



NORTH AMERICAN ELECTRIC  
RELIABILITY CORPORATION

May 1, 2009

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

**Re: NERC Notice of Penalty regarding Northern States Power Companies, FERC Docket No. NP09-\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty<sup>1</sup> regarding Northern States Power Companies (Northern States Power or NSP Companies), NERC Registry ID NCR01020,<sup>2</sup> in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, as well as NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).<sup>3</sup>

---

<sup>1</sup> *Rules Concerning Certification of the Electric Reliability Organization; and Procedures for the Establishment, Approval, and Enforcement of Electric Reliability Standards* (Order No. 672), III FERC Stats. & Regs. ¶ 31,204 (2006); *Notice of New Docket Prefix "NP" for Notices of Penalty Filed by the North American Electric Reliability Corporation*, Docket No. RM05-30-000 (February 7, 2008). See also 18 C.F.R. Part 39 (2008). *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).

<sup>2</sup> Midwest Reliability Organization confirmed that Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation (jointly the NSP Companies) were included on the NERC Compliance Registry on May 30, 2007 as a Balancing Authority and a Transmission Operator, among other things, and was subject to the requirements of the NERC Reliability Standard set forth herein. SPP Regional Entity processed a violation for a related entity that was submitted in NP08-9-000 on June 4, 2008. The NSP Companies operate an integrated generation and transmission system and balancing authority pursuant to an Interchange Agreement on file with the Commission. NERC also previously filed a Notice of Penalty for Northern States Power on June 4, 2008 (*Docket No. NP08-16-000*) for a violation of CIP-001-1 R2. Northern States Power provided a self-report to Midwest Reliability Organization stating that its existing emergency plan lacked documentation for one procedure in violation of CIP-001-1 R2. Specifically, a procedure that required notifications of appropriate parties in the Interconnection in the case of sabotage being detected was not documented. Upon its detection of the violation, Northern States Power immediately updated the relevant section of its plan thereby mitigating the subject violation. NERC also is concurrently filing a Notice of Penalty for Northern States Power for the violations of VAR-001-1 R3 and R4. Northern States Power provided a self-report to Midwest Reliability Organization stating its documentation did not include exemption criteria for voltage or reactive power schedules for two wind generators; and Northern States Power subsequently identified twenty-nine wind generators and one refuse derived fuel generator for which exemption criteria should have been established and the owners notified of the exemption. Northern States Power also identified five Generator Owners for which it could not provide evidence that voltage schedules had been provided prior to August 18, 2007.

<sup>3</sup> See 18 C.F.R. § 39.7(c)(2).

Northern States Power self reported non-compliance with Reliability Standard EOP-001-0 Requirement (R) 5 and Attachment 1 elements 1, 2, 3, 4, 5, 7 and 13 on August 2, 2007. This Notice of Penalty is being filed with the Commission because, based on information from Midwest Reliability Organization, Northern States Power does not dispute the violation of EOP-001-0 Requirement R5 and Attachment 1 elements 1, 2, 3, 4, 5, 7 and 13 and the proposed penalty of \$0 to be assessed to Northern States Power. Accordingly, the violation identified as NERC Violation Tracking Identification Number MRO200700003 is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

### Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOCV) issued on February 27, 2008, and the Supplemental Record Information notices issued on October 10 and 31, 2008, by Midwest Reliability Organization. The details of the findings and basis for the penalty are set forth herein. This Notice of Penalty filing contains the basis for approval of this Notice of Penalty 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 (2007), NERC provides the following summary table identifying each Reliability Standard at issue in this Notice of Penalty.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
MRO	Northern States Power	NOC-12	MRO200700003	EOP-001-0	5	Medium	0

In summary, EOP-001-0 R5 requires an entity such as Northern States Power to include the applicable elements in Attachment 1 of the EOP-001-0 Reliability Standard when developing an emergency plan. Specifically, Northern States Power was missing the following applicable elements: (1) Fuel supply and inventory — An adequate fuel supply and inventory plan that recognizes reasonable delays or problems in the delivery or production of fuel; (2) Fuel switching — Fuel switching plans for units for which fuel supply shortages may occur, *e.g.*, gas and light oil; (3) Environmental constraints — Plans to seek removal of environmental constraints for generating units and plants; (4) System energy use — The reduction of the system's own energy use to a minimum; (5) Public appeals — Appeals to the public through all media for voluntary load reductions and energy conservation including educational messages on how to accomplish such load reduction and conservation; (7) Optimize fuel supply — The operation of all generating sources to optimize the availability; and (13) Load curtailment — A mandatory load curtailment plan to use as a last resort. This plan should address the needs of critical loads essential to the health, safety, and welfare of the community, and address firm load curtailment. EOP-001-0 R5 has a "Medium" Violation Risk Factor (VRF).

