan as it relates to the missed relay testing was 07/05/11. The subject 12 relays have been properly maintained and are now on schedule for future maintenance. Additionally, the reorganization and software purchase discussed in D.1 will help mitigate future occurrences of this issue.	07/05/2011	July 05, 2011
Preliminary Implementation Plans for PowerBase database system	Establish project team and create project charter for implementation of PowerBase database system.	10/01/2011	
Complete battery testing	Complete the testing of the batteries in the 21 substations identified in the attached spreadsheet. Begin implementation of PowerBase database system	12/30/2011	

- D.4 Additional Relevant Information (Optional)

Section E: Interim and Future Reliability Risk

E.1 Abatement of Interim BES Reliability Risk

While your organization is implementing the Mitigation Plan proposed in Section D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

The date for the full implementation of this Mitigation Plan relating to the missed relay testing was 07/05/11. The subject 12 relays have been properly maintained and are now on schedule for future maintenance. Testing of the batteries in the 21 substations in the scope of this Mitigation Plan has been made a top priority. Additionally, the reorganization and software purchased discussed in D.1 will help mitigate potential future occurrences of this issue.

E.2 Prevention of Future BES Reliability Risk

Describe how successful completion of the Mitigation Plan as laid out in Section D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

To help mitigate any future potential occurrences, NorthWestern's Protective Relay group has gone through reorganization. The structure of the Protective Relay group before the reorganization placed the process of scheduling and reviewing the maintenance/testing records with one employee. Now with the reorganization, that employee has moved to an oversight function providing controls over the scheduling and review process and two additional engineering resources have been added with the responsibility of scheduling and reviewing the maintenance records based on specific intervals defined in NorthWestern's Protection System Maintenance and Testing Program.

E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Section D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Section C.1, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

NorthWestern has purchased a software package to supplement its Substation Maintenance System (Cascade). This software may allow NorthWestern to more centralize its protective system maintenance and testing activities and improve the efficiency of scheduling and monitoring these activities. The software is scheduled to begin implementation in late 2011.

Section F: Authorization

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

(a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance and approval by NERC, and

(b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and

(c) Acknowledges:

1. I am Vice President, Transmission of NorthWestern Corporation
2. I am qualified to sign this Mitigation Plan on behalf of NorthWestern Corporation
3. I have read and understand NorthWestern Corporation's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the NERC CMEP currently in effect or the NERC CMEP-Province of Manitoba, Schedule B currently in effect, whichever is applicable.
4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
5. NorthWestern Corporation Agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authorities in Canada.

Authorized Individual Signature: _____

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

Name: Michael R. Cashell

Title: Vice President, Transmission

Authorized On: September 16, 2011

Attachment e

**NWC's last Mitigation Plan designated as
WECCMIT00578 submitted November 20,
2012**

Mitigation Plan

Registered Entity: NorthWestern Corporation

Mit Plan Code	NERC Violation ID	Requirement	Violation Validated On	Mit Plan Version
	WECC201102863	PRC-005-1 R2	10/20/2011	4

Mitigation Plan Submitted On: November 20, 2012

Mitigation Plan Accepted On:

Mitigation Plan Proposed Completion Date: September 25, 2013

Actual Completion Date of Mitigation Plan:

Mitigation Plan Certified Complete by NWC On:

Mitigation Plan Completion Verified by WECC On:

Mitigation Plan Completed? (Yes/No): No

Section A: 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.

Section B: Registered Entity Information

B.1 Identify your organization:

Entity Name: NorthWestern Corporation

NERC Compliance Registry ID: NCR05282

Address: 125 S. Dakota Ave.
Sioux Falls SD 57104

B.2 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: John Canavan

Title: Manager, FERC Compliance

Email: john.canavan@northwestern.com

Phone: 406-497-4309

Section C: Identification of Reliability Standard Violation(s) Associated with this Mitigation Plan

C.1 This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

Violation ID	Date of Violation	Requirement
Requirement Description		
WECC201102863	06/18/2007	PRC-005-1 R2
Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:		

C.2 Brief summary including the cause of the violation(s) and mechanism in which it was identified above:

This is the fourth revision to the original mitigation plan as discussed below:

Original Mitigation Plan (July 2011): "Maintenance of the attached Protective Relays did not occur in the interval defined in the Protection System Maintenance and Testing Program. These relays were properly scheduled for maintenance, but the follow-up to ensure the maintenance was performed was not done on a timely basis."

