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ENERGY®

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15 May 2012

Mr. Darrell Nitschke, Executive Director
North Dakota Public Service Commission
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0480

RE: Balta Substation to McHenry Substation 230 kV "DV" Transmission Line Clearance Issues

Dear Mr. Nitschke:

As you know from previous correspondence, Great River Energy has been conducting an analysis of its lines in response to a Recommendation to Industry (Consideration of Actual Field Conditions in Determination of Facility Ratings) issued in October of 2010 by the North American Electric Reliability Corporation (NERC). This NERC Recommendation was issued not only to Great River Energy, but to all electric utilities across North America. The Recommendation contained three basic elements: 1) Provide an Action Plan, 2) Conduct an Assessment, and 3) Remediate Identified Issues. A notice issued by NERC on January 7, 2011 regarding the 2010 Recommendation is attached.

As part of the Action Plan, which Great River Energy submitted to NERC in January 2011, utilities were asked to categorize their facilities as "high priority", "medium priority", or "low priority." Great River Energy's "high priority" lines, which consist of its 500 kV, 400 kV dc, and 345 kV lines, were assessed and analyzed in 2011 and in early January of 2012.

After completing the analysis of these lines, Great River Energy began the analysis of its "medium priority" lines, which consists of its entire 230 kV system. Great River Energy's 230 kV DV Line is the most recent line to be analyzed.

Upland Areas

The analysis revealed a number spans located in upland areas (see attached aerials) of the DV Line that do not meet clearance requirements as specified by the 2007 National Electric Safety Code (NESC). The following structures need to be replaced:

Span	Replacement Structure Number	New Structure Height* (ft)	NESC Clearance Requirement (ft) (including 1 foot buffer)	Existing Above Ground Clearance (ft) at 170°F	Clearance Discrepancy (ft) at 170 ° F (including 1 foot buffer)
402 to 403	402	90	23.4	22.20	1.20
405 to 406	406	70	23.4	23.18	0.22
415 to 416	415	85	23.4	20.98	2.42
418 to 419	419	75	23.4	22.58	0.82
487 to 488	488	90	23.4	21.43	1.97
488 to 489	488	90	23.4	22.52	0.88
531 to 532	532	85	23.4	21.11	2.29
624 to 625	624	90	23.4	19.12	4.28
676 to 677	677	85	23.4	23.08	0.32

** Embedded 10% +3 feet*

An outage of the DV Line is planned for June 2 to June 11, 2012 for the rebuild of the structures. During the outage, Great River Energy will replace these upland structures with taller structures (within five feet of the existing locations) to achieve the necessary clearance requirements. It is the intent of Great River Energy that these structure replacements will be permanent.

Water/Wetland Areas

The analysis of the DV Line also showed spans over a lake and a seasonal wetland (see attached aerials) that do not meet clearance requirements specified by the NESC. Erickson Lake was found to have a clearance discrepancy of 3.71 feet between Structures 715 and 716; while the clearance discrepancy for the wetland was 1.72 feet between Structures 686 and 687.

To temporarily mitigate the clearance discrepancies for Erickson Lake, Great River Energy is proposing to install buoys and/or signage surrounding the identified clearance discrepancies until a more permanent solution can be constructed in winter of 2012/2013. The buoys that Great River Energy would like to install are standard nautical buoys used by both state and federal agencies. The buoys are 61 inches in height, 9 inches in diameter, and have a visibility of 36 inches above water. If necessary, Great River Energy will also string rope between the buoys to create a continuous barrier.

For the seasonal wetland, Great River Energy is proposing to post warning signs until the area is accessible after the wetland dries up or winter freeze up occurs. Great River Energy will replace one of the structures with a taller structure (within five feet of the existing locations) to achieve the necessary clearance requirements.

Great River Energy is supplying this notice to the PSC to inform them that we are performing maintenance and mitigation on a number of DV Line structures to resolve the immediate clearance issues on the line.

In accordance with North Dakota Century Code 49-22-03 3(a)(3), please find enclosed a notarized certification that replacement of these structures will not affect any known exclusion or avoidance area, as those terms are defined in N.D.A.C 69-06-08-02(1) and (2), and that Great River Energy will comply with all applicable conditions and protections in siting laws and rules and commission orders previously issued for any part of the facility.

Please let me know if you need additional information regarding the replacement of these structures on the Balta Substation to McHenry Substation 230 kV "DV" Transmission Line. I can be reached at 763-445-5215, or by email at mparlow@grenergy.com.

Thank you for your attention to this important transmission project.

Respectfully submitted,

GREAT RIVER ENERGY

Marsha Parlow

Marsha Parlow
Transmission Permitting Analyst

Attachments

c: Jerry Lein, ND PSC
Chuck Lukkarila, Jim McGuire, Kyle Oraskovich, Tony Ramunno, Donna Stephenson, GRE
Carole Schmidt, GRE

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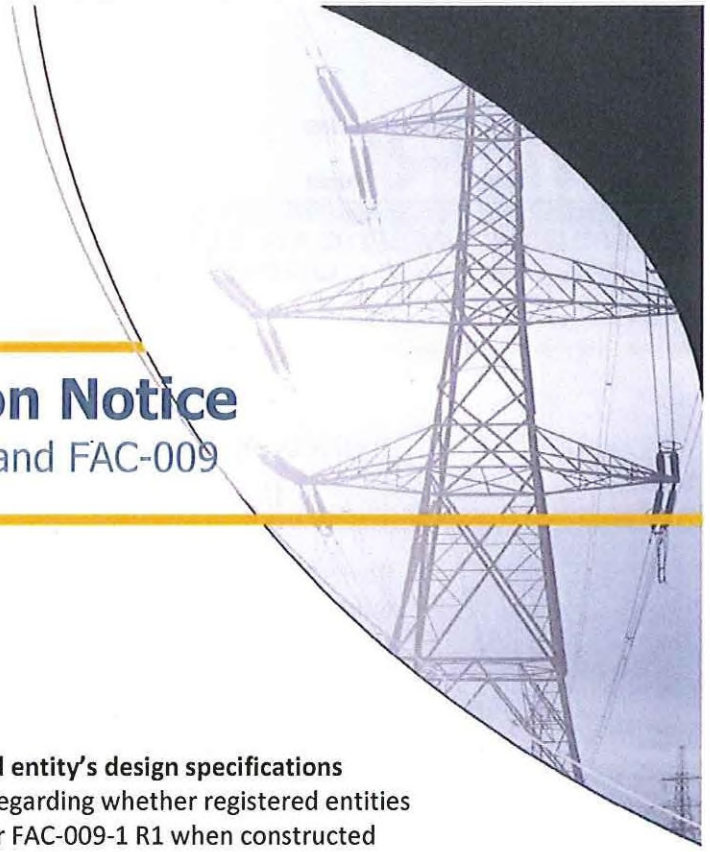
NERC

NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION



Compliance Application Notice

Compliance Application: FAC-008 and FAC-009

Posted: January 7, 2011

Primary Interest Groups
Transmission Owners
Generation Owners

Issue: Constructed facilities not matching a registered entity's design specifications
NERC Compliance received a request for clarification regarding whether registered entities should self-report a violation of either FAC-008-1 R1 or FAC-009-1 R1 when constructed Facilities do not match a registered entity's design specifications.

Reliability Objective
To ensure that a registered entity's Facility Ratings are based on actual field conditions and that a registered entity's Facilities are therefore operated in accordance with their actual capability.

Background
On October 7, 2010, NERC issued the *Recommendation to Industry: Consideration of Actual Field Conditions in Determination of Facility Ratings* (Recommendation) that identified a reliability concern due to Facilities in the field not matching a registered entity's design specifications. This Recommendation contained a call to action for industry with key dates, which were revised on November 29 as follows:

- October 20, 2010 – acknowledge receipt of Recommendation
- October 28, 2010 – attend Webinar (optional)
- November 29, 2010 – attend second Webinar (optional)
- January 18, 2011– assess impact of the alert and provide an action plan, as required, to NERC, including any extension requests for completing assessments (originally December 15, 2010)
- Complete assessments - Identify all discrepancies between the design and actual field conditions that are outside the registered entity's design tolerances and report those discrepancies to NERC, applicable Reliability Coordinators, Transmission Operators, and Regional Entities by (originally April 7, 2011):
  1. ***December 31, 2011 for High Priority Facilities***
  2. ***December 31, 2012 for Medium Priority Facilities***
  3. ***December 31, 2013 for Lowest Priority Facilities***

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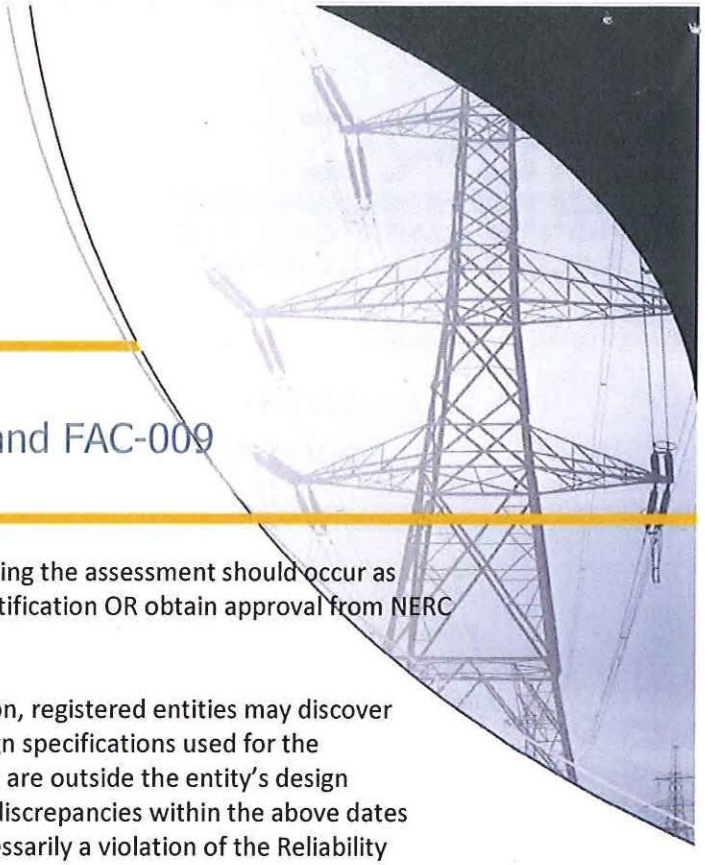

- Remediation to correct all issues identified during the assessment should occur as quickly as practical but within one year of identification OR obtain approval from NERC to extend deadline

In addressing this important reliability Recommendation, registered entities may discover operational Facilities with discrepancies between design specifications used for the development of ratings and actual field conditions that are outside the entity's design tolerances. While the importance of correcting these discrepancies within the above dates cannot be overstated, any such discrepancy is not necessarily a violation of the Reliability Standards.

Nevertheless, such a discrepancy may contribute to a possible violation of FAC-008-1 R1 or FAC-009-1 R1 or R2 based on the facts and circumstances specific to each instance, as described below. NERC encourages each registered entity to closely examine its Facilities Rating Methodology (FRM) required by FAC-008-1 R1 and the application of its FRM as required by FAC-009 R1 and R2 to determine if it is in compliance. Where the registered entity makes a determination that it is not compliant, the entity should self report to the appropriate Regional Entity.

Compliance Application

FAC-008

FAC-008-1 requires a registered entity to have a documented FRM for developing Facility Ratings of its solely and jointly owned Facilities. The methodology is to include consideration of the following:

R1.3.1. Ratings provided by equipment manufacturers.

R1.3.2. Design criteria (*e.g.*, including applicable references to industry Rating practices such as manufacturer's warranty, IEEE, ANSI or other standards).

R1.3.3. Ambient conditions.

R1.3.4. Operating limitations.

R1.3.5. Other assumptions.

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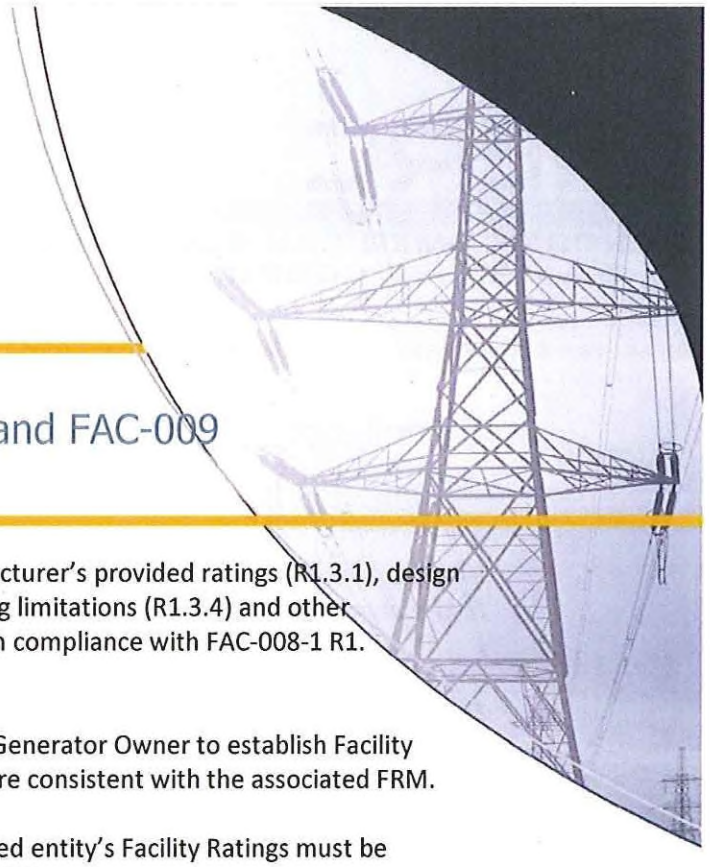

Compliance Application: FAC-008 and FAC-009

Where an entity's FRM considered equipment manufacturer's provided ratings (R1.3.1), design criteria (R1.3.2), ambient conditions (R1.3.3), operating limitations (R1.3.4) and other assumptions (R1.3.5), the registered entity would be in compliance with FAC-008-1 R1.

FAC-009 R1

FAC-009-1 R1 requires each Transmission Owner and Generator Owner to establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated FRM.

In order to be compliant with FAC-009-1 R1, a registered entity's Facility Ratings must be established pursuant to its FRM required by FAC-008-1 R1.

In order to determine whether a registered entity's Facility Ratings were established pursuant to its FRM, a registered entity should first evaluate whether its FRM addresses design criteria for Transmission Facilities, including clearances and, if so, whether the design criteria and clearances that are included are:

1) the actual physical application of the design criteria in the field for individual Facilities and/or actual clearances for individual Facilities; ***or***

2) stated broadly as general policy requirements.

Where an entity's FRM requires the inclusion of the actual clearances or the physical applications of design criteria in the field for individual Facilities in the calculation of the Facility's Rating (#1):

- If the entity's calculated Facility Ratings do not reflect the FRM requirement, then the registered entity would possibly be non-compliant with FAC-009 R1.

- Additionally, where an entity's Facility Ratings include the FRM requirement, the Facilities must be constructed to the actual clearances and/or design criteria specified in the entity's FRM. If the Facilities in the field are not constructed to design specifications and/or within acceptable tolerances for clearances, or the registered entity would possibly be non-compliant with FAC-009 R1.

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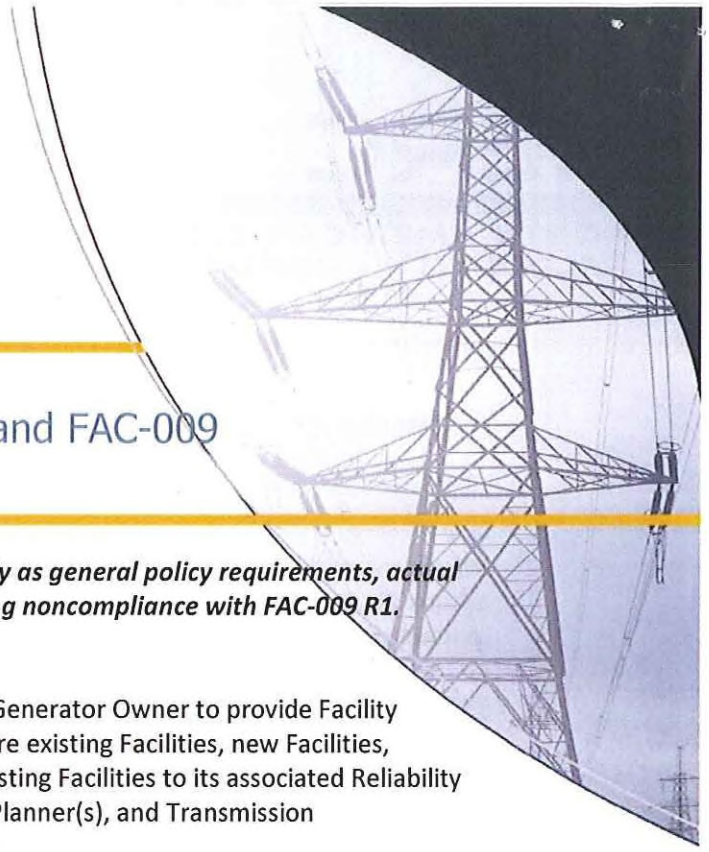

Compliance Application: FAC-008 and FAC-009

Where clearances or design criteria are stated broadly as general policy requirements, actual field construction would not considered in determining noncompliance with FAC-009 R1.

FAC-009 R2

FAC-009-1 R2 requires each Transmission Owner and Generator Owner to provide Facility Ratings for its solely and jointly owned Facilities that are existing Facilities, new Facilities, modifications to existing Facilities and re-ratings of existing Facilities to its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) as scheduled by such requesting entities.