On July 23, 2007, Northern States Power discovered that it was in violation of EOP-001-0 R5 and self-reported the violation on August 2, 2007 to Midwest Reliability Organization.<sup>4</sup> Northern States Power engaged an independent external consultant to review its Emergency Plans required by EOP-001-0 and determined that its documentation did not adequately address R5 and Attachment 1 elements 1, 2, 3, 4, 5, 7 and 13. Northern States Power reported that the procedures and processes existed, but were not documented in an Emergency Operations Plan or anywhere else. On August 2, 2007 and revised on August 15, 2007, Northern States Power submitted a Mitigation Plan in which it identified the seven elements that had not yet been documented and integrated into the Emergency Operations Plan. On January 4, 2008, Northern States Power certified completion as of December 31, 2007 per the Mitigation Plan. On January 11, 2008, Midwest Reliability Organization Compliance Staff conducted an on-site review at Northern States Power's Control Center of the Northern States Power Emergency Operations Plan. Midwest Reliability Organization reviewed the Emergency Operation Guide and reference guide document to validate that the emergency plan considers all 15 elements listed in Attachment 1, including those items identified in the Mitigation Plan. Midwest Reliability Organization determined that the duration of the violation was from June 18, 2007 until December 31, 2007.

Midwest Reliability Organization determined to exercise its discretion, for this violation that occurred in 2007, to assess no penalty because this was a documentation issue in light of the fact that Northern States Power had the procedures and processes in place, but seven of the specific items required by EOP-001-1 R5 were not adequately integrated into the Emergency Operations Plan. Given that there was an Emergency Operations Plan in place, Midwest Reliability Organization determined that the documentation violations were deemed not to be violations that put bulk power system reliability at serious or substantial risk.

Section 4.2.2 of the NERC Sanction Guidelines states that:

If the actual or foreseen impact of the violation is judged to be inconsequential by NERC or the regional entity and the violation is the first incidence of violation of the requirement in question by the violator, NERC or the regional entity may at its discretion: (i) set the Base Penalty Amount to a value it deems appropriate within the initial value range set above pursuant to Section 4.1, or (ii) *excuse the penalty for the violation (i.e. set the Base Penalty Amount to 0\$).*<sup>5</sup>

In reaching its decision to assess a zero dollar penalty, Midwest Reliability Organization considered the following factors (1) the violation occurred during the period of transition to mandatory standards during which the Commission authorized such discretion (*see* Order Nos. 693 and 693-A<sup>6</sup>); and (2) the violation was deemed by Midwest Reliability Organization not to be violations that put bulk power system reliability at serious or substantial risk because there

---

<sup>4</sup> At the time of the self-report, Northern States Power had completed four of the seven elements. As a result, the Mitigation Plan submitted on August 2, 2007 only included mitigation of three of the seven elements, because four of the elements had already been addressed. Subsequently, as discussed below, at MRO's request, Northern States Power provided an updated Mitigation Plan dated August 15, 2007 that addressed all seven deficiencies.

<sup>5</sup> *See* Sanction Guidelines (emphasis added).

<sup>6</sup> *See* n.1 *supra*.

was an Emergency Operations Plan in place, although it omitted certain of the required elements. According to Midwest Reliability Organization, it assigned a zero financial penalty because this was a first violation, the violation occurred in the first six months of mandatory compliance, it was a documentation violation (the processes and procedures existed, but seven of the fifteen elements addressed by EOP-001-0 R 5 were not clearly documented in the plan) and the violation was self-reported.