September 2011 Revision: "During follow-up with WECC staff relating to this violation, NorthWestern Energy discovered that it had missed testing or lost test data pertaining to battery testing in 21 substations. A list of these substations is attached to this mitigation plan. Per our discussion with WECC staff on 9/8/11, it was recommended that this mitigation plan be modified in scope to include this missed battery testing. The attached list indicates that 10 of the 21 substations were not tested within their defined interval. Of these 10 substations, 5 have recently been tested (2011). The remaining 5 substations are scheduled for testing by 12/31/2011."

"The list also indicates that 11 of the 21 substations were last tested in 2005 and 2006 and are not scheduled to be tested again until 2012. However, because of computer issues, NorthWestern does not have the records to support that these 11 substations were tested within their 7 year interval. Even though these 11 substations are not scheduled to be tested until 2012, NorthWestern Energy plans to test these substations by 12/31/2011. NorthWestern Energy has a total of 170 BES substations and as indicated in the attached spreadsheet, most of the substations relating to the missed battery testing are lower voltage (100 kV) substations."

This mitigation plan was completed on time (December 2011) and on January 4, 2012 NWC submitted its Certification of Mitigation Plan Completion and evidence. WECC accepted NWC's Certification of Completion on February 8th 2012.

July 2, 2012 Revision: During NWC's on-site audit which took place on March 12-22, 2012, WECC determined, through discussion and review by NWC, that there were a total of 263 devices that were not tested and thus not included in the January 4, 2012 completion certification. Subsequent to the on-site audit, NWC discovered four additional Communication devices that were not included in the January 4, 2012 completion, which increased the total device count to 267. To ensure effective mitigation, WECC retracted its February 8, 2012 acceptance of NWC's Certification of Mitigation Plan Completion on June 13, 2012 and requested that NWC submit a revised Mitigation Plan for NERC Violation ID WECC201102863 that addresses the full scope of non-compliant devices that were not tested within defined intervals, which is the purpose of this revision to the mitigation plan. (NOTE: on March 6, 2012, NWC submitted a second self report to WECC (NERC Violation ID WECC201200980) identifying a possible non-compliance with PRC-005 R2. Per NWC's discussion with WECC on June 14, 2012, WECC will withdraw this Self Report because the devices in question are included in the scope of this version of the mitigation plan.)

Per the spreadsheet attached to this Mitigation Plan, 152 of the 267 devices have already been mitigated (57%). There are 105 devices remaining to be mitigated. Please note that 10 devices that were originally in scope have been removed: 4 of these devices have been removed from service and 6 of these devices

are not owned by NWC (267 - 152 -10 = 105). The specific device classifications and numbers of devices by class are detailed in the spreadsheet. The specific testing and maintenance records for the 152 mitigated devices are available upon request.

July 5, 2012 Revision: WECC discovered some device count errors in the milestones which have been corrected with this revision.

November 5, 2012 Revision: In working on completing this mitigation plan, NorthWestern Energy discovered a discrepancy between our system documentation and the actual equipment in the field. We discovered 11 relays that did not match our system drawings. These devices were not included in our relay/associated device inventory because the documentation did not indicate they were there. Once found, NWC immediately tested/maintained these 11 devices. Also, we discovered 8 associated devices that were not included in our inventory and we immediately tested and maintained these devices. We also discovered 4 devices that had been retired from service and should be subtracted from the list of devices we included with our mitigation plan. All of these devices are detailed in the attached spreadsheet and should be included in the scope of this open mitigation plan (MHD and Dutton Pump substations).

C.3 Provide any relevant information regarding the identification of the violation(s) associated with this Mitigation Plan:

See summary in the above section.

Section D: Details of Proposed Mitigation Plan

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

Please see milestone activities detailed in D.3 below. Also see Section E.3 for discussion regarding minimizing the risk of future violations.

