

September 30, 2010

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

**Re: NERC Abbreviated Notice of Penalty regarding Citizens Electric Corporation,  
FERC Docket No. NP10-\_\_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Abbreviated Notice of Penalty (NOP) regarding Citizens Electric Corporation (Citizens),<sup>1</sup> with information and details regarding the nature and resolution of the violations<sup>2</sup> discussed in detail in the Settlement Agreement (Attachment b) and the Disposition Document (Attachment c), 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>

On May 29, 2009, Citizens self-certified to SERC Reliability Corporation (SERC) violations of FAC-001-0 Requirement (R) 1 and R2<sup>4</sup> its failure to document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable

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<sup>1</sup> On July 6, 2010, NERC filed a Notice of Penalty designated as NOC-025 in FERC Docket No. NP10-119-000 regarding a Settlement Agreement between SERC and Citizens for violations of PRC-005-1 R1 and FAC-008-1 R1. On August 5, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty. SERC determined that the prior violations should not serve as a basis for aggravating the penalty because the subject violations of NOC-025 involved unrelated standards and the mitigation plans in NOC-025 would not have resolved or prevented the instant violations. Moreover, there was nothing in the record to suggest that broader corporate issues were implicated.

<sup>2</sup> 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.

<sup>3</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 (2010). *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).

<sup>4</sup> SERC determined that the violations of FAC-001-0 R1 and R2 were "related to a single act or common incidence of non-compliance" for which SERC would assess "a single aggregate penalty."

Regional Reliability Organization, sub-regional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements. This NOP is being filed with the Commission because SERC and Citizens have entered into a Settlement Agreement to resolve all outstanding issues arising from SERC's determination and findings of the enforceable violations of FAC-001-0 R1 and R2. According to the Settlement Agreement, Citizens neither admits nor denies the violations and has agreed to the assessed penalty of two thousand dollars (\$2,000), in addition to other remedies and actions to mitigate the instant violations and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers SERC200900276 and SERC200900277 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

### Statement of Findings Underlying the Violations

This NOP incorporates the findings and justifications set forth in the Settlement Agreement executed on August 30, 2010, by and between SERC and Citizens. The details of the findings and the basis for the penalty are set forth in the Disposition Document. This NOP 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, 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 (\$)
SERC	Citizens Electric Corporation	NOC-547	SERC200900276	FAC-001-0	1	Medium	2,000
			SERC200900277	FAC-001-0	2	Medium	

The text of the Reliability Standards at issue is set forth in the Disposition Document.

### FAC-001-0 R1 and R2 - OVERVIEW<sup>5</sup>

SERC determined that Citizens, as a Transmission Owner, did not document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, sub-regional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements.

The duration of the FAC-001-0 R1 and R2 violations was from June 18, 2007, when the Standards became mandatory and enforceable, through April 6, 2010, the date Citizens completed its Mitigation Plan.

SERC staff concluded that the violations did not pose a serious or substantial risk to the BPS because Citizens has not received any requests to interconnect to its single 138 kV line since June 18, 2007.

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<sup>5</sup> Further information on this violation is contained in the Disposition Document included as Attachment c.

## **Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed<sup>6</sup>**

### **Basis for Determination**

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines, the Commission's July 3, 2008 and October 26, 2009 Guidance Orders,<sup>7</sup> the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on July 12, 2010. The NERC BOTCC approved the Settlement Agreement, including SERC's assessment of a two thousand dollar (\$2,000) financial penalty against Citizens 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 violations at issue.

In reaching this determination, the NERC BOTCC considered the following factors:<sup>8</sup>

1. the violations constituted Citizens' first occurrence of violation of the subject NERC Reliability Standards;
2. SERC reported that Citizens was cooperative throughout the compliance enforcement process;
3. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. SERC determined that the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above and in the Disposition Document; and
5. SERC 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 approves the Settlement Agreement and believes that the assessed penalty of two thousand dollars (\$2,000) is appropriate for the violations 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 NOP with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

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<sup>6</sup> See 18 C.F.R. § 39.7(d)(4).

<sup>7</sup> *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). See also *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

<sup>8</sup> Citizens did not receive credit for having a compliance program because development of the program was not complete at the time of processing the violations and thus not reviewed by SERC.

**Attachments to be included as Part of this Notice of Penalty**

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

- a) Citizens' Self-Certification for FAC-001-0 R1 and R2 dated May 29, 2009, included as Attachment a;<sup>9</sup>
- b) Settlement Agreement by and between SERC and Citizens executed August 30, 2010, included as Attachment b:
  - i. Citizens' Mitigation Plan MIT-07-2245 for FAC-001-0 R1 and R2 submitted September 24, 2009, included as Appendix A-1;
  - ii. Citizens' Certification of Mitigation Plan Completion for FAC-001-0 R1 and R2 dated April 6, 2010, included as Appendix A-2; and
  - iii. SERC's Verification of Mitigation Plan Completion for FAC-001-0 R1 and R2 dated April 14, 2010, included as Appendix A-3.
- c) Disposition Document, included as Attachment c.

**A Form of Notice Suitable for Publication<sup>10</sup>**

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

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<sup>9</sup> Citizens' May 29, 2009 Self-Certification states that Ameren Services is Citizens' Transmission Operator. To clarify, Ameren Services is the interconnected Transmission Operator. *See NERC Supplemental Filing* FERC Docket No. NP10-119-000 (July 27, 2010).

<sup>10</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:

<p>Gerald W. Cauley* President and Chief Executive Officer David N. Cook* Sr. 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 gerry.cauley@nerc.net david.cook@nerc.net</p> <p>Van Robinson* CEO Citizens Electric Corporation 150 Merchant Street Ste. Genevieve, MO 63670 (573) 883-5339 (573) 883-3381 – facsimile vrobinson@cecmo.com</p> <p>Thomas Borowiak* VP of Engineering NERC/SERC Compliance Officer Citizens Electric Corporation 150 Merchant Street Ste. Genevieve, MO 63670 (573) 883-5339 (573) 883-3381 – facsimile tborowiak@cecmo.com</p> <p>Cynthia Bogorad* Counsel Spiegel &amp; McDiarmid 1333 New Hampshire Avenue, NW Washington, DC 20036 (202) 879-4000 cynthia.bogorad@spiegelmc.com</p> <p>*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.</p>	<p>Rebecca J. Michael* Assistant General Counsel North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, DC 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net</p> <p>R. Scott Henry* President and Chief Executive Officer SERC Reliability Corporation 2815 Coliseum Centre Drive, Suite 500 Charlotte, NC 28217 (704) 940-8202 (704) 357-7914 – facsimile shenry@serc1.org</p> <p>Marisa A. Sifontes* General Counsel Jacqueline E. Carmody* Legal Counsel SERC Reliability Corporation 2815 Coliseum Centre Drive, Suite 500 Charlotte, NC 28217 (704) 494-7775 (704) 357-7914 – facsimile msifontes@serc1.org jcarmody@serc1.org</p> <p>Kenneth B. Keels, Jr.* Director of Compliance Andrea Koch* Manager of Compliance Enforcement and Mitigation SERC Reliability Corporation 2815 Coliseum Centre Drive, Suite 500 Charlotte, NC 28217 (704) 940-8214 (704) 357-7914 – facsimile kkeels@serc1.org akoch@serc1.org</p>
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## Conclusion

Accordingly, NERC respectfully requests that the Commission accept this Abbreviated NOP as compliant with its rules, regulations and orders.