### **Status of Mitigation Plan<sup>7</sup>**

Northern States Power's Mitigation Plan to address the referenced violation was submitted to Midwest Reliability Organization on August 2, 2007, revised on August 15, 2007,<sup>8</sup> accepted by Midwest Reliability Organization, September 29, 2007<sup>9</sup> and approved by NERC, December 4, 2007. The Mitigation Plan for the violation listed is designated as MIT-07-0186 and was submitted as non-public information to FERC on December 4, 2007 in accordance with FERC orders. Northern States Power certified to Midwest Reliability Organization on January 4, 2008 that its Mitigation Plan was completed by December 31, 2007. On January 11, 2008, Midwest Reliability Organization conducted an on-site review at Northern States Power's Control Center of the Northern States Power Emergency Operations Plan and Midwest Reliability Organization verified that the Northern States Power Emergency Operations Plan included all of the elements per Requirement 5 of the Standard, EOP-001-0.<sup>10</sup>

---

<sup>7</sup> See 18 C.F.R § 39.7(d)(7).

<sup>8</sup> The August 15, 2007 Mitigation Plan incorporated the three Items in the August 2, 2007 Mitigation Plan and expanded it to include: (i) Item 3, Northern States Power documented plans to seek removal of environmental constraints for generating units and plants as of July 31, 2007; (ii) Item 4, Northern States Power augmented existing documentation to address reduction of the system's own energy use to minimum as of July 29, 2007; (iii) Item 5, Northern States Power documented plans for making appeals to the public through all media for voluntary load reductions and energy conservation including educational messages on how to accomplish load reduction and conservation; and (iv) Item 13, Northern States Power augmented documentation to indicate that the mandatory load curtailment plan is updated annually and to clarify guidelines for exemption from mandatory load shedding to address the needs of critical loads essential to health, safety, and welfare of the community.

<sup>9</sup> The Notice of Alleged Violation and Proposed Penalty and Sanction document incorrectly states that the Mitigation Plan was accepted by Midwest Reliability Organization on August 29, 2007, instead of September 29, 2007.

<sup>10</sup> The revised Emergency Operations Plan addresses comprehensive fuel management policies, including fuel switching, monitoring and evaluation of fuel supplies, transfer of coal between units, and optimization of fuel availability (Items 1, 2, and 7). The revised Emergency Operations Plan also addresses: (i) plans to seek removal of environmental constraints (Item 3); (ii) the reduction of the system's own energy use to minimum (Item 4); (iii) appeals to the public through all media for voluntary load reductions and energy conservation (Item 5); and (iv) a mandatory load curtailment plans to use as a last resort (Item 13). With the inclusion of these 7 elements, MRO determined that Northern States Power was compliant with EOP-001-0, R5.

## Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed<sup>11</sup>

### FERC Order Excerpts

In Order No. 693, the Commission provided guidance to NERC and the industry on the determination of penalties during the first six month period of mandatory and enforceable Reliability Standards:

222. . . . In light of commenters' concerns, including the fact that there are new aspects to the Reliability Standards and the proposed compliance program that will apply to all users, owners and operators of the Bulk-Power System, *the Commission directs the ERO and Regional Entities to focus their resources on the most serious violations during an initial period through December 31, 2007.* This thoughtful use of enforcement discretion should apply to all users, owners and operators of the Bulk-Power System, and not just those new to the program as originally proposed in the NOPR. This approach will allow the ERO, Regional Entities and other entities time to ensure that the compliance monitoring and enforcement processes work as intended and that all entities have time to implement new processes.

223. *By directing the ERO and Regional Entities to focus their resources on the most serious violations through the end of 2007, the ERO and Regional Entities will have the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.* Further, even if the ERO or a Regional Entity declines to assess a monetary penalty during the initial period, they are authorized to require remedial actions where a Reliability Standard has been violated. Furthermore, where the ERO uses its discretion and does not assess a penalty for a Reliability Standard violation, we encourage the ERO to establish a process to inform the user, owner or operator of the Bulk-Power System of the violation and the potential penalty that could have been assessed to such entity and how that penalty was calculated. We leave to the ERO's discretion the parameters of the notification process and the amount of resources to dedicate to this effort. Moreover, the Commission retains its power under section 215(e)(3) of the FPA to bring an enforcement action against a user, owner or operator of the Bulk-Power System.

224. *The Commission believes that the goal should be to ensure that, at the outset, the ERO and Regional Entities can assess a monetary penalty in a situation where, for example, an entity's non-compliance puts Bulk-Power System reliability at risk.* Requiring the ERO and Regional Entities to focus on the most serious violations will allow the industry time to adapt to the new regime while also protecting Bulk-Power System reliability by allowing the ERO or a Regional Entity to take an enforcement action against an entity whose violation causes a

---

<sup>11</sup> See 18 C.F.R § 39.7(d)(4).

*significant disturbance.* Our approach strikes a reasonable balance in ensuring that the ERO and Regional Entities will be able to enforce mandatory Reliability Standards in a timely manner, while still allowing users, owners and operators of the Bulk-Power System time to acquaint themselves with the new requirements and enforcement program. In addition, our approach ensures that all users, owners and operators of the Bulk-Power System take seriously mandatory, enforceable reliability standards at the earliest opportunity and before the 2007 summer peak season.<sup>12</sup>

### **Basis for Determination**

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008 Guidance Order,<sup>13</sup> the NERC BOTCC reviewed the NOCV and supporting documentation on October 27, 2008. The NERC BOTCC approved the assessment of a zero dollar (\$) penalty against Northern States Power based upon Midwest Reliability Organization's findings and determinations, the NERC BOTCC's review of applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

In reaching this determination, NERC BOTCC considered the following: (1) Northern States Power self-reported the violation related to the adequacy of existing documentation to meet the requirements of Standard EOP-001-0; and (2) Northern States Power had an Emergency Operations Plan in place, but seven of the specific items required by Requirement 5 were not adequately integrated into the Emergency Operations Plan; thus, the violation was a documentation issue and was deemed not to be a violation that put bulk power system reliability at serious or substantial risk; (3) following Northern States Power's review of the deficiencies, Xcel Energy Services Inc. initiated a review at its two other operating companies in two other Regional footprints, thus demonstrating a corporate culture of compliance; (4) Northern States Power was cooperative in the compliance assessment and provided information to Midwest Reliability Organization as well as to two other Regional Entities for consistency in the compliance efforts. The three Regional Entities, Midwest Reliability Organization, Western Electric Coordinating Council and Southwest Power Pool Regional Entity<sup>14</sup> coordinated their review efforts. Each Xcel Energy operating company had its own pre-merger emergency operations plan; (5) there was no evidence that the violation was intentional; and (6) Northern States Power did not contest the Notice of Confirmed Violation.

Therefore, NERC believes that the proposed zero dollar penalty is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the thirty (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.

---

<sup>12</sup> Order No. 693 at PP 222-224 (emphasis added).

<sup>13</sup> *Guidance on Filing Reliability Notices of Penalty*, 124 FERC ¶ 61,015 (2008).

<sup>14</sup> See NP08-9-000.

### **Attachments Included as Part of this Notice of Penalty**

The attachments included as part of this Notice of Penalty are the following documents and material:

- a) Self Report letter dated August 2, 2007, included as Attachment a;
- b) Mitigation Plan, which included the self-report, that was designated as MIT-07-0186, dated August 2, 2007 and revised on August 15, 2007, included as Attachment b; and
- c) Midwest Reliability Organization's Verification of Completion of Mitigation Plan, including email indicating Northern States Power provided verbal Certification of Completion of the Mitigation Plan on January 4, 2008, included as Attachment c.

### **A Form of Notice Suitable for Publication<sup>15</sup>**

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

---

<sup>15</sup> See 18 C.F.R § 39.7(d)(6).

## Notices and Communications

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

Rick Sergel  
President and Chief Executive Officer  
David N. Cook\*  
Vice President and General Counsel  
North American Electric Reliability Corporation  
116-390 Village Boulevard  
Princeton, NJ 08540-5721  
(609) 452-8060  
(609) 452-9550 – facsimile  
david.cook@nerc.net

For NSP:

Greg Pieper\*  
Director, Systems Operations  
Northern States Power Companies  
414 Nicollet Mall  
Minneapolis, MN 55401  
Phone: 612-330-2922  
Email: gregory.l.pieper@xcelenergy.com

Robert Thompson\*  
Northern States Power Companies  
414 Nicollet Mall - MP 8  
Minneapolis, MN 55401  
Phone: 612-330-7968  
Email: robert.f.thompson@xcelenergy.com

Terri Eaton\*  
Director, Regulatory Administration &  
Compliance  
Xcel Energy Services Inc.  
P O Box 1078  
Golden, CO 80402  
Phone: 303-273-4878  
Email: terri.k.eaton@xcelenergy.com

Rebecca J. Michael\*  
Assistant General Counsel  
Holly A. Hawkins\*  
Attorney  
North American Electric Reliability  
Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, D.C. 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net  
holly.hawkins@nerc.net

For MRO:  
Daniel P. Skaar\*  
President  
Midwest Reliability Organization  
2774 Cleveland Avenue North  
Roseville, MN 55113  
Phone: 651-855-1731  
Email: dp.skaar@midwestreliability.org

Sara E. Patrick\*  
Director of Regulatory Affairs and  
Enforcement  
Midwest Reliability Organization  
2774 Cleveland Avenue North  
Roseville, MN 55113  
Phone: 651-855-1708  
Email: se.patrick@midwestreliability.org

\*Persons to be included on the Commission's service list are indicated with an asterisk. NERC respectfully requests waiver of the Commission's regulations to permit more than two persons on the service list.

**Conclusion**

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

Respectfully submitted,

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

/s/Rebecca J. Michael  
Rebecca J. Michael  
Assistant General Counsel  
Holly A. Hawkins  
Attorney  
North American Electric Reliability  
Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, D.C. 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net  
holly.hawkins@nerc.net

cc: Northern States Power  
Midwest Reliability Organization

Attachment(s)

**Attachment a**

**Self Report Letter**



August 2, 2007

414 Nicollet Mall  
Minneapolis, Minnesota 55401-1993

Mr. Wayne VanOsdol, Manager  
Compliance  
Midwest Reliability Organization

Via fax: 651-855-1760

Dear Mr. VanOsdol:

Today, Xcel Energy Services Inc. ("Xcel Energy") filed a self-report and mitigation plan regarding Standard EOP-001 with your organization for the Northern States Power Company (Minnesota) and Northern States Power company (Wisconsin) (collectively "NSP System"), the Xcel Energy Operating Company<sup>1</sup> operating within your region. In addition, Xcel Energy filed self-reports for Standards EOP-001 and EOP-005 and mitigation plans for EOP-001 with SPP and WECC for SPS and PSCo, respectively. The purpose of this letter is to bring these filings to your attention and to express Xcel Energy's willingness to work with you to ensure consistency between the regions in your response to these reports.

As part of Xcel Energy's ongoing efforts to assure compliance with North American Electric Reliability Council ("NERC") reliability standards by the Xcel Energy Operating Companies, we engaged an independent external consultant to review compliance with EOP-001. The consultant submitted a report to us and based upon our review we have determined that our compliance documentation should be improved. Xcel Energy has begun work to immediately improve the compliance documentation and is submitting mitigation plans for those requirements where the compliance documentation will take more time.

We are submitting the self reports both for the EOP-001 compliance requirements (a) where Xcel Energy enhanced its documentation after July 23, 2007 (and thus no mitigation plan is needed at this point), and (b) where the compliance documentation needs further improvement. For the latter category, we are submitting mitigation plans to the Regional Entities. In addition, through our review of the consultant's report regarding EOP-001, we identified that the compliance documentation for Standard EOP-005 for PSCo and SPS also should be improved. So we are also submitting a self-report regarding EOP-005 for PSCo and SPS, and as noted below mitigation plans will be submitted for these items no later than August 20, 2007.

A summary of the elements of each of these self-reports and mitigation plans is provided below, and more detail may be found in the individual self-reports and

---

<sup>1</sup> The Xcel Energy Operating Companies are Southwestern Public Service Company ("SPS") located in the Southwest Power Pool ("SPP"); Public Service Company of Colorado ("PSCo") located in the Western Electricity Coordinating Council ("WECC"); and Northern States Power Company (Minnesota) and Northern States Power Company (Wisconsin) which operate an integrated system located within the Midwest Reliability Organization ("MRO").

mitigation plans. As the summary indicates, several elements of these reports and in particular the mitigation plans are common across our reporting operating companies:

EOP-001 Requirement	PSCo		NSP System		SPS	
	Report	Plan	Report	Plan	Report	Plan
R3.4	X	X*			X	X*
R4.1	X					
R4.4					X	X
R5, item 1	X	X	X	X	X	X
R5, item 2	X	X	X	X	X	X
R5, item 3			X			
R5, item 4	X		X		X	
R5, item 5	X		X		X	
R5, item 7	X	X	X	X	X	X
R5, item 13			X			
R5, item 14	X	X				

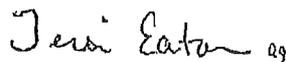
\*Requirement relates to restoration plans, specific requirements of which are set forth in EOP-005. XES anticipates filing mitigation plans for PSCo and SPS relating to EOP-001 R3.4 and EOP-005 by August 20, 2007.