For compliance with FAC-009-1 R2, an entity that provides its current Facility Ratings as scheduled by the requesting entities would be in compliance with the requirement. As R2 includes "new Facilities, modifications to existing Facilities and re-ratings of existing Facilities," the standard contemplates that transmission owners update their ratings to address changing field conditions and would thus be positioned for compliance with the standard.

Possible Compliance Actions

The first order of business under FAC-009 is for registered entities to operate reliably within the requirements and or assumptions contained in the registered entity's FRM.

In contrast, the Recommendation addresses whether Facilities were constructed pursuant to a registered entity's design specifications and required clearances.

Registered entities that included the actual physical application of its design criteria in the field for individual Facilities and/or actual clearances for individual Facilities in its FRM have exhibited an attention to detail and a concern for reliability. In the event a registered entity discovers a noncompliance as a result of this Recommendation, the a registered entity's continuation of its robust FRM; timely and thorough evaluations of its system using accurate measurement methods and technologies; timely self-disclosure of any compliance gaps; prompt corrective actions and consistent completion of its Mitigation Plan milestones will be strong considerations in the determination of a zero-dollar penalty.

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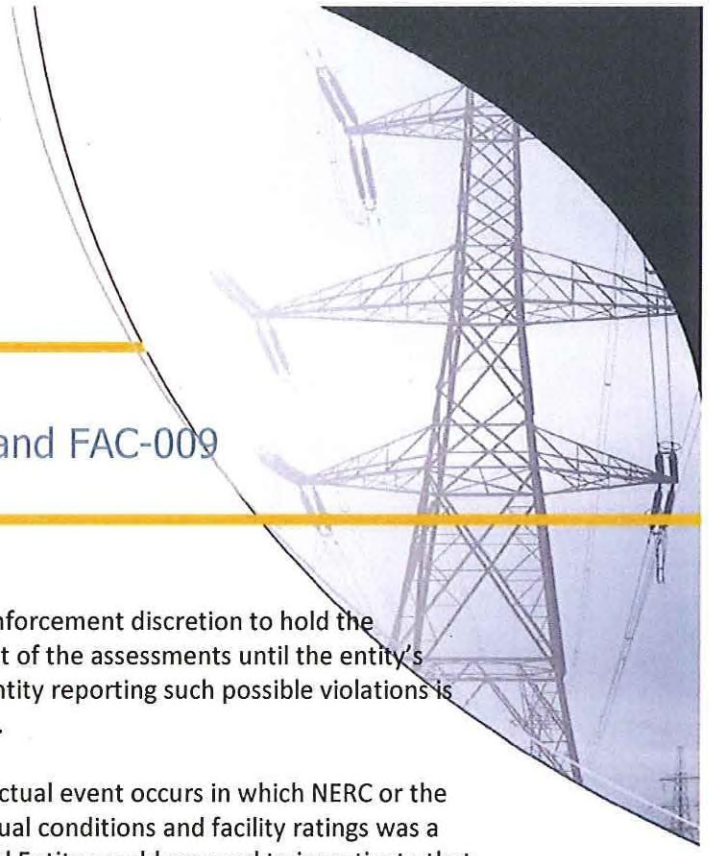

Compliance Application: FAC-008 and FAC-009

Further, NERC and Regional Entity staff will exercise enforcement discretion to hold the processing of all possible violations reported as a result of the assessments until the entity's assessments are complete, as long as the registered entity reporting such possible violations is proceeding in good faith to complete the assessments.

Please note that in the unlikely circumstance that an actual event occurs in which NERC or the Regional Entity determines a discrepancy between actual conditions and facility ratings was a cause or contributing factor, then NERC or the Regional Entity would proceed to investigate that case directly and not wait. Similarly, any possible violations of FAC-003 should continue to be reported immediately and may be processed separately and immediately by the Regional Entity or NERC.

Prior Related Communications

*FAC-008-1 RSAW November 2, 2009 – Facility Ratings Methodology
*FAC-009-1 RSAW November 2, 2009 – Establish and Communicate Facility Ratings
*Order 693, ¶ 736 - 771, March 16, 2007

For more information please contact:

Michael Moon
Director of Compliance Operations

michael.moon@nerc.net
609-524-7028

Valerie Agnew
Manager of Compliance Standards Interface and Outreach
valerie.agnew@nerc.net
609-524-7075

This document is designed to convey compliance guidance from NERC's various activities, including basis for current ERO enforcement determinations. It is does not establish new requirements under NERC's Reliability Standards or modify the requirements in any existing NERC Reliability Standard, but is intended to convey transparency for industry. Compliance will continue to be assessed based on language in the NERC Reliability Standards as they may be amended from time to time. Implementation of this compliance application notice is not a substitute for compliance with requirements in NERC's Reliability Standards.

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Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 402-403

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Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 405-406

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Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 415-416

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Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
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& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 418-419

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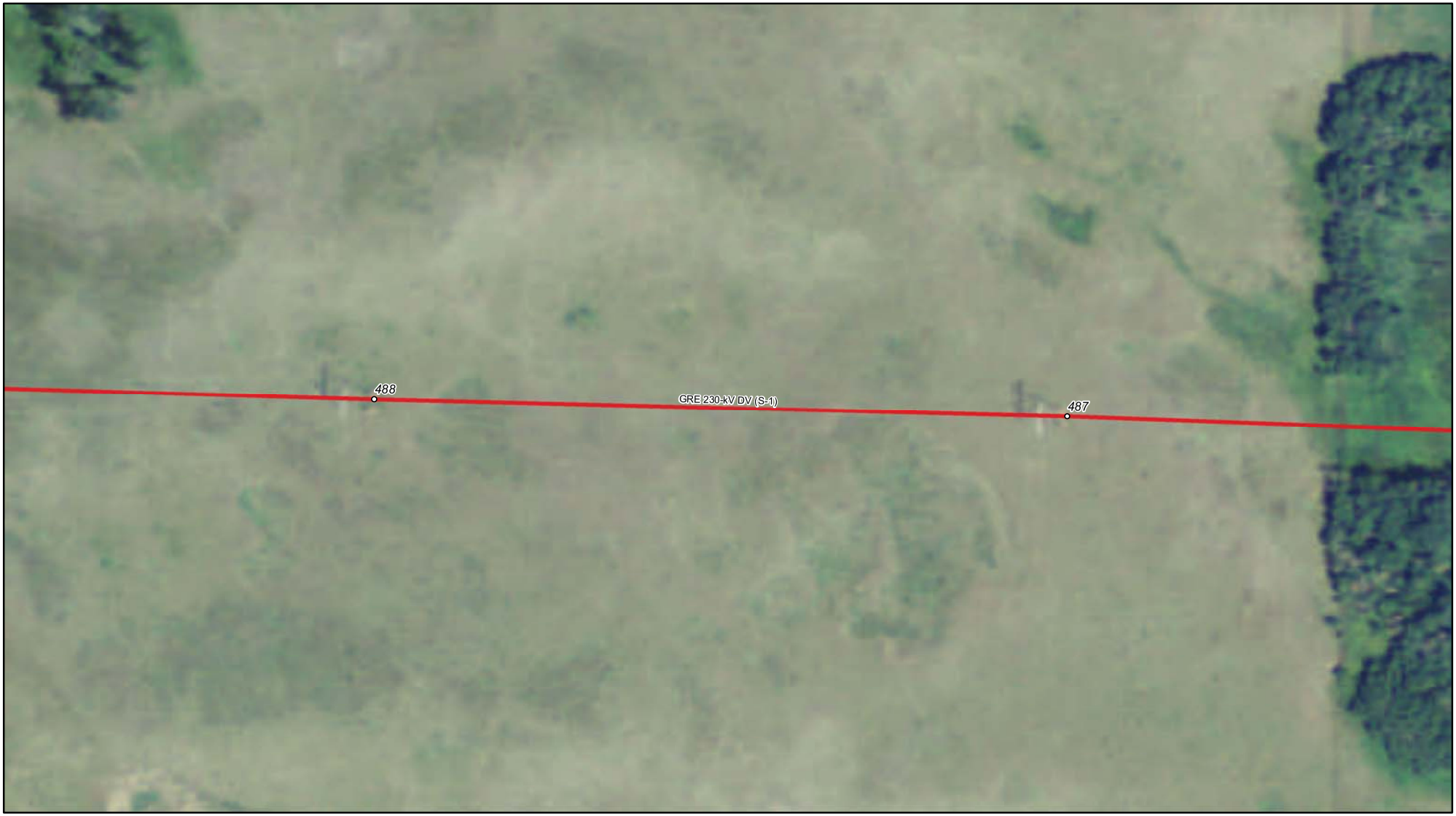

Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 487-488

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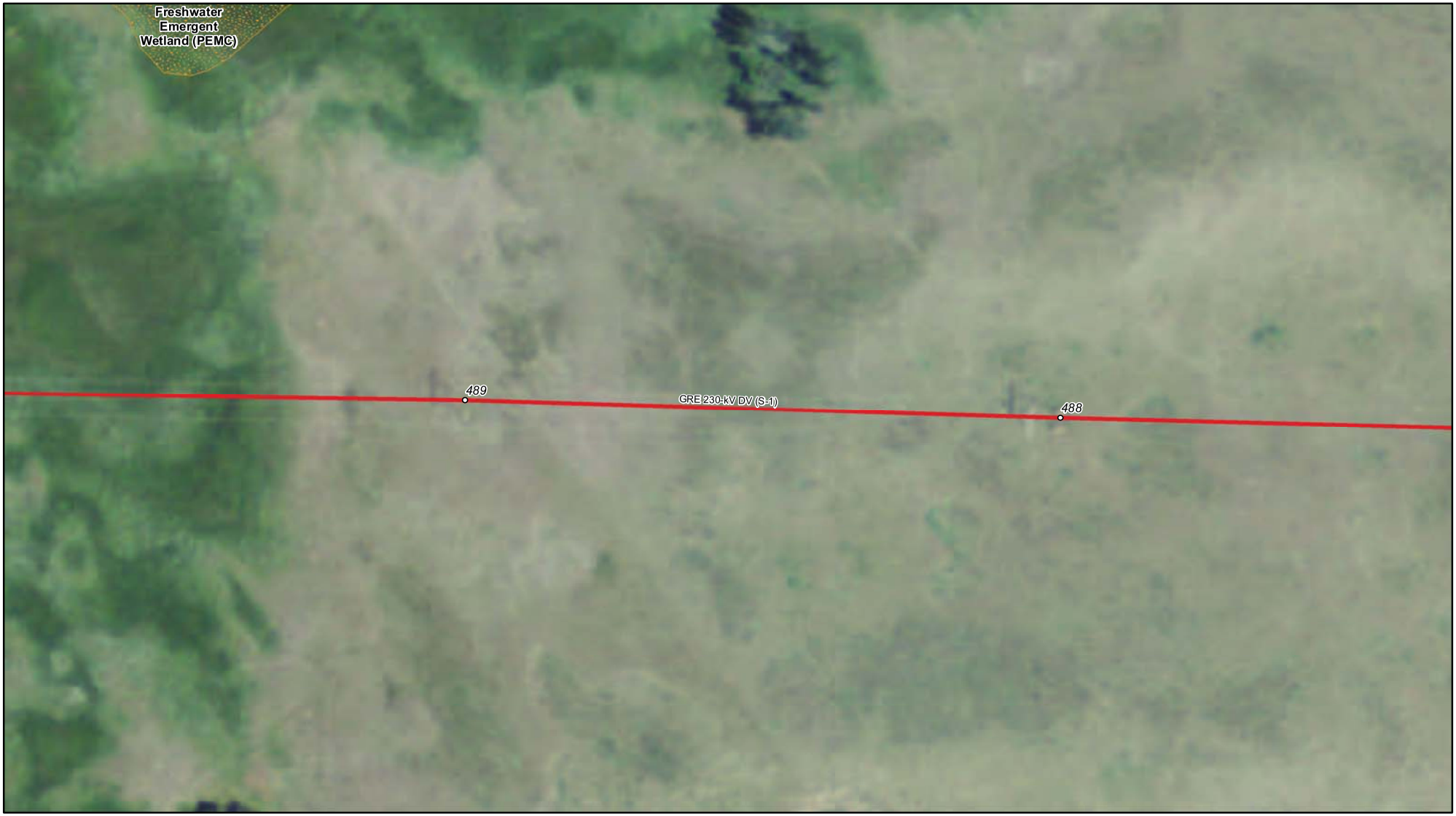

Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 488-489

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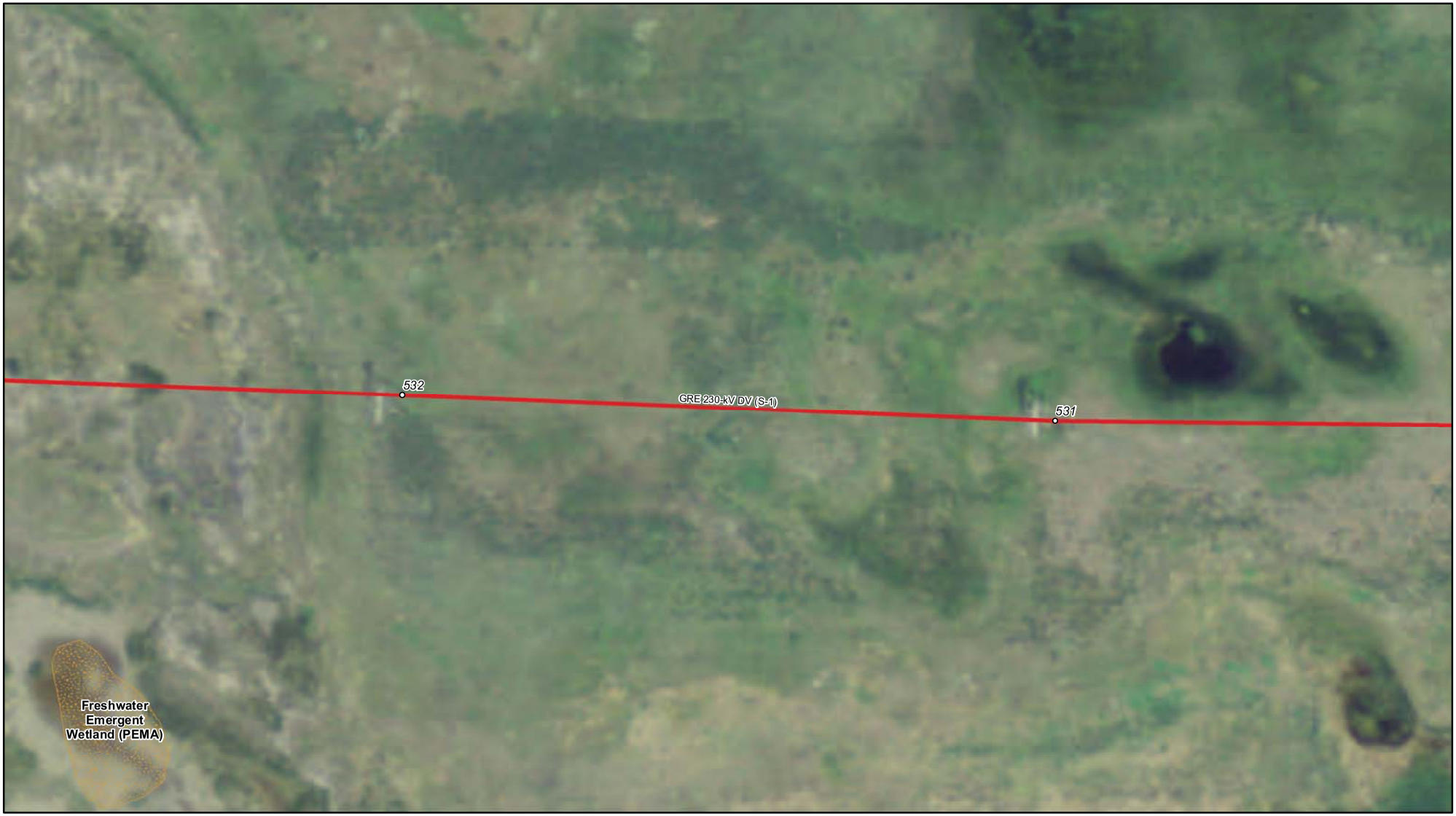

Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 531-532

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Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 624-625

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Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 676-677