Respectfully submitted,

Gerald W. Cauley  
President and Chief Executive Officer  
David N. Cook  
Sr. 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  
gerry.cauley@nerc.net  
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/s/ Rebecca J. Michael  
Rebecca J. Michael  
Assistant General Counsel  
North American Electric Reliability  
Corporation  
1120 G Street, N.W.  
Suite 990  
Washington, DC 20005-3801  
(202) 393-3998  
(202) 393-3955 – facsimile  
rebecca.michael@nerc.net

cc: Citizens Electric Corporation  
SERC Reliability Corporation

Attachments

## **Attachment a**

### **Citizens' Self-Certification for FAC-001-0 R1 and R2 dated May 29, 2009**



## Citizens Electric Corporation Compliance Certification Statement

Form Name	Form Title	Functions	Compliance	Due Date	Ready for Approval	Filing Period
FAC-001-0 Self Certification (TO)	FAC-001-0 Self Certification (TO)	TO	Non-Compliant R1.,R2.,R3.	06/01/09	05/29/09	April 1, 2008 to March 31, 2009, 2009

I certify the compliance information is accurate.

**Van Robinson**

**May 29, 2009**

Executive Signature

Date

**Name:** Van Robinson  
**Title:** Chief Financial Officer  
**Company:** Citizens Electric Corporation  
**E-Mail:** vrobinson@cecmo.com  
**Phone:** 573-883-5339 x107



Logged in as:

Tom Borowiak

Log Out

FAC-001-0 Self Certification (TO) - FAC-001-0 Self Certification (TO) - April 1, 2008 to March 31, 2009

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Attachments (0)

**This form has been locked.**

**If you need to edit data contained in this form, please contact your SERC Administrator.**

**This form was marked as ready to be added to a certification statement on 5/29/2009.**

\* Required Fields

Status: Read Only

#### Technical Contact

\* Tom Borowiak (tborowiak@cecmo.com) |

Notice: Prior to submitting this self-certification form, you are directed to review the complete text of the applicable reliability standard (including interpretations) that is found at [www.nerc.com](http://www.nerc.com). Each registered entity should evaluate its compliance with the official standard in preparing this filing.

Evidence must be retained to support the responses to this Self-Certification, including any follow-up investigation, until the completion of the next scheduled audit, unless the NERC or Regional Entity advises otherwise.

SERC will disclose this information to NERC and other third parties, only as required, and in accordance with established procedures pursuant to section 1500 of the NERC rules of procedure.

This self-certification covers the Reporting Period for April 1, 2008 to March 31, 2009. The response to the certification should accurately reflect the entity's compliance status for the entire Reporting Period.

#### Applicable Function: TO

As an authorized representative of **Citizens Electric Corporation**, I certify the following:

1. **Citizens Electric Corporation** was in Compliance with the NERC Reliability Standard FAC-001-0 for the entire Reporting Period.
2. **Citizens Electric Corporation** is Not in Compliance for a portion of or the entire Reporting Period with the following requirement(s) of NERC Reliability Standard FAC-001-0 (indicated by checkmark) but was in compliance with all other requirements of the standard for the entire Reporting Period.
  - ☒ **Citizens Electric Corporation** is indicating a possible violation that has **not** been previously identified to SERC Reliability Corporation.
  - ☒ **Citizens Electric Corporation** is indicating a possible violation that was previously identified to SERC Reliability Corporation. Provide issues tracking number, if known.

Check all requirements for which Citizens Electric Corporation was Not in Compliance for a portion of or the entire Reporting Period:

- ☒ **R1.** The Transmission Owner shall document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, subregional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements. The Transmission Owner's facility connection requirements shall address connection requirements for:

- ☒ **R1.1.** Generation facilities,

Ⓔ **R1.2.** Transmission facilities, and

Ⓔ **R1.3.** End-user facilities.

**NOTE:** While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)

Provide a detailed explanation why this was not accomplished

This reliability standard is newly monitored for the first time this year. CEC was not aware of the requirements until the portal notification. A written "Facility Connection" document does not yet exist and will need to be prepared.

Enter date of alleged violation

3/30/2007 ▼

Enter time of alleged violation

hh:mm:ss

Ⓔ **R2.** The Transmission Owner's facility connection requirements shall address, but are not limited to, the following items:

Ⓔ **R2.1.** Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon:

Ⓔ **R2.1.1.** Procedures for coordinated joint studies of new facilities and their impacts on the interconnected transmission systems.

Ⓔ **R2.1.2.** Procedures for notification of new or modified facilities to others (those responsible for the reliability of the interconnected transmission systems) as soon as feasible.

Ⓔ **R2.1.3.** Voltage level and MW and MVAR capacity or demand at point of connection.

Ⓔ **R2.1.4.** Breaker duty and surge protection.

Ⓔ **R2.1.5.** System protection and coordination.

Ⓔ **R2.1.6.** Metering and telecommunications.

Ⓔ **R2.1.7.** Grounding and safety issues.

Ⓔ **R2.1.8.** Insulation and insulation coordination.

Ⓔ **R2.1.9.** Voltage, Reactive Power, and power factor control.


Ⓔ **R2.1.10.** Power quality impacts.


Ⓔ **R2.1.11.** Equipment Ratings.

Ⓔ **R2.1.12.** Synchronizing of facilities.

Ⓔ **R2.1.13.** Maintenance coordination.

Ⓔ **R2.1.14.** Operational issues (abnormal frequency and voltages).

 **R2.1.15.** Inspection requirements for existing or new facilities.

 **R2.1.16.** Communications and procedures during normal and emergency operating conditions.

**NOTE:** While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)

Provide a detailed explanation why this was not accomplished


This reliability standard is newly monitored for the first time this year. CEC was not aware of the requirements until the portal notification. A written "Facility Connection" document does not yet exist and will need to be prepared.