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

Proposed Completion date of Mitigation Plan: September 25, 2013

- D.3 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
Schedule maintenance and testing for non-compliant devices	Incorporate 105 non-compliant devices into current maintenance and testing schedule as high priorities. See attached inventory of devices that need to be scheduled	09/28/2012	09/24/2012
Test and maintain non-compliant relays	Complete required maintenance and testing of 4 non-compliant relays in accordance with the schedule discussed above.	12/26/2012	
Test and maintain non-compliant associated devices	Complete required maintenance and testing of 101 non-compliant associated devices in accordance with the schedule discussed above.	03/27/2013	
Develop a reconciliation plan	Develop a plan for reconciling system documentation to devices in the field and begin the reconciliation	06/26/2013	
Complete reconciliation	Complete reconciliation of system documentation to devices in the field. If any deficiencies are discovered through this reconciliation, NWC will immediately correct these deficiencies and add them to the scope of this mitigation plan.	09/25/2013	

- D.4 Additional Relevant Information (Optional)

Section E: Interim and Future Reliability Risk

E.1 Abatement of Interim BPS Reliability Risk

While your organization is implementing the Mitigation Plan proposed in Section D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

Relay operations and mis-operations are monitored and analyzed each business day and corrective actions are taken as necessary. Additionally we have a procedure for our system operators to immediately call our relay personnel if they see real time relay mis-operations on the system. Another factor is that we have our monthly and quarterly substation checks where we are physically in the substations. These checks would detect if we had damaged equipment. Also, NWC performs PRC-005 quarterly maintenance for batteries, DC circuits, CTs, PTs during these inspections. We would detect significant equipment issues during these checks.

The devices in the scope of this mitigation plan comprise a very low percentage (approximately 1.5%) of the total number of NWC's relays and associated devices. Because of the low numbers of devices in scope of this mitigation plan and because of the compensating measures NWC has in places, we believe the risk to the BES while this mitigation plan is being implemented is minimized; however, mitigation of these deficiencies is a top priority for the Relay Department.

E.2 Prevention of Future BPS Reliability Risk

Describe how successful completion of the Mitigation Plan as laid out in Section D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

Completion of this mitigation plan will bring NWC into full compliance with PRC-005 R2. See E.3 below for further discussion.

E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Section D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Section C.1, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

In addition to completing the testing and maintenance identified in this mitigation plan and to mitigate the risk of future violations, NorthWestern's Protective Relay group has recently gone through reorganization. The structure of the Protective Relay group before the reorganization placed the process of scheduling, monitoring and reviewing maintenance/testing records with one employee. With the reorganization, a new process to manage this program is being developed. NWC is currently rewriting its Protection System Maintenance and Testing Program and associated procedures to reflect this reorganization.

This program is being designed to manage the inventory, testing and maintenance, and verification/review of testing and maintenance in a single piece of software purchased for this process. This software will allow NorthWestern to centralize its protective system maintenance and testing activities and improve the efficiency of scheduling and monitoring these activities and will allow NWC to better document these activities.

The process is being developed so that a single person is not critical to ensure compliance with all requirements. The new process will have multiple checks and balances to ensure compliance. A compliance engineer has been hired to further bolster the team and to monitor on-going compliance within the framework of our reorganization. Even though we are still in process of developing our overall relay compliance program and associated controls, we have already made good progress as evidenced by the fact that this year we have completed all scheduled testing and maintenance without having to utilize any grace periods while at the same time completing most of the testing and maintenance for the

devices included in the scope of this mitigation plan ahead of schedule.

Section F: Authorization

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

(a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance and approval by NERC, and

(b) If applicable, certifies that the Mitigation Plan, as laid out in Section D of this form, was completed (i) as laid out in Section D of this form and (ii) on or before the date provided as the 'Date of Completion of the Mitigation Plan' on this form, and

(c) Acknowledges:

1. I am Vice President, Transmission of NorthWestern Corporation
2. I am qualified to sign this Mitigation Plan on behalf of NorthWestern Corporation
3. I have read and understand NorthWestern Corporation's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the NERC CMEP currently in effect or the NERC CMEP-Province of Manitoba, Schedule B currently in effect, whichever is applicable.
4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
5. NorthWestern Corporation Agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authorities in Canada.

Authorized Individual Signature: _____

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

Authorized Individual

Name: Michael R. Cashell

Title: Vice President, Transmission

Authorized On: September 16, 2011

Attachment f
Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

NorthWestern Corporation

Docket No. NP13-____-000

NOTICE OF FILING
July 31, 2013

Take notice that on July 31, 2013, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding NorthWestern Corporation in the Western Electricity Coordinating Council region.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary