



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

January 31, 2011

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

**Re: NERC Deficiency Notice of Penalty regarding LG&E and KU Services Company as agent for Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E & KU),¹
FERC Docket No. NP11-__-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Deficiency Notice of Penalty (Deficiency NOP) regarding the Registered Entity listed in Attachment A,² 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)). Violations³ addressed within a Deficiency NOP are administrative, minor or documentation in nature. In this case, Deficiency NOP treatment is appropriate because LG&E & KU's violation was minor as the energy management system (EMS) hourly readings for the 345 kV bus indicated that the excursion range was only less than 2 kV outside the tolerance band and the duration was only four-hours.

The "Notice of Penalty Waiver and Settlement Agreement" (Settlement Agreement) dated January 31, 2011 by and between LG&E and KU Services Company as agent for Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E) and the SERC Reliability Corporation (SERC) resolves all outstanding issues arising from SERC's determination and findings of the enforceable violation of VAR-002-1.1a Requirement (R) 2. According to the

¹ LG&E and KU was registered on the NERC Compliance Registry as E.ON U.S. Services Inc. for the LG&E and KU Companies" at the time the violation occurred.

² The Disposition Document addresses: (1) all relevant facts, in sufficient detail, to indicate the nature of the violation cited and its duration; (2) sufficient information on whether an entity did not perform the action required by the relevant Reliability Standard or failed to document that the action had been performed; (3) a linkage between specific facts and the penalty factors listed as relevant to the penalty determination; (4) specific information in a mitigation plan how a registered entity will comply with the requirements it has violated; and (5) specific information on how a Regional Entity verified that a registered entity timely completed a mitigation plan.

³ 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.

Settlement Agreement, LG&E & KU neither admits nor denies the violation, but has agreed to the assessed penalty of zero dollars (\$0) in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement.

Taking into consideration the Commission's direction in Order No. 693, the NERC Sanction Guidelines and the Commission's July 3, 2008, October 26, 2009 and August 27, 2010 Guidance Orders,⁴ the NERC BOTCC reviewed the findings and assessed penalty or sanction and approved the Settlement Agreement on December 10, 2010, including SERC's assessment of a zero dollar (\$0) financial penalty against LG&E & KU and other actions to facilitate future compliance required under the terms and conditions of the Settlement Agreement.

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 Deficiency NOP with the Commission, or, if the Commission decides to review the penalty, upon final determination by the Commission.

Attachments to be included as Part of this Notice of Penalty

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

- a) Settlement Agreement by and between SERC and LG&E & KU executed January 31, 2011, included as Attachment a;
 - a. Disposition of Violation and Verification of Mitigation Plan Completion therein, included as Attachment A to the Settlement Agreement;
- b) LG&E & KU's Self-Report dated December 15, 2009, included as Attachment b;
- c) LG&E & KU's Mitigation Plan MIT-09-2545 submitted January 11, 2010, included as Attachment c; and
- d) LG&E & KU's Certification of Mitigation Plan Completion dated January 28, 2010, included as Attachment d.

A Form of Notice Suitable for Publication⁵

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

⁴ *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); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

⁵ 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 david.cook@nerc.net</p> <p>John N. Voyles, Jr.* Vice President, Transmission and Generation Services LG&E and KU Services Company 220 West Main Street Louisville, KY 40202 (502) 627-4762 (502) 627-4165 – facsimile john.voyles@lge-ku.com</p> <p>Steven D. Phillips* Director, Compliance and Ethics LG&E and KU Services Company 220 West Main Street Louisville, KY 40202 (502) 627-2648 (502) 217-2775 – facsimile steven.phillips@lge-ku.com</p> <p>Elizabeth L. Cocanougher* Sr. Corporate Attorney LG&E and KU Services Company 220 West Main Street Louisville, KY 40202 (502) 627-4850 (502) 627-3367 – facsimile beth.cocanougher@lge-ku.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 CEO SERC Reliability Corporation 2815 Coliseum Centre Drive Charlotte, NC 28217 (704) 940-8202 (704) 357-7914 – facsimile shenry@serc1.org</p> <p>Marisa A. Sifontes* General Counsel SERC Reliability Corporation 2815 Coliseum Centre Drive, Suite 500 Charlotte, NC 28217 (704) 494-7775 (704) 357-7914 – facsimile msifontes@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 Charlotte, NC 28217 (704) 940-8214 (704) 357-7914 – facsimile kkeels@serc1.org akoch@serc1.org</p>
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NERC Deficiency Notice of Penalty
LG&E and KU Services Company as agent for Louisville Gas and Electric Company and
Kentucky Utilities Company (LG&E & KU)
January 31, 2011
Page 4

Conclusion

Accordingly, NERC respectfully requests that the Commission accept this Deficiency 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
david.cook@nerc.net

/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: LG&E and KU Services Company as agent for Louisville Gas and Electric Company and
Kentucky Utilities Company (LG&E & KU)
SERC Reliability Corporation