Enter date of alleged violation

3/30/2007 

Enter time of alleged violation

hh:mm:ss

 **R3.** The Transmission Owner shall maintain and update its facility connection requirements as required. The Transmission Owner shall make documentation of these requirements available to the users of the transmission system, the Regional Reliability Organization, and NERC on request (five business days).

**NOTE:** While submittal of a mitigation plan is not required until after a determination of a violation is confirmed, early submittal of a mitigation plan to address and remedy an identified deficiency is encouraged. Submittal of a mitigation plan shall not be deemed an admission of a violation. (See NERC Rules of Procedure, Appendix 4C, Section 6.4.)

Provide a detailed explanation why this was not accomplished


This reliability standard is newly monitored for the first time this year. CEC was not aware of the requirements until the portal notification. A written "Facility Connection" document does not yet exist and will need to be prepared.

Enter date of alleged violation

3/30/2007 

Enter time of alleged violation

hh:mm:ss

 3. The NERC Reliability Standard FAC-001-0 **does not** apply to **Citizens Electric Corporation** because

Additional Comments:

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## **Attachment b**

### **Settlement Agreement by and between SERC and Citizens executed August 30, 2010**

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**SETTLEMENT AGREEMENT**

**OF**

**SERC RELIABILITY CORPORATION**

**AND**

**CITIZENS ELECTRIC CORPORATION**

**I. INTRODUCTION**

1. SERC Reliability Corporation (“SERC”) and Citizens Electric Corporation (“Citizens”) enter into this Settlement Agreement (“Settlement Agreement”) to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC’s determination and findings, pursuant to the North American Electric Reliability Corporation (“NERC”) Rules of Procedure, of two violations by Citizens of NERC Reliability Standard FAC-001-0, Requirements (R)1 and 2 (Transmission Owner’s Facility Connection Requirements), (SERC Issue Tracking Nos. 09-033 and 09-034 NERC Violation ID Nos. SERC200900276 and SERC200900277).
2. Citizens neither admits nor denies the violations of NERC Reliability Standard FAC-001-0 R1 and R2, but has agreed to the proposed penalty of two thousand dollars (\$2,000) to be assessed to Citizens in addition to other remedies and mitigation actions to mitigate the instant violations and ensure future compliance under the terms and conditions of the Settlement Agreement.

**II. STIPULATION**

3. The facts stipulated herein are stipulated solely for the purpose of resolving, between Citizens and SERC, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. Citizens and SERC hereby stipulate and agree to the following:

**Background**

4. Citizens is a not-for-profit corporation operating as a cooperative that serves a peak load of approximately 220MW. Citizens owns approximately 69 miles of 138kV transmission line. Citizens serves all of Ste. Genevieve and Perry counties, as well as part of St. Francois and Cape Girardeau counties in Missouri. Citizens owns

facilities that include 69 miles of line, nine (9) transmission breakers and various other auxiliary bus and relay equipment all at the 138 kV voltage level that are classified as part of the Bulk Electric System. Citizens has seven (7) interconnection points, one (1) at 34.5 kV, three (3) at 138 kV, two (2) at 161 kV and one (1) at 345 kV.

5. Citizens is included on the NERC Compliance Registry as a Transmission Owner and Distribution Provider (NCR01192). This alleged violation involves its registration as a Transmission Owner.
6. Citizens had previously identified possible violations of NERC Reliability Standards FAC-008-1 and PRC-005-1 that were self-reported prior to June 18, 2007, but were not adequately mitigated in accordance with the accepted mitigation plan. These issues were resolved via settlement.

#### **Alleged Violations of NERC Reliability Standard FAC-001-0 Requirements 1 and 2**

7. The purpose of NERC Reliability Standard FAC-001-0 is “[t]o avoid adverse impacts on reliability, Transmission Owners must establish facility connection and performance requirements.”
8. NERC Reliability Standard FAC-001-0, R1 requires that the Transmission Owner shall document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, sub-regional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements. The Transmission Owner’s facility connection requirements shall address connection requirements for:

**R1.1.** Generation facilities,

**R1.2.** Transmission facilities, and

**R1.3.** End-user facilities

9. NERC Reliability Standard FAC-001-0, R2 requires that the Transmission Owner’s facility connection requirements shall address, but are not limited to, the following items:

**R2.1.** Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon:

**R2.1.1.** Procedures for coordinated joint studies of new facilities and their impacts on the interconnected transmission systems.

**R2.1.2.** Procedures for notification of new or modified facilities to others (those responsible for the reliability of the interconnected transmission systems) as soon as feasible.

**R2.1.3.** Voltage level and MW and MVAR capacity or demand at point of connection.

**R2.1.4.** Breaker duty and surge protection.

**R2.1.5.** System protection and coordination.

**R2.1.6.** Metering and telecommunications.

**R2.1.7.** Grounding and safety issues.

**R2.1.8.** Insulation and insulation coordination.

- R2.1.9.** Voltage, Reactive Power, and power factor control.
- R2.1.10.** Power quality impacts.
- R2.1.11.** Equipment Ratings.
- R2.1.12.** Synchronizing of facilities.
- R2.1.13.** Maintenance coordination.
- R2.1.14.** Operational issues (abnormal frequency and voltages).
- R2.1.15.** Inspection requirements for existing or new facilities.
- R2.1.16.** Communications and procedures during normal and emergency operating conditions.

10. On May 29, 2009, Citizens submitted a required self-certification due June 1, 2009, covering the period April 1, 2008 through March 31, 2009 indicating it did not document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, sub-regional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements.
11. After confirming Citizens' NERC registration status, SERC staff commenced its detailed compliance assessment. On June 3, 2009, SERC staff issued to Citizens a Compliance Assessment Notice advising Citizens of the initiation of a formal assessment to determine, in part, its compliance relative to Reliability Standard FAC-001-0 and directing Citizens to preserve all relevant records and information.
12. SERC staff promptly established direct contact with representatives of Citizens to begin the process of gathering information and documentation for the detailed compliance assessment. SERC staff also reported the possible violation to NERC on June 3, 2009, which, in turn, reported the possible violation to the Federal Energy Regulatory Commission ("Commission") on June 9, 2009 in accordance with the Compliance Monitoring Enforcement Program ("CMEP") of the NERC Rules of Procedure.
13. From discussions with Citizens and from its review, SERC staff confirmed that Citizens had no documented facility connection requirements.

### **III. PARTIES' SEPARATE REPRESENTATIONS**

#### **Statement of SERC and Summary of Findings**

14. SERC staff finds that beginning on June 18, 2007 and continuing until completion of Citizens Mitigation Plan on April 6, 2010, Citizens, as a Transmission Owner, did not document, maintain, and publish facility connection requirements as required by NERC Reliability Standard FAC-001-0 R1 and R2.
15. SERC staff concluded that the violations did not pose a serious or substantial risk to the bulk-power system since it owns a single 138kV line that has minimal potential and

no actual impact on the Bulk Power System. Furthermore, Citizens has not received any requests to interconnect to its line.

