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Non-Public Attachment 10 - 2008 Audit Files – FAC-008 Reliability Standard

Non-Public Attachment 10-1 - Facility Ratings Methodology – KPP RCP-NERC-FAC-008

Non-Public Attachment 10-2 - TKGS Biennial Unit Reactive Limit (Lag)
Verification 1-101 - Test Date August 09, 2007

Non-Public Attachment 10-3 - TKGS Biennial Unit Reactive Limit (Lead)
Verification 1-101 - Test Date October 25, 2007

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Verification 1-201 - Test Date August 9, 2007

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Non-Public Attachment 10-7 - 2008 Capacity and Heat Rate Test Summary

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Non-Public Attachment 10-9 - ERCOT Nodal Resource Asset Registration Form
(included separately as an Excel File)

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I. INTRODUCTION

The North American Electric Reliability Corporation (“NERC”) and the Texas Reliability Entity, Inc. (“Texas RE”) respectfully submit this response to the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) August 27, 2010 Request for Data and Documents (“August 27 Data and Document Request”) in the above captioned proceeding,¹ regarding the NERC July 30, 2010 Notice of Penalty filing regarding Kiowa Power Partners, LLC (“Kiowa”) within the Texas RE Region.

The Notice of Penalty for Kiowa pertains to a twenty five-thousand dollar (\$25,000) settlement agreed to by Texas RE and Kiowa for a violation of Reliability Standard FAC-003-1 Requirement R2. The August 27 Data and Document Request seeks additional data from NERC and Texas RE to assist FERC Staff with its analysis of the July 30, 2010 Notice of Penalty filing. This filing responds to the August 27 Data and Document Request seeking supplemental documentation to ensure that sufficient facts and evidence are provided in support of the Notice of Penalty filing regarding Kiowa filed with the Commission on July 30, 2010. Where readily available, Kiowa provided additional information to Texas RE in support of this response.

Upon further review, in preparing responses to these requests for information, Texas RE has determined that Kiowa has had violations of both FAC-008-1 and FAC-009-1. As a result, Texas RE and Kiowa have entered into a revised Settlement Agreement that is being executed and will be filed in this docket within the week to address the inclusion of a FAC-008 and a FAC-009 violation. The revised Settlement Agreement will supersede the version previously filed in this docket.

¹ *North American Electric Reliability Corporation*, 132 FERC ¶ 62,139 (2010) (“August 27 Data and Document Request”).

Information in and certain attachments to the instant filing include privileged and confidential information as defined by the Commission's regulations at 18 C.F.R. Part 388 and orders, as well as NERC Rules of Procedure including the NERC CMEP Appendix 4C.

Specifically, this includes non-public information related to certain Reliability Standard violations, certain Regional Entity investigative files, Registered Entity sensitive business and confidential information exempt from the mandatory public disclosure requirements of the Freedom of Information Act, 5 U.S.C. 552, and should be withheld from public disclosure. In accordance with the Commission's Rules of Practice and Procedure, 18 C.F.R. § 388.112, a non-public version of the information redacted from the public filing is being provided under separate cover.

Because certain of the attached documents are deemed "confidential" by NERC, Registered Entities and Regional Entities, NERC requests that the confidential, non-public information be provided special treatment in accordance with the above regulation.

II. NOTICES AND COMMUNICATIONS

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

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III. RESPONSES TO THE AUGUST 27 ORDER

Request #1. Provide Kiowa’s Transmission Facility Rating Methodology for its 345 kV transmission line from June 18, 2007 to the present including any changes in the Methodology.

See Non-Public Attachment “RCP-NERC-FAC-008-1 R2.pdf” (13 SEP 10 - present)

See Non-Public Attachment “RCP-NERC-FAC-008-1 R1.pdf” (19 MAR 08 - 12 SEP 10)

See Non-Public Attachment “RCP-NERC-FAC-008-1 R0.pdf” (18 JUN 07 - 18 MAR 08)

Request #2. Provide Kiowa's Transmission Facility Ratings for its 345 kV transmission line from June 18, 2007 to the present. Explain all changes in Facility Ratings during that time period and provide all documents related to changes in Facility Ratings.

The interconnect facility maintained a rating of 1,072 MVA per circuit on a two circuit line through the subject period except for the two outages in question (on August 1 and 3, 2008) when one of the two circuits was removed from service making the interconnect facility the limiting factor of the Kiowa generating asset. The transmission facility is capable of carrying a greater amount of generation than the generation facility is rated for.

The interconnect facilities are considered part and parcel of the generating asset for Kiowa, and Kiowa communicated the joint rating (1,200 MW) of the facility (Generation Asset and Transmission Asset) to Kiowa's Qualified Scheduling Entity (QSE), which was Shell Energy North America LP (Shell), who would then communicate this information to Electric Reliability Council of Texas, Inc. (ERCOT), the Reliability Coordinator, Planning Authority, and Transmission Operator at the time.

On both August 1, 2008 and August 3, 2008, the facility rating was limited to 1,000 MW during the period that the circuit in question was out of service. This reduction in capacity was communicated to Shell (as the QSE) in real time as soon as the outage dictated a change in capability.

This reduction in capability was removed once the line in question was returned to service.

Request #3. Provide the actual loading on the single remaining circuit during the vegetation related outages that occurred on August 1 and 3, 2008.

The actual loading is included on Non-Public Attachment "KPP - 01 & 03 AUG 08 Delivered Energy.pdf"

The Kiowa generating asset was limited to approximately 1,000 MW output at the point of interconnect to ERCOT on both days.

Request #4. If Kiowa determine[d] the line sag of the single remaining circuit during vegetation related outages that occurred on August 1 and 3, 2008, provide that information. If Kiowa did not determine the line sag during the two outages, explain why not.

Kiowa did not determine the line sag on the remaining circuit on August 1, 2008 or August 3, 2008. Field personnel were dispatched but were initially unable to find the fault at the suspect location on the dates of the outages. On both occasions, Kiowa, in consultation with Western Farmers Electric Cooperative (WFEC), who maintains the line, on August 1, 2007 and ONCOR, the

interconnecting Transmission Owner, on August 3, 2008, determined that the line should be reclosed. The line was successfully reclosed on both dates.

Still concerned about the inability to find a cause for the faults, Kiowa and WFEC dispatched field personnel again on August 4, 2008. Kiowa and WFEC identified a tree under the circuit showing the faults, which they concluded was responsible for the faults. Although the initial conclusion was that the root cause had been determined as the tree contact, the height of the tree caused concerns because a tree 17'-18' in height should not have been able to cause the faults in question. During a August 5, 2008 site visit to the location of the fault, both circuits were in service and the line sag was determined to be below design. The line sag was 22 feet on this date. At this point, Kiowa focused its root cause investigation on the line sag of both circuits, as opposed to the tree under the affected circuit. Until August 5, 2008, the line sag of either circuit had not been in question until investigation revealed the line sag to be suspect.

Request #5. Paragraph 12 of Attachment a, of the Notice of Penalty filed in Docket No. NP10-149-000 on July 30, 2010, states that, "at an on-site investigation, after the aforementioned faults, the span in question was found to be sagging down to 22 feet above the ground, while it was designed for a clearance of 26 feet." Describe what immediate operational procedures, such as de-rating the line or limiting the output of the generator, were taken by Kiowa to correct this situation during the time period from the August 5, 2008 on-site investigation until September 12, 2008 when the additional pole was installed. Provide all documents related to these operational procedures.

After Kiowa removed the offending tree on August 5, 2008, the rating of the line did not need to be modified. The generation limit of 1,200 MW continued to be the most limiting factor of the facility (Generation Asset and Transmission Asset). Kiowa and the design company performed an in depth analysis of the line, taking into consideration expected conditions between the date of discovery and the date of Kiowa's previously scheduled fall outage, to determine appropriate steps to be taken in the interim.

Kiowa and the design company determined, based on study data and forecasted load and temperatures during the time in question, that the line could be operated at its original design characteristics without affecting reliable operation. Kiowa's design company advised that Kiowa could continue to operate the facility as rated, without installing an additional pole, until the previously scheduled November outage. Kiowa, determined that it would continue to operate the line as rated, but it would arrange to install the additional pole at the location of the faults as soon as materials and resources could be procured, and prior to the date of the previously scheduled November outage.

(See Non-Public Attachment "Operational recommendations.pdf")

The span in question is located on a restricted access game farm in Texas just north of the Kiowa Switching Station. Kiowa communicated the situation to the management of the farm and put in place placards to warn site personnel of overhead high voltage lines.

(See Non-Public Attachment “Warning Placards.pdf”)

Request #6. Describe the “survey of installed equipment to verify locations against ‘as-built’ documentation” mentioned in the Mitigation Plan included as Exhibit B to the Settlement Agreement, filed as Attachment a to the Notice of Penalty filed in Docket No. NP10-149-000 on July 30, 2010. Provide all documents related to the survey.

The survey of installed equipment was performed for Kiowa by the design company of the line in conjunction with the company that maintains the line. They began by reviewing the as-built drawings of the transmission assets. In coordination with Kiowa, they selected the 17 locations that crossed distribution junctures or road crossings at which they would conduct at least 12 surveys, as identified on the Non-Public Attachment “SGS Spot Check Data - 27-28 AUG 08.pdf.” At each of the surveyed locations, they verified the characteristics of these locations (including but not limited to the span between the poles) against the characteristics listed in the “as-built” documents for the line.

(See Non-Public Attachment “SGS Spot Check plan communications.pdf”)

(See Non-Public Attachment “SGS Spot Check Data - 27-28 AUG 08.pdf”)

Request #7. Provide the documents reviewed by Texas RE during the November 6 and 7, 2008 Audit of Kiowa on NERC Reliability Standards FAC-008-1 and FAC-009-1.

See Non-Public Attachment “2008 Audit.” The documents reviewed are arranged by Standard.²

Request #8. Explain how Texas RE reached the conclusion that Kiowa was not in violation of NERC Reliability Standards FAC-008-1 or FAC-009-1 at the time of the August 1 and 3, 2008 vegetation contact faults on its 345 kV line.

Upon further review, in preparing responses to these requests for information, Texas RE has determined that Kiowa has had violations of both FAC-008-1 and FAC-009-1. As a result, Texas RE and Kiowa have entered into a revised Settlement Agreement that is being executed and will be filed in this docket within the week to address the inclusion of a FAC-008 and a FAC-009 violation. The revised Settlement Agreement will supersede the version previously filed in this docket.

² The 2008 Audit files associated with FAC-008 are included in Attachment 9 and the 2008 Audit files associated with FAC-009 are included in Attachment 10.

IV. CONCLUSION

The North American Electric Reliability Corporation and the Texas Reliability Entity, Inc. respectfully request that the Commission accept this filing as compliant with the August 27, 2010 Data and Document Request.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties listed on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C. this 8th day of November, 2010.

/s/ Rebecca J. Michael
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*Attorney for North American Electric
Reliability Corporation*