To facilitate efforts to ensure consistency in responses to these reports and plans, Xcel Energy hereby requests that each Reliability Entity provide one another copies of our self-reports and mitigation plans relating to EOP-001, and WECC and SPP have been requested to share copies of our self-reports relating to EOP-005. We further request that you discuss these self reports and mitigation plans among yourselves and with the North American Electric Reliability Council ("NERC"). Further, upon request, we will be happy to discuss any or all of these reports with you collectively or individually.

Please let me know if you have any questions or require further information. My phone number is 303-308-2871 and my email address is [terri.k.eaton@xcelenergy.com](mailto:terri.k.eaton@xcelenergy.com).

Thank you for your prompt attention to this matter.

Sincerely,



Terri K. Eaton  
 Project Director  
 Mandatory Reliability Standard Compliance  
 Xcel Energy Services Inc., on behalf of the  
 Xcel Energy Operating Companies

Cc: Kristine Schmidt, Director  
Federal Regulatory Affairs  
Xcel Energy Services Inc.

James P. Johnson, Assistant General Counsel  
Xcel Energy Services Inc.

Greg Pieper, Director  
System Operations  
Xcel Energy Services Inc.

## **Attachment b**

**Mitigation Plan, which included the self-report,  
that was designated as MIT-07-0186, dated  
August 2, 2007 and revised on August 15, 2007**

## **NSP EOP 001 Mitigation Plan (revised 8/15/07)**

### Reason for mitigation plan:

Audit of Emergency Operations Plan by external consultant engaged to evaluate compliance, plus self evaluation

### Plan Steps:

Attachment 1 to EOP-001 identifies a number of fuel-related issues that should be addressed in an Emergency Operations Plan. These elements are identified in items 1, 2, and 7 of the attachment.

Item 1 requires “an adequate fuel supply and inventory plan that recognizes reasonable delays or problems in the delivery or production of fuel.” NSP has documented procedures regarding reporting of fuel emergencies as required by DOE, and has documented procedures regarding transfers of coal between units, where feasible, if coal is in short supply at a particular unit. NSP also has extensive processes in place regarding monitoring and evaluation of fuel supplies; however, these processes are not as well-documented. We intend to document the extensive processes that currently exist and incorporate the two existing policies listed above into a more comprehensive document that addresses NSP fuel management issues for inclusion in the Emergency Plan.

Item 2 requires “fuel switching plans for units for which fuel supply shortages may occur, e.g. gas and light oil.” A recommendation has been made by the third-party consultant that our existing procedures be augmented with more detail around run-time associated with fuel oil reserves and procedures for testing fuel switching capabilities. We intend to augment NSP’s existing practices and procedures as recommended and aggregate into a larger fuel policy document as discussed above for inclusion in the Emergency Plan.

Item 3 requires “plans to seek removal of environmental constraints for generating unit and plants”. Documentation was added to the Plan to be compliant with this item. All documentation listed below was updated as of 7/31/07 by Xcel Energy’s generation group (contact: Dan Lask, Manager, Operational Support, Regional Generation, Energy Supply): (1) (ENV8-407 Removal of Environmental Constraints Policy 7-30-07.doc) found at Section 7.19 Emergency Plan; (2) Envl Permit Energy Provisions Procedure ESO-EN-8.400P(2).doc (Section 7.20); (3) Att A ESO-EN-8.400P.pdf (Section 7.21); (4) Att B ES-EN-8.400p.pdf (Section 7.22).

Item 4 requires “the reduction of the system’s own energy use to a minimum.” Existing documentation was updated to be compliant with this item. The document listed below was updated as of 7/29/07 by Xcel Energy’s Property Services Group (contact: John Bartel, Director of Operation and maintenance): Xcel Energy Property Services Energy Alert Process Charts (Xcel Energy Property Services Alert Process Charts (2).doc) found in Section 7.24 of the Emergency Plan.

Item 5 requires “Appeals to the public through all media for voluntary load reductions and energy conservation including educational messages on how to accomplish such load reduction and conservation.” Documentation was added to the Plan to be compliant with this item. All documentation listed below was updated as of 7/30/07 by Xcel Energy’s Media Relations Group (contact: Steve Roalstad, Director, Media Relations): (1) Energy Alert Notification Guidelines-Xcel Energy\_07\_30\_07.doc; found in Sections 4.1 and 7.1 of the Emergency Plan; (2) Crisis Communications Plan.doc (Section 7.29); (3) Energy (Orange-Red) Alert.doc (Section 7.30); (4) Energy (Red) Alert-Controlled Outages.doc (Section 7.31); (5) Energy (Yellow-Orange) Alert.doc (section 7.32).

Item 7 requires “the operating of all generating resources to optimize the availability [of fuel]. NSP has a number of procedures in place that address this issue, but those procedures were not documented in the Plan. As part of the effort to enhance documentation surrounding items 1 and 2, we will be incorporating these procedures into the larger fuel policy document and evaluating whether additional opportunities to optimize fuel availability may exist.

Item 13 requires “A mandatory load curtailment plan to use as a last resort. This plan should address the needs of critical loads essential to the health, safety, and welfare of the community. Address firm load curtailment.” Added/updated documentation to show plan is updated annually and clarify guidelines for exemption from mandatory load shedding to address the needs of critical loads essential to health, safety, and welfare of the community; found in Sections 4.2 and 7.34 of the Emergency Plan.

The Mitigation Plan activities will involve coordination among multiple functional groups within the Company.

Plan Schedule:

We intend to be compliant by December 31, 2007. A status update will be provided on October 1, 2007.

Member comments:

The impact of the non-compliance is minimal. As noted above, processes exist (and have been used) to both adequately manage fuel-related issues, although enhancement of those procedures is warranted in some cases. Our primary compliance issue relates to adequacy of documentation surrounding these issues.

# Compliance Data Management System

## 2007 Mitigation Plan Worksheet

### Xcel Energy

<u>PROCESS TYPE</u> Self Initiated	<u>STANDARD</u> EOP-001-0
<u>DUE DATE</u> 09/01/2007	<u>STATUS</u> Submitted
<u>RECEIVED</u> 08/02/2007	<u>TIMELINESS LEVEL</u> Full
<u>ASSESSMENT DATE</u>	<u>COMPLIANCE LEVEL</u>
<u>COMPLETED DATE</u>	<u>SUBMITTED BY</u> XCEL
<u>CONTACT</u> Terri Eaton	
<u>PHONE</u> 303-308-2871	<u>EXPECTED COMPLETION DATE</u> 12/31/2007
<u>EMAIL</u> terri.k.eaton@xcelenergy.com	

Is the mitigation plan adequate/compliant? No

Is the recommendation non-compliance? No

REASON FOR MITIGATION PLAN

Audit of Emergency Operations Plan by external consultant engaged to evaluate compliance, plus self evaluation.

PLAN STEPS

Attachment 1 to EOP-001 identifies a number of fuel-related issues that should be addressed in an Emergency Operations Plan. These elements are identified in items 1, 2, and 7 of the attachment.

Item 1 requires ?an adequate fuel supply and inventory plan that recognizes reasonable delays or problems in the delivery or production of fuel.? NSP has documented procedures regarding reporting of fuel emergencies as required by DOE, and has documented procedures regarding transfers of coal between units, where feasible, if coal is in short supply at a particular unit. NSP also has extensive processes in place regarding monitoring and evaluation of fuel supplies; however, these processes are not as well-documented. We intend to document the extensive processes that currently exist and incorporate the two existing policies listed above into a more comprehensive document that addresses NSP fuel management issues for inclusion in the Emergency Plan.

Item 2 requires ?fuel switching plans for units for which fuel supply shortages may occur, e.g. gas and light oil.? A recommendation has been made by the third-party consultant that our existing procedures be augmented with more detail around run-time associated with fuel oil reserves and procedures for testing fuel switching capabilities. We intend to augment NSP?s existing practices and procedures as recommended and aggregate into a larger fuel policy document as discussed above for inclusion in the Emergency Plan.

Item 7 requires ?the operating of all generating resources to optimize the availability [of fuel]. NSP has a number of procedures in place that address this issue, but those procedures were not documented in the Plan. As part of the effort to enhance documentation surrounding items 1 and 2, we will be incorporating these procedures into the larger fuel policy document and evaluating whether additional opportunities to optimize fuel availability may exist.

**Compliance Data Management System**  
**2007 Mitigation Plan Worksheet**  
*Xcel Energy*

PLAN SCHEDULE

Plan Steps Cont'd:

These activities will involve coordination among functional groups within the company.

Plan Schedule:

We intend to be compliant by December 31, 2007. A status update will be provided on October 1, 2007.

MEMBER COMMENTS

The impact of the non-compliance is minimal. As noted above, processes exist (and have been used) to both adequately manage fuel-related issues, although enhancement of those procedures is warranted in some cases. Our primary compliance issue relates to adequacy of documentation surrounding these issues

REVIEW COMMENTS

**Compliance Data Management System**  
**2007 Mitigation Plan Worksheet**  
**Xcel Energy**

\*\*\*\*\* End of Report \*\*\*\*\*

## **Attachment c**

**Midwest Reliability Organization's Verification of  
Completion of Mitigation Plan, including email  
indicating Northern States Power provided verbal  
Certification of Completion of the Mitigation Plan  
on January 4, 2008**

## **Mitigation Completion: EOP-001-1**

**From:** Dan R. Schoenecker

**Sent:** Friday, January 11, 2008 2:53 PM

**To:** Riaz Islam; Victoria A. Carey

**Cc:** Wayne W. Van Osdol; James D. Burley; Russ W. Mountjoy

**Subject:** Xcel Mitigation of EOP-001, R5 Items 1,2,3,4,5,7,13

Based on the documentation review that was done today at Xcel by MRO, Xcel has completed their mitigation for this violation.

Xcel will submit that they have completed the mitigation, and MRO can document that it has validated the completion via an on site review.

Thanks

Dan

Dan Schoenecker

Midwest Reliability Organization

Email: [dr.schoenecker@midwestreliability.org](mailto:dr.schoenecker@midwestreliability.org)

Phone: 651-855-1753

Cell: 651-500-0625

---

Please find below a summary of the review/verification process, evidence of completion and compliance presented by the entity, and MRO compliance staff review results.

Deadline for Completion: 12/31/2007

Region: MRO

Registered Entity: Northern States Power d/b/a/ Xcel Energy

Standard: EOP-001-0

Requirement: 5

**MRO Review Process:**

Northern States Power d/b/a/ Xcel Energy self reported this violation on 8/02/2007 and submitted a mitigation plan on 8/15/2007. MRO compliance staff reviewed the mitigation plan and accepted the mitigation plan. MRO Compliance office reviewed the supporting documentation during an on-site visit at Xcel office on 01/11/2008 and validated the completion of this mitigation plan.

**Evidence and Supporting Documentation provided by the Entity:**

Entity provided supporting documents during the on-site visit. MRO Compliance staff reviewed the NSP Emergency Operation Guide and reference guide document to validate that their emergency plan considers all 15 elements listed in Attachment 1 and those items identified in the NSP mitigation plan. Emergency Operation Guide was marked confidential and was left at the site after verification was completed.

**MRO Compliance Staff Review Results:**

MRO Compliance staff after completing the above review determined, in their professional judgment, that the evidence submitted did meet the requirements of NERC Reliability Standard EOP-001-0 R5. MRO notified the entity of its validation of the completion of this mitigation plan.

---

**From:** Dan R. Schoenecker [mailto:DR.Schoenecker@MidwestReliability.org]  
**Sent:** Tuesday, November 25, 2008 2:49 PM  
**To:** Jack Wiseman  
**Cc:** Sara E. Patrick; Riaz Islam  
**Subject:** RE: NOC012 MRO-NSP

Jack,

Following a telephone call on 1/4/08 from Xcel indicating the mitigation was complete, MRO staff made a visit to Xcel on 1/11/08, reviewed the updated documentation to insure it contained all of the elements of the standard, and determined Xcel was now compliant.

Do you need anything further to support this effort?

Thanks  
Dan

**Attachment d**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Northern States Power

Docket No. NP09-\_\_\_\_-000

NOTICE OF FILING  
(May 1, 2009)

Take notice that on May 1, 2009, the North American Electric Reliability Corporation (NERC), filed a Notice of Penalty regarding Northern States Power in the Midwest Reliability Organization 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](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,  
Secretary