16. SERC agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.

#### **Statement of Citizens**

17. Citizens neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Agreement constitute violations of NERC Reliability Standard FAC-001-0 Requirements 1 and 2.
18. Citizens has agreed to enter into this Settlement Agreement with SERC to avoid extended litigation with respect to the matters described or referred to herein, to avoid uncertainty, and to effectuate a complete and final resolution of the issues set forth herein. Citizens agree that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.

#### **IV. MITIGATING ACTIONS, REMEDIES, AND SANCTIONS**

19. Citizens' Mitigation Plan, MIT-07-2245, to address the alleged violations of NERC Reliability Standard FAC-001-0 was submitted to SERC on September 24, 2009. The Mitigation Plan was accepted by SERC on December 31, 2009, approved by NERC on January 6, 2010, and submitted as non-public information to the Commission on January 6, 2010.
20. On April 6, 2010, Citizens certified that its Mitigation Plan had been completed on April 6, 2010. SERC staff verified Citizens' completion of the Mitigation Plan on April 14, 2010. Citizens' Mitigation Plan MIT-07-2245 is attached as Appendix A-1. Its Certification of Mitigation Plan Completion is attached hereto as Appendix A-2, and the Statement of SERC Compliance Staff Regarding Completion of Citizens' Mitigation Plan MIT-07-2245 is attached hereto as Appendix A-3.
21. In its Mitigation Plan, Citizens committed to document and publish facility connection requirements that address connection requirements for generation, transmission and end-user facilities, as required by the Standard.
22. SERC staff has reviewed the preventative measures described in the Mitigation Plan and has determined that these measures will assist Citizens in improving prospective compliance with the requirements of NERC Reliability Standard FAC-001-0.
23. To verify Citizens' satisfactory completion of Mitigation Plan MIT-07-2245, SERC staff reviewed a copy of Citizens' Facility Connection Requirements document dated February 5, 2010.



24. SERC staff considered the specific facts and circumstances of the violations and Citizens actions in response to the violations in determining a proposed penalty that meets the requirement in Section 215 of the Federal Power Act that “[a]ny penalty imposed under this section shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of [Citizens] to remedy the violation in a timely manner.”<sup>1</sup> The factors considered by SERC staff in the determination of the appropriate penalty for Citizens’ alleged violations of NERC Reliability Standard FAC-001-0 pursuant to this Settlement Agreement included the following:
- a. Citizens has no prior violation history for this reliability standard during the mandatory reliability period.
  - b. Citizens cooperated in a timely and satisfactory manner with SERC staff during the investigation.<sup>2</sup> Citizens provided prompt responses to all of SERC staff’s data requests and cooperated with SERC staff during meetings between the parties to discuss these issues. Citizens voluntarily provided supporting information to SERC staff to assist in SERC staff’s review of the facts and circumstances. This included the submission of detailed mitigation plans, and copies of procedures for review. Citizens’ response to SERC staff’s questions enabled SERC staff to conduct a thorough investigation in an efficient manner.
  - c. There is no evidence that Citizens intended to conceal this information.
  - d. Citizens agreed to resolve these issues via settlement and promptly initiated various mitigation actions and preventative measures before receiving a Notice of Alleged Violation from SERC.
  - e. Citizens has implemented appropriate measures to protect against future violations of the same or similar requirement.<sup>3</sup>
25. Based on the above factors, as well as the mitigation actions and preventative measures taken, Citizens shall pay \$2,000 to SERC as set forth in this Settlement Agreement. Citizens shall remit the payment to SERC via check, or by wire transfer to an account to be identified by SERC (“SERC Account”), within thirty days after the Settlement Agreement is either approved by the Federal Energy Regulatory Commission or by operation of law. SERC shall notify NERC, and NERC shall notify the Commission, if the payment is not timely received. If Citizens does not remit the payment by the required date, interest payable to SERC will begin to accrue pursuant to the Commission’s regulations at 18 C.F.R. §35.19a(a)(2)(iii) from the date that payment is due, and shall be payable in addition to the payment.

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<sup>1</sup> 16 U.S.C. § 824o(e)(6)

<sup>2</sup> Revised Policy Statement on Enforcement, 123 FERC ¶ 61,156, P 65 (May 15, 2008).

<sup>3</sup> Policy Statement on Compliance, 125 FERC ¶ 61,058 (October 16, 2008).

26. Failure to make a timely penalty payment or to comply with any of the terms and conditions agreed to herein, or any other conditions of this Settlement Agreement shall be deemed to be either the same violation that initiated this Settlement Agreement and/or additional violation(s) and may subject Citizens to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. Citizens shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.

## **V. ADDITIONAL TERMS**

27. The signatories to the Settlement Agreement agree that they enter into the Settlement Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of SERC or Citizens has been made to induce the signatories or any other party to enter into the Settlement Agreement. The signatories agree that the terms and conditions of this Settlement Agreement are consistent with the Commission's regulations and orders, and NERC's Rules of Procedure.
28. SERC shall report the terms of all settlements of compliance matters to NERC. NERC will review the settlement for the purpose of evaluating its consistency with other settlements entered into for similar violations or under other, similar circumstances. Based on this review, NERC will either approve the settlement or reject the settlement and notify SERC and Citizens of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and SERC will attempt to negotiate a revised settlement agreement with Citizens including any changes to the settlement specified by NERC. If a settlement cannot be reached, the enforcement process shall continue to conclusion. If NERC approves the settlement, NERC will (i) report the approved settlement to the Commission for the Commission's review and approval by order or operation of law and (ii) publicly post this Settlement Agreement.
29. This Settlement Agreement shall become effective upon the Commission's approval of the Settlement Agreement by order or operation of law as submitted to it or as modified in a manner acceptable to the parties.
30. Citizens agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and Citizens waives its right to further hearings and appeal, unless and only to the extent that Citizens contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. SERC reserves all rights to initiate enforcement, penalty or sanction actions against Citizens in accordance with the NERC Rules of Procedure in the event that Citizens fails to comply with the mitigation plan agreed to in this Settlement Agreement. In the event Citizens fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, SERC will initiate enforcement, penalty, or sanction actions against

Citizens to the maximum extent allowed by the NERC Rules of Procedure, up to the maximum statutorily allowed penalty. Except as otherwise specified in this Settlement Agreement, Citizens shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