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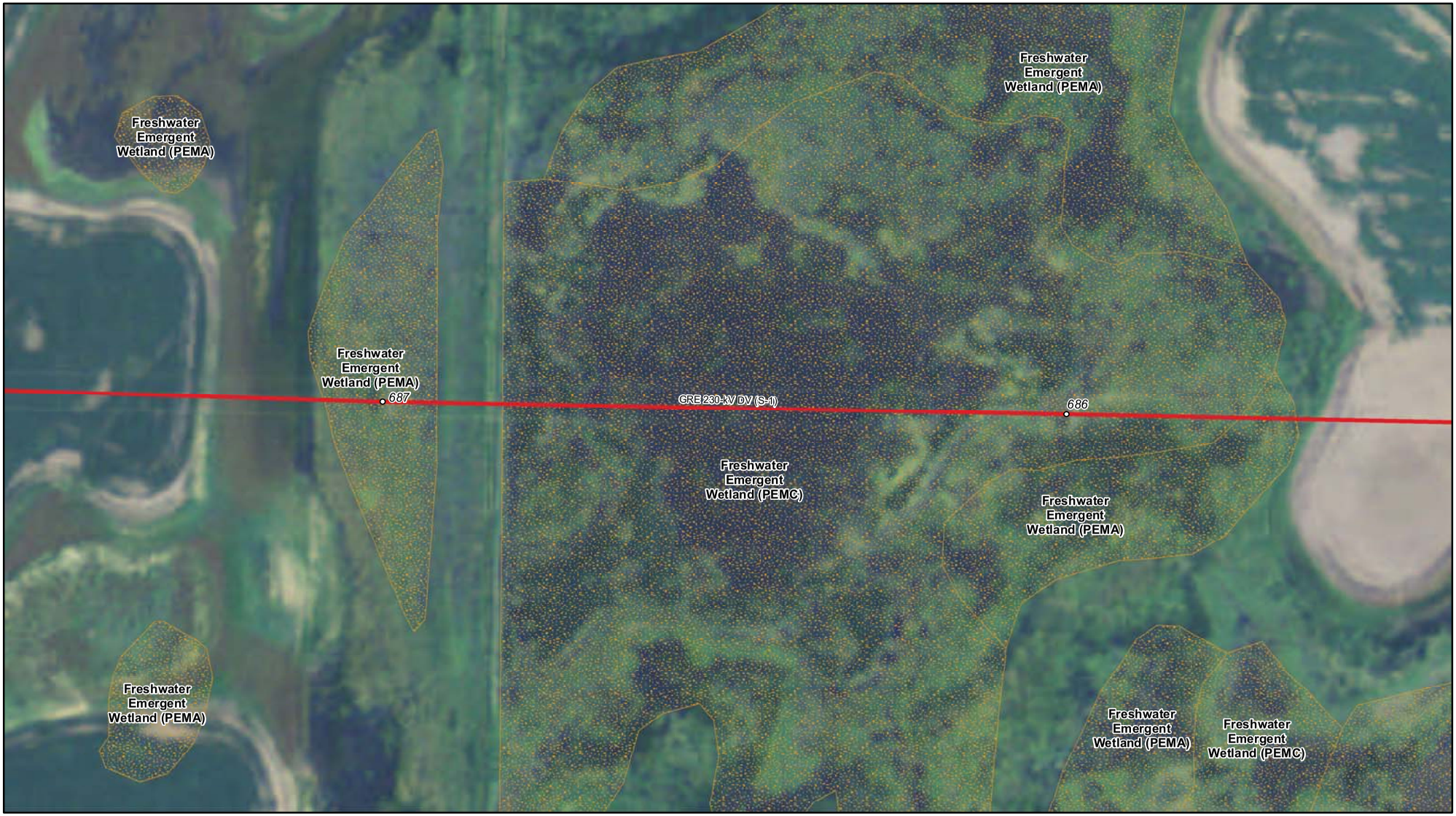

Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 686-687

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Clearance Structure

Great River Energy "DV" Transmission Line

Geographic Data from
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& Great River Energy
Updated: 5/9/2012

N

0 100 Feet

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Span: 715-716

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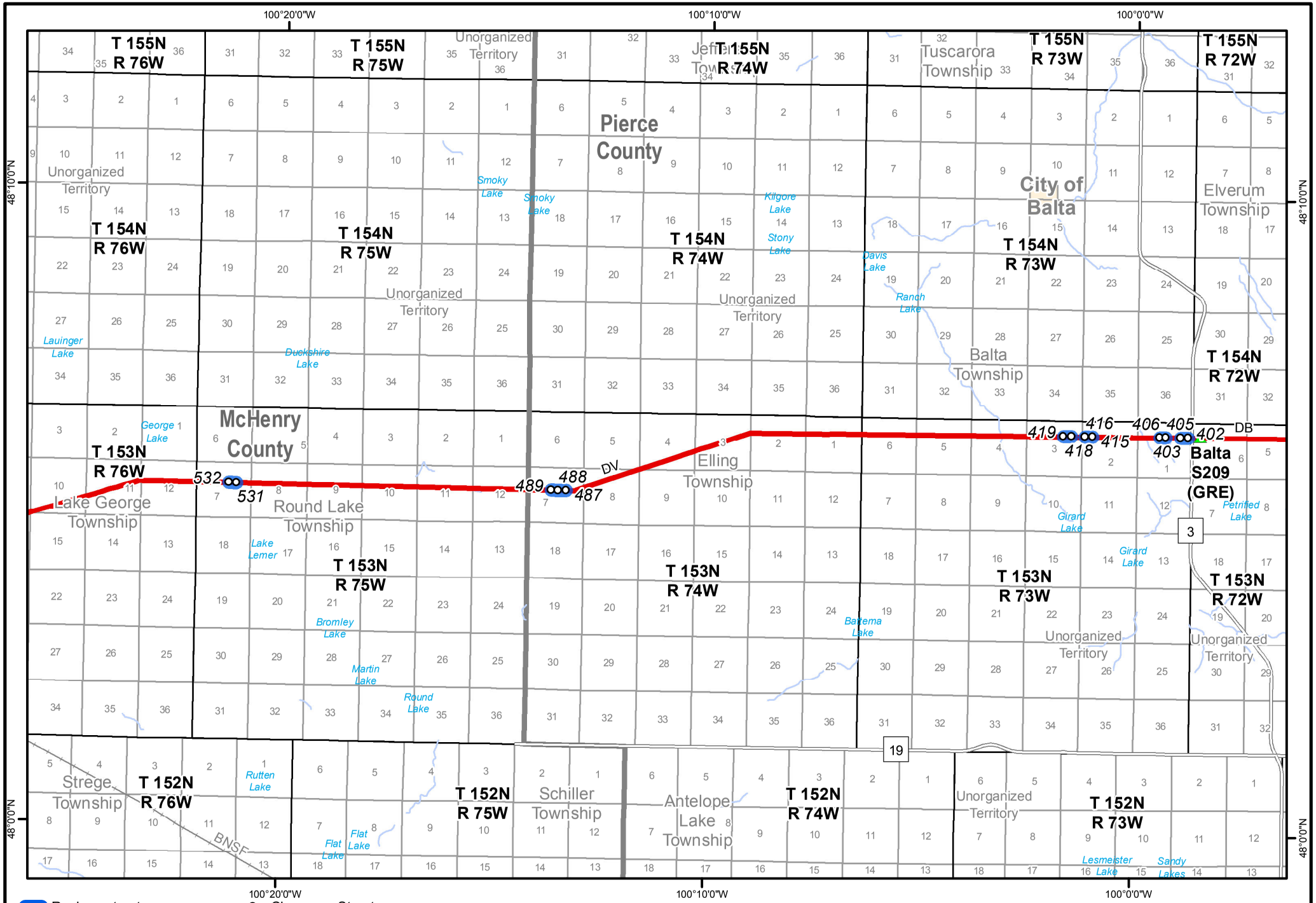

