



October 27, 2010

VIA ELECTRONIC FILING

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

Re: NERC Notice of Penalty regarding Minnesota Municipal Power Agency
FERC Docket No. NP10-179-000

Dear Ms. Bose:

On September 30, 2010, the North American Electric Reliability Corporation (“NERC”) submitted a Notice of Penalty regarding violation of Reliability Standards VAR-002-1 Requirement (R) 1 for Minnesota Municipal Power Agency. By this filing, NERC provides a copy of Attachment No. 3 to the Mitigation Plan referenced in the Notice of Penalty filing.

Accordingly, NERC respectfully requests that the Commission accept this supplemental filing and issue an order consistent with the comments provided herein.

Respectfully submitted,

/s/ Rebecca J. Michael
Rebecca J. Michael

*Attorney for North American Electric
Reliability Corporation*

Enclosure: Attachment No. 3 to the Mitigation Plan

cc: Official service list in Docket No. NP10-179-000

1. List of facilities that MMPA is the GOP
 - Minnesota River Station (MRS) located in Chaska, MN
 - Faribault Energy Park (FEP) located in Faribault, MN
2. When did the Operations Manager at FEP that was hired in September 2008 first discover the possible violation of VAR-002-1 R1?

The Operations Manager discovered the possible violation on January 15th, 2009. The discovery was the result of a discussion with the outside consultants performing the audit on MMPA's compliance program. Up until January 15th, 2009, the AVR settings were not considered to be a possible NERC violation.

3. Copy of the work orders to go from a VAR to a Voltage set point.
 - Email from Doug to plant operators (Doug to provide)
 - Copy of procedure without AVR instructions (Doug to provide)
 - Copy of new procedure dated 1/16/09 with AVR instructions (Doug to provide)
4. Clarification on the email sent from Jack Jackson on his first recommendation "Update operating procedures to indicate that the AVR should be set to regulate volts ("Off")"

There are three operating settings or modes on the Automatic Voltage Regulator (AVR):

1. "Off"- This setting causes the AVR to operate in an automatic mode. This mode allows the AVR to regulate based upon a Voltage set point.
2. "VAR" – This setting causes the AVR to regulate based upon a VAR set point.
3. "PF" – The Power Factor setting allows the generator to maximize its MW output. It causes the plant to run at its most efficient level.

Jack Jackson instructed the operators at FEP to switch from the "VAR" mode to the "Off" mode. This operation procedure was modified and implemented on January 16th, 2009.