31. Citizens consents to the use of SERC's determinations, findings, and conclusions set forth in this Settlement 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 Citizens does not consent to the use of the specific acts set forth in this Settlement Agreement as the sole basis for any other action or proceeding brought by NERC and/or SERC, nor does Citizens consent to the use of this Settlement Agreement by any other party in any other action or proceeding.
32. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Settlement Agreement on the entity's behalf.
33. The undersigned representative of each party affirms that he or she has read the Settlement Agreement, that all of the matters set forth in the Settlement Agreement are true and correct to the best of his or her knowledge, information and belief, and that he or she understands that the Settlement Agreement is entered into by such party in express reliance on those representations, provided, however, that such affirmation by each party's representative shall not apply to the other party's statements of position set forth in Section III of this Settlement Agreement.
34. The Settlement Agreement may be signed in counterparts.
35. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

***Remainder of page intentionally blank.  
Signatures to be affixed to the following page.***

Agreed to and accepted:

  
R. Scott Henry  
President and Chief Executive Officer  
**SERC RELIABILITY CORPORATION**

8/30/2010  
Date

  
Van Robinson  
Chief Executive Officer  
**CITIZENS ELECTRIC CORPORATION**

8/26/10  
Date

**APPENDIX A  
TO  
SETTLEMENT AGREEMENT  
OF  
SERC RELIABILITY CORPORATION  
AND  
CITIZENS ELECTRIC CORPORATION**

- (1) Citizens' Mitigation Plan for FAC-001-0, R1 and R2**
- (2) Citizens' Certification of Mitigation Plan Completion for FAC-001-0, R1 and R2**
- (3) Statement of SERC Reliability Corporation Compliance Staff Regarding  
Completion of Citizens' Mitigation Plan for FAC-001-0, R1 and R2**



# Mitigation Plan Submittal Form

**Please refer to**  
**SERC Guidelines for Mitigation Plan Submission.pdf available at**  
**<http://www.serc1.org/Application/ContentPageView.aspx?ContentId=22>**

Date this Mitigation Plan is being submitted: September 24, 2009

If this Mitigation Plan has already been completed:

- Check this box ☐ and
- Provide the Date of Completion of the Mitigation Plan:

## **Section A: Compliance Notices**

- Section 6.2 of the CMEP<sup>1</sup> 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 2.0.
  - (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

<sup>1</sup> "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.



of submission. Additional violations could be determined 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.
- This submittal form shall be used to provide a required Mitigation Plan for review and approval by SERC and NERC.
  - The Mitigation Plan shall be submitted to SERC 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 violations of one Reliability Standard. A separate mitigation plan is required to address violations with respect to each additional Reliability Standard, as applicable.
  - If the Mitigation Plan is approved by SERC and NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission in accordance with applicable Commission rules, regulations and orders.
  - SERC 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.

## **Section B: Registered Entity Information**

### **B.1 Identify your organization:**

Company Name: Citizens Electric Corporation  
Company Address: 150 Merchant St. Ste. Genevieve, MO 63670  
NERC Compliance Registry ID **[if known]**: NCR01192

### **B.2 Identify the individual in your organization who will serve as the Contact to SERC regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to SERC regarding this Mitigation Plan.**

Name: Thomas Borowiak  
Title: Vice President Of Engineering  
Email: tborowiak@cecmo.com  
Phone: 573-883-5339 ext.105



**Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan**

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

C.1 Standard: FAC-001-0  
*[Identify by Standard Acronym (e.g. FAC-001-1)]*

C.2 Requirement(s) violated and violation dates:  
*[Enter information in the following Table]*

NERC Violation ID # [if known]	SERC Violation ID # [if known ]	Requirement Violated (e.g. R3.2)	Violation Date <sup>(*)</sup>
SERCYYYYnnnnn	YYYY-nnn	Rn.n.n	MM/DD/YYYY
	2009-033	R1	05/29/2009
	2009-034	R2	05/29/2009

(\*) Note: The Violation Date shall be: (i) the date that the violation occurred; (ii) the date that the violation was self-reported; or (iii) the date that the violation has been deemed to have occurred on by SERC. Questions regarding the date to use should be directed to SERC.

C.3 Identify the cause of the violation(s) identified above:

Citizens Electric Corporation does not currently have a Facility Connection Requirements document that satisfies NERC Reliability Standard FAC-001-0, R1 and R2.

*[Provide your response here; additional detailed information may be provided as an attachment as necessary]*

C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

*[Provide your response here; additional detailed information may be provided as an attachment as necessary]*





## **Section D: Details of Proposed Mitigation Plan**

### **Mitigation Plan Contents**

- 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 violations identified above in Part C.2 of this form:

CEC will use a 3<sup>rd</sup> party consultant to create the Facility Connection Requirements document that will satisfy the FAC-001-0 R1 and R2 requirements. The Facility Connection Requirements document shall address connection requirements for generator facilities, transmission facilities and end user facilities. The Facility Connection Requirements shall address the following items:

procedures for coordinated joint studies of new facilities and their impacts on the interconnected transmission systems, procedures for notification of new or modified facilities to others (those responsible for the reliability of the interconnected transmission systems) as soon as feasible, voltage level and MW and MVAR capacity or demand at point of connection, breaker duty and surge protection, system protection and coordination, metering and telecommunications, grounding and safety issues, insulation and insulation coordination, voltage, reactive power, and power factor control, power quality impacts, equipment ratings, synchronizing of facilities, maintenance coordination, operational issues (abnormal frequency and voltages,) inspection requirements for existing or new facilities, and communications and procedures during normal and emergency operating conditions.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

***Check this box ☐ and proceed to Section E of this form if this Mitigation Plan, as set forth in Part D.1, has already been completed; otherwise respond to Part D.2, D.3 and, optionally, Part D.4, below.***

### **Mitigation Plan Timeline and Milestones**

- 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: The timetable for completion of the Mitigation Plan will begin on September 17, 2009 with completion on April 16, 2010. GDS Associates will complete a draft



of the Facility Connection Requirements document by December 18, 2009. By such date, CEC will submit the document to SERC for review and comments, and will incorporate those into the document by March 18, 2010. Once completed, CEC will submit the closure statement for this Mitigation Plan by April 16, 2010. At that time, the Mitigation Plan will be fully implemented and the violations associated with the plan will be corrected.

**D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:**

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)
Complete draft of document	12-18-2009
90 day period for SERC review & comments	3-18-2010
Submit closure certificate for mitigation plan	4-16-2010

(\*) Note: 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 for not completing work associated with accepted milestones.