Replace structures
Install buoys and/or signage
Clearance Structure
Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/15/2012

N

0 3 Miles

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Figure 1 - Page 1

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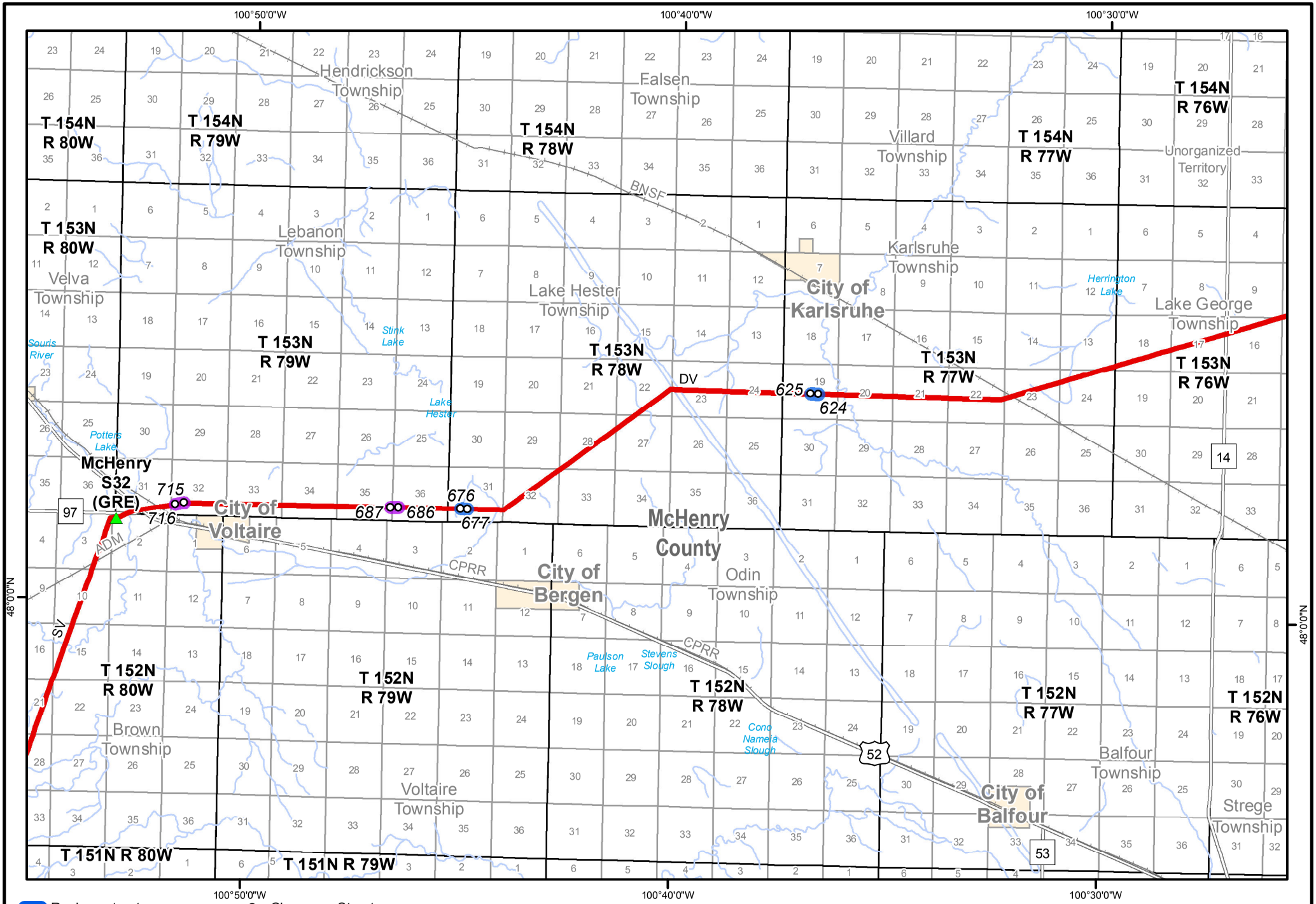

Replace structures
Install buoys and/or signage
Clearance Structure
Great River Energy "DV" Transmission Line

Geographic Data from
ND State GIS Departments
& Great River Energy
Updated: 5/15/2012

N
0
3
Miles

Great River Energy 230-KV "DV" Line
Clearance Discrepancy Locations
Figure 1 - Page 2

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CERTIFICATION OF APPLICANT PURSUANT TO N.D. CENTURY CODE 49-22-03(3)(a)(3)

GREAT RIVER ENERGY

I, William R. Kaul, Vice President, a duly authorized agent of Great River Energy that has authority to bind the company in these matters, do hereby certify under oath:

1. That the replacement of 10 structures (402, 406, 415, 419, 488, 532, 624, 677, 686 or 687, 715 or 716) of Great River Energy's "DV Line" to correct NESC clearance discrepancies will not affect any known exclusion or avoidance area as defined under the N.D. Administration Code 69-06-08-02 (1) and (2).

2. That Great River Energy will comply with all applicable conditions and protections in applicable North Dakota siting laws and rules and commission orders previously issued for any part of the facility.

Dated at Maple Grove, Minnesota this 15th day of May, 2012.

William R. Kaul
Vice President
Transmission Division

This instrument was acknowledged before me this 15th day of May, 2012, by William R. Kaul on behalf of Great River Energy.

Sign: Theresa M Hoaglund
Print: Theresa M Hoaglund
My Commission Expires: 1-31-2015

THERESA M HOAGLUND
Notary Public
State of Minnesota
My Commission Expires
January 31, 2015