[Note: Provide your response here; additional detailed information may be provided as an attachment as necessary]



## **Additional Relevant Information (Optional)**

- D.4 If you have any relevant additional information that you wish to include regarding the mitigation plan, milestones, milestones dates and completion date proposed above you may include it here:

CEC has hired GDS Associates, starting September 17, 2009, to create the Facility Connection Requirements document.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

## **Section E: Interim and Future Reliability Risk**

***Check this box ☐ and proceed and respond to Part E.2 and E.3, below, if this Mitigation Plan, as set forth in Part D.1, has already been completed.***

### **Abatement of Interim BPS Reliability Risk**

- E.1 While your organization is implementing the Mitigation Plan proposed in Part 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:

(i) There is little impact to the reliability of the Bulk Power System due to CEC's small size, limited transmission facilities, and current procedure for reviewing any submitted generation, transmission or end user facility proposal for approval.

(ii) The current procedure of reviewing any new generation, transmission or end user projects will continue.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

### **Prevention of Future BPS Reliability Risk**

- E.2 Describe how successful completion of the Mitigation Plan as laid out in Part 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:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

- E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Part D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Part C.2, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

**Continued on Next Page**



## **Section F: Authorization**

An authorized individual must sign and date this Mitigation Plan Submittal Form. By doing so, this individual, on behalf of your organization:

- a) Submits the Mitigation Plan, as laid out in Section D of this form, to SERC for acceptance by SERC 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 CEO of Citizens Electric Corporation.
  - 2. I am qualified to sign this Mitigation Plan on behalf of Citizens Electric Corporation.
  - 3. I have read and understand Citizens Electric 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, including Appendix 4(C) (Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation" (NERC CMEP)).
  - 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
  - 5. Citizens Electric Corporation agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by SERC and approved by NERC.

### **Authorized Individual Signature**

A handwritten signature in black ink that reads 'Van Robinson'.

(Electronic signatures are acceptable; see CMEP)

Name (Print): Van Robinson

Title: CEO

Date: 9-24-09



## **Section G: Comments and Additional Information**

You may use this area to provide comments or any additional relevant information not previously addressed in this form.

[Provide your response here; additional detailed information may be provided as an attachment as necessary]

### **Submittal Instructions:**

Please convert the completed and signed document to a text-searchable Adobe .pdf document using the following naming convention:

[(MP Entity Name (STD-XXX) MM-DD-YY).pdf]

Email the pdf file to [serccomply@serc1.org](mailto:serccomply@serc1.org).

Please direct any questions regarding completion of this form to:

Ken Keels  
Manager, Compliance Enforcement  
SERC Reliability Corporation  
704-357-7372  
[kkeels@serc1.org](mailto:kkeels@serc1.org)



# Citizens Electric Corporation

A Touchstone Energy® Cooperative

*The power of human connections®*



## Certification of a Completed Mitigation Plan

### SERC Reliability Corporation Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification: [Citizens Electric Corporation](#)

Date of Certification: [April 6, 2010](#)

Name of Standard and the Requirement(s) of mitigated violation(s): [FAC-001-0 R1 and R2.](#)

SERC Tracking Number (contact SERC if not known): [09-033 Requirement R1,](#)  
[09-034 Requirement R2.](#)

NERC Violation ID Number (if assigned): [SERC200900276 Requirement R1,](#)  
[SERC200900277 Requirement R2.](#)

**Date of completion of the Mitigation Plan:** [April 6, 2010](#)

Summary of all actions described in Part D of the relevant mitigation plan: [CEC hired GDS Associates, starting September 17, 2009, to draft a Facility Connection Requirements document. As per the Mitigation Plan's first milestone activity, this completed draft document was submitted to SERC on December 17, 2009 for a 90 day period of SERC review and comment. SERC comments were received on January 31, 2010 and included in a new document and new matrix sent on March 9, 2010. SERC submitted acceptance on April 6, 2010 that CEC has completed their mitigation plan of the 09-033 and 09-034 FAC 001 issue.](#)

Description of the information provided to SERC for their evaluation:

- [1. Facility Connection Requirements Document](#)
- [2. FAC-001 Requirements Listing Matrix](#)

## Appendix A-2

I certify that the mitigation plan for the above-named violation has been completed on the date shown above. In doing so, I certify that all required mitigation plan actions described in Part D of the relevant mitigation plan have been completed, compliance has been restored, the above-named entity is currently compliant with all of the requirements of the referenced standard, and that all information submitted information is complete and correct to the best of my knowledge.

Name: Van Robinson

Title: CEO

Entity: Citizens Electric Corporation

Email: vrobinson@cecmo.com

Phone: 573-883-5339 ext.109

Designated Signature



Date April 6, 2010





### **Statement of SERC Reliability Corporation Compliance Staff Regarding Completion of Mitigation Plan**

Registered Entity:	Citizens Electric Corporation
SERC Tracking ID:	09-033, 09-034
NERC Violation No:	SERC200900276, SERC200900277
NERC Mitigation Plan ID:	MIT-07-2245
Standard:	FAC-001-0
Requirement(s):	R1, R2

#### **Violation Summary:**

SERC Compliance Enforcement Staff determined that Citizens Electric Corporation is in violation of FAC-001-0, R1 and R2 because, as a Transmission Owner, it did not document, maintain, and publish facility connection requirements, as required by the Standard. The duration of this violation is from June 18, 2007 through the time Entity documents and publishes facility connection requirements that address connection requirements for Generation facilities, Transmission facilities, and End-user facilities.

#### **Mitigation Plan Summary:**

Citizens Electric Corporation's Mitigation Plan to address the referenced violation dated September 24, 2009 was accepted by SERC on December 31, 2009 and was approved by NERC on January 6, 2010. The Mitigation Plan is identified as MIT-07-2245 and was submitted as non-public information to FERC on January 6, 2010 in accordance with FERC orders.

#### **SERC's Monitoring of Registered Entity's Mitigation Plan Progress:**

SERC Reliability Corporation Compliance Staff ("SERC Staff") monitors the Registered Entity's progress towards completion of its Mitigation Plans in accordance with Section 6.0 of the uniform Compliance Monitoring and Enforcement Program, ("CMEP"). Pursuant to the CMEP, Registered Entities are required to establish implementation milestones no more than three (3) months apart. SERC Staff solicits quarterly reports from all Registered Entities with open mitigation plans to monitor the progress on completion of milestones. SERC Staff also produces and reviews daily Mitigation Plan status reports highlighting Mitigation Plans that are nearing the scheduled completion date. If the Registered Entity fails to complete its Mitigation Plan according to schedule, appropriate additional enforcement action is initiated to assure compliance is attained.

#### **Mitigation Plan Completion Review Process:**

Citizens Electric Corporation certified on April 6, 2010 that the subject Mitigation Plan was completed on April 6, 2010. A SERC compliance staff member reviewed the



evidence submitted in a manner similar to a compliance audit. That action was followed by another compliance staff member's peer review of the initial conclusion.

**Evidence Reviewed:**

Citizens Electric Corporation submitted and SERC Staff reviewed the following evidence in support of its certification that its Mitigation Plan was completed in accordance with its terms:

*Facility Connection Requirements, Citizens Electric Corporation, dated February 2010* that documents Citizens Electric Corporation's facility connection requirements addressing interconnection of Generation facilities, Transmission facilities, and End-user facilities.

**Conclusion:**

On April 14, 2010, SERC Reliability Corporation Compliance Staff ("SERC Staff") completed its review of the evidence submitted by Citizens Electric Corporation in support of its Certification of Completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and Citizens Electric Corporation is in compliance with the subject Reliability Standard Requirement as of the certified date of completion of the Mitigation Plan, April 6, 2010.

This Statement, along with the subject Mitigation Plan, may become part of a public record upon final disposition of the possible violation.

**Respectfully Submitted,**

Mark Ladrow  
Michael Bartlett

## **Attachment c**

# **Disposition Document**

# **DISPOSITION OF VIOLATION<sup>1</sup>**

## **Dated August 30, 2010**

NERC TRACKING  
NO.

**SERC200900276**  
**SERC200900277**

REGIONAL ENTITY TRACKING  
NO.

**09-033**  
**09-034**

NOC#

**NOC-547**

REGISTERED ENTITY

**Citizens Electric Corporation (Citizens)**

NERC REGISTRY ID

**NCR01192**

REGIONAL ENTITY

**SERC Reliability Corporation (SERC)**

### **I. REGISTRATION INFORMATION**

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
	<b>X</b>										<b>X</b>			
	<b>5/31/07</b>										<b>5/31/07</b>			

\* VIOLATION APPLIES TO SHADED FUNCTIONS

#### DESCRIPTION OF THE REGISTERED ENTITY

**Citizens is a not-for-profit corporation operating as a cooperative with a peak load of approximately 220 MW. Citizens owns approximately 69 miles of a 138 kV transmission line serving all of Ste. Genevieve and Perry counties and part of St. Francois and Cape Girardeau counties in Missouri.**

**Citizens' facilities that are classified as part of the bulk power system (BPS) include 69 miles of transmission line, nine (9) transmission breakers and various other auxiliary bus and relay equipment all at the 138 kV voltage level. Citizens has seven (7) interconnection points, one (1) at 34.5 kV, three (3) at 138 kV, two (2) at 161 kV and one (1) at 345 kV.**

<sup>1</sup> For purposes of this document and attachments hereto, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.

## **II. VIOLATION INFORMATION**

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
<b>FAC-001-0<sup>2</sup></b>	<b>1</b>		<b>Medium</b>	<b>Severe</b>
	<b>2</b>		<b>Medium</b>	<b>Severe</b>

PURPOSE OF THE RELIABILITY STANDARD AND TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)

**The purpose statement of FAC-001-0 provides: “To avoid adverse impacts on reliability, Transmission Owners must establish facility connection and performance requirements.”**

**FAC-001-0 R1 provides:**

**R1. The Transmission Owner shall document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, subregional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements. The Transmission Owner’s facility connection requirements shall address connection requirements for:**

- R1.1. Generation facilities,**
- R1.2. Transmission facilities, and**
- R1.3. End-user facilities**

**FAC-001-0 R2 provides:**

**R2. The Transmission Owner’s facility connection requirements shall address, but are not limited to, the following items:**

**R2.1. Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon:**

**R2.1.1. Procedures for coordinated joint studies of new facilities and their impacts on the interconnected transmission systems.**

**R2.1.2. Procedures for notification of new or modified facilities to others (those responsible for the reliability of the interconnected transmission systems) as soon as feasible.**

**R2.1.3. Voltage level and MW and MVAR capacity or demand at point of connection.**

**R2.1.4. Breaker duty and surge protection.**

**R2.1.5. System protection and coordination.**

---

<sup>2</sup> SERC determined that the violations of FAC-001-0 R1 and R2 were “related to a single act or common incidence of non-compliance” for which SERC would assess “a single aggregate penalty.”

**R2.1.6. Metering and telecommunications.**

**R2.1.7. Grounding and safety issues.**

**R2.1.8. Insulation and insulation coordination.**

**R2.1.9. Voltage, Reactive Power, and power factor control.**

**R2.1.10. Power quality impacts.**

**R2.1.11. Equipment Ratings.**

**R2.1.12. Synchronizing of facilities.**

**R2.1.13. Maintenance coordination.**

**R2.1.14. Operational issues (abnormal frequency and voltages).**

**R2.1.15. Inspection requirements for existing or new facilities.**

**R2.1.16. Communications and procedures during normal and emergency operating conditions.**

#### VIOLATION DESCRIPTION

**On May 29, 2009, Citizens submitted a Self-Certification, covering the period April 1, 2008 through March 31, 2009, indicating it did not document, maintain, and publish facility connection requirements to ensure compliance with NERC Reliability Standards and applicable Regional Reliability Organization, sub-regional, Power Pool, and individual Transmission Owner planning criteria and facility connection requirements.**

#### RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

**SERC staff concluded that the violations did not pose a serious or substantial risk to the BPS because Citizens has not received any requests to interconnect to its single 138 kV line since June 18, 2007.**

IS THERE A SETTLEMENT AGREEMENT      YES ☒      NO ☐

#### WITH RESPECT TO THE VIOLATION(S), REGISTERED ENTITY

NEITHER ADMITS NOR DENIES IT (SETTLEMENT ONLY)	YES	<input checked="" type="checkbox"/>
ADMITS TO IT	YES	<input type="checkbox"/>
DOES NOT CONTEST IT (INCLUDING WITHIN 30 DAYS)	YES	<input type="checkbox"/>

#### WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/ DOES NOT CONTEST IT      YES ☒

**III. DISCOVERY INFORMATION**

## METHOD OF DISCOVERY

SELF-REPORT	<input type="checkbox"/>
SELF-CERTIFICATION	<input checked="" type="checkbox"/>
COMPLIANCE AUDIT	<input type="checkbox"/>
COMPLIANCE VIOLATION INVESTIGATION	<input type="checkbox"/>
SPOT CHECK	<input type="checkbox"/>
COMPLAINT	<input type="checkbox"/>
PERIODIC DATA SUBMITTAL	<input type="checkbox"/>
EXCEPTION REPORTING	<input type="checkbox"/>

DURATION DATE(S) **6/18/2007 (when the Standards became mandatory and enforceable) through 4/6/2010 (when the Citizens completed its Mitigation Plan)**

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **5/29/2009**

IS THE VIOLATION STILL OCCURRING

YES ☐ NO ☒

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
PRE TO POST JUNE 18, 2007 VIOLATION	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>

**IV. MITIGATION INFORMATION**

FOR FINAL ACCEPTED MITIGATION PLAN:

MITIGATION PLAN NO. **MIT-07-2245**

DATE SUBMITTED TO REGIONAL ENTITY **9/24/2009**

DATE ACCEPTED BY REGIONAL ENTITY **12/31/2009**

DATE APPROVED BY NERC **1/6/2010**

DATE PROVIDED TO FERC **1/6/2010**

IDENTIFY AND EXPLAIN ALL PRIOR VERSIONS THAT WERE ACCEPTED OR REJECTED, IF APPLICABLE

**N/A**

MITIGATION PLAN COMPLETED YES ☒ NO ☐

EXPECTED COMPLETION DATE **4/16/2010**

EXTENSIONS GRANTED **N/A**

ACTUAL COMPLETION DATE **4/6/2010**

DATE OF CERTIFICATION LETTER **4/6/2010**

CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **4/6/2010**

DATE OF VERIFICATION LETTER **4/14/2010**  
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **4/6/2010**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT  
RECURRENCE

- 1. Citizens hired a consultant to draft a Facility Connection Requirements document;**
- 2. the completed draft document was submitted to SERC for a 90-day period of SERC review and comment; and**
- 3. SERC comments were included in a new document and new matrix.**

LIST OF EVIDENCE REVIEWED BY REGIONAL ENTITY TO EVALUATE  
COMPLETION OF MITIGATION PLAN (FOR CASES IN WHICH  
MITIGATION IS NOT YET COMPLETED, LIST EVIDENCE REVIEWED  
FOR COMPLETED MILESTONES)

- 1. *Facility Connection Requirements* document; and**
- 2. *FAC-001 Requirements Listing Matrix.***

#### **V. PENALTY INFORMATION**

TOTAL ASSESSED PENALTY OR SANCTION OF TWO THOUSAND DOLLARS  
**(\$2,000)** FOR **TWO** VIOLATIONS OF RELIABILITY STANDARDS.

##### **(1) REGISTERED ENTITY'S COMPLIANCE HISTORY**

PRIOR VIOLATIONS OF ANY OF THE INSTANT RELIABILITY  
STANDARD(S) OR REQUIREMENT(S) THEREUNDER

YES ☐ NO ☒

LIST ANY CONFIRMED OR SETTLED VIOLATIONS AND STATUS

ADDITIONAL COMMENTS

PRIOR VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR  
REQUIREMENTS THEREUNDER

YES ☒ NO ☐



LIST ANY PRIOR CONFIRMED OR SETTLED VIOLATIONS AND STATUS<sup>3</sup>

**NOC-025 (NP10-119-000) was filed on July 6, 2010. FERC issued an order on August 5, 2010 indicating that the Commission will not further review, on its own motion, the subject Notice of Penalty which covered violations of the following Standards:**

**FAC-008-0, R1**

**PRC-005-1, R1**

ADDITIONAL COMMENTS

(2) THE DEGREE AND QUALITY OF COOPERATION BY THE REGISTERED ENTITY (IF THE RESPONSE TO FULL COOPERATION IS "NO," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

FULL COOPERATION      YES ☒      NO ☐  
IF NO, EXPLAIN

(3) THE PRESENCE AND QUALITY OF THE REGISTERED ENTITY'S COMPLIANCE PROGRAM

IS THERE A DOCUMENTED COMPLIANCE PROGRAM  
YES ☐      NO ☒  
EXPLAIN

**At the time of the violations, Citizens had an informal internal compliance program (ICP) and was in the process of documenting it. Therefore, SERC did not assess the quality of Citizens' ICP.**

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM, INCLUDING WHETHER SENIOR MANAGEMENT TAKES ACTIONS THAT SUPPORT THE COMPLIANCE PROGRAM, SUCH AS TRAINING, COMPLIANCE AS A FACTOR IN EMPLOYEE EVALUATIONS, OR OTHERWISE.

**See above.**

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<sup>3</sup> On July 6, 2010, NERC filed a Notice of Penalty designated as NOC-025 in FERC Docket No. NP10-119-000 regarding a Settlement Agreement between SERC and Citizens for violations of PRC-005-1 R1 and FAC-008-1 R1. On August 5, 2010, FERC issued an order stating it would not engage in further review of the Notice of Penalty. SERC determined that the prior violations should not serve as a basis for aggravating the penalty because the subject violations of NOC-025 involved unrelated standards and the mitigation plans in NOC-025 would not have resolved or prevented the instant violations. Moreover, there was nothing in the record to suggest that broader corporate issues were implicated.

(4) ANY ATTEMPT BY THE REGISTERED ENTITY TO CONCEAL THE VIOLATION(S) OR INFORMATION NEEDED TO REVIEW, EVALUATE OR INVESTIGATE THE VIOLATION.

YES ☐ NO ☒  
IF YES, EXPLAIN

(5) ANY EVIDENCE THE VIOLATION(S) WERE INTENTIONAL (IF THE RESPONSE IS "YES," THE ABBREVIATED NOP FORM MAY NOT BE USED.)

YES ☐ NO ☒  
IF YES, EXPLAIN

(6) ANY OTHER MITIGATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒  
IF YES, EXPLAIN

(7) ANY OTHER AGGRAVATING FACTORS FOR CONSIDERATION

YES ☐ NO ☒  
IF YES, EXPLAIN

(8) ANY OTHER EXTENUATING CIRCUMSTANCES

YES ☐ NO ☒  
IF YES, EXPLAIN

EXHIBITS:

SOURCE DOCUMENT

**Citizens' Self-Certification dated May 29, 2009**

MITIGATION PLAN

**Citizens' Mitigation Plan MIT-07-2245 submitted September 24, 2009**

CERTIFICATION BY REGISTERED ENTITY

**Citizens' Certification of Mitigation Plan Completion dated April 6, 2010**

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR  
SANCTION ISSUED

DATE: OR N/A ☒

SETTLEMENT DISCUSSIONS COMMENCED

DATE: **9/23/2009** OR N/A ☐

NOTICE OF CONFIRMED VIOLATION ISSUED

DATE: OR N/A ☒

SUPPLEMENTAL RECORD INFORMATION

DATE(S) OR N/A ☒

REGISTERED ENTITY RESPONSE CONTESTED

FINDINGS ☐ PENALTY ☐ BOTH ☐ NO CONTEST ☒

HEARING REQUESTED

YES ☐ NO ☒

DATE

OUTCOME

APPEAL REQUESTED

**Attachment d**

**Notice of Filing**

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Citizens Electric Corporation

Docket No. NP10-\_\_\_\_-000

NOTICE OF FILING  
September 30, 2010

Take notice that on September 30, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Citizens Electric Corporation in the SERC Reliability Corporation 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