Attachments

Attachment a

Settlement Agreement by and between SERC and E.ON US executed January 53, 2011

Confidential and Non-public

Notice of Penalty Waiver and Settlement Agreement

LG&E and KU Services Company as agent for Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E & KU") and SERC Reliability Corporation ("SERC") agree to the following:

1. LG&E & KU neither admits nor denies the violation of NERC Reliability Standard VAR-002-1.1a, R2 and has agreed to the proposed penalty to be assessed to E.ON U.S., in addition to mitigation actions undertaken to mitigate the instant violation.
2. Acceptance of this Settlement Agreement results in the assessment of a penalty of zero dollars (\$0) for the violation listed in Attachment A, subject to approval or modification by the North American Electric Reliability Corporation ("NERC") and the Federal Energy Regulatory Commission ("FERC" or "Commission"). Payment terms, if applicable, will be set forth in the invoice to be submitted by SERC after Commission approval of the instant Notice of Penalty.
3. LG&E & KU 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. LG&E & KU agrees that this Settlement Agreement is in the best interest of the parties and in the best interest of bulk-power system reliability.
4. The violation listed in Attachment A will be considered a violation for all purposes and may be used as an aggravating factor in accordance with the NERC Sanction Guidelines for determining appropriate monetary penalties or sanctions for future violations.
5. SERC has verified that the violation listed in Attachment A has been mitigated as of December 1, 2009.
6. The expedited disposition agreed to herein represents a full and final disposition of the violation listed in Attachment A, subject to approval or modification by NERC and FERC with notice to both SERC and LG&E & KU in accordance with the NERC Rules of Procedure. LG&E & KU waives its right to further hearings and appeal, unless and only to the extent that LG&E & KU contends that any NERC or Commission action on this Settlement Agreement contains one or more material modifications to this Settlement Agreement.

7. In the event LG&E & KU 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 LG&E & KU 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, LG&E & KU shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
8. 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.
9. 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.

Remainder of page intentionally blank.

Signatures to be affixed to the following page.


Accepted:



John N. Voyles, Jr.
Vice President, Transmission and Generation Services
LG&E and KU Services Company as agent for
Louisville Gas and Electric Company and Kentucky
Utilities Company

1/28/11

Date



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

1/31/2011

Date

Disposition of Violation and Verification of Mitigation Plan Completion therein

DISPOSITION OF VIOLATION¹

Dated January 31, 2011

NERC TRACKING NO.	REGIONAL ENTITY TRACKING NO.	NOC#
SERC200900423	2009-185	NOC-621
REGISTERED ENTITY		NERC REGISTRY ID.
LG&E and KU Services Company as agent for Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E & KU)²		NCR01223
REGIONAL ENTITY (IES)		
SERC Reliability Corporation (SERC)		

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS:

BA	DP	GO	<i>GOP</i>	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
X	X	X	X	X	X	X	X		X		X	X	X	X
5/31/07	5/31/07	5/31/07	5/31/07	3/20/08	5/31/07	5/31/07	5/31/07		5/31/07		5/31/07	5/31/07	5/31/07	5/31/07

* VIOLATION APPLIES TO SHADED FUNCTIONS

DESCRIPTION OF THE REGISTERED ENTITY

LG&E and KU Services Company (formerly known as “E.ON U.S. Services Inc.”) headquartered in Louisville, Kentucky, and is a services company registered as agent for its affiliates Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KU). LG&E is a regulated utility that serves approximately 318,000 natural gas customers and approximately 391,000 electric customers in Louisville and 16 surrounding counties, and KU is a regulated electric utility that serves approximately 542,000 customers in 77 Kentucky counties and five counties in Virginia. LG&E and KU Services Company, LG&E, and KU are all subsidiaries of LG&E and KU Energy LLC (formerly known as “E.ON U.S. LLC”), which on November 1, 2010, was acquired by, and is now a subsidiary of, PPL Corporation, which is headquartered in Allentown, Pennsylvania.

¹ 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.

² LG&E and KU was registered on the NERC Compliance Registry as E.ON U.S. Services Inc. for the LG&E and KU Companies” at the time the violation occurred.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
VAR-002-1.1a ³	R2		Medium	Lower

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

The purpose statement of VAR-002-1.1a provides: “To ensure generators provide reactive and voltage control necessary to ensure voltage levels, reactive flows, and reactive resources are maintained within applicable Facility Ratings to protect equipment and the reliable operation of the Interconnection.”

VAR-002-1.1a R2 provides:

Unless exempted by the Transmission Operator, each Generator Operator shall maintain the generator voltage or Reactive Power output (within applicable Facility Ratings⁴) as directed by the Transmission Operator.

R2.1. When a generator’s automatic voltage regulator is out of service, the Generator Operator shall use an alternative method to control the generator voltage and reactive output to meet the voltage or Reactive Power schedule directed by the Transmission Operator.

R2.2. When directed to modify voltage, the Generator Operator shall comply or provide an explanation of why the schedule cannot be met.

VIOLATION DESCRIPTION

In accordance with its procedures for compliance with VAR-002-1.1a, LG&E & KU performs a review of each applicable generating facility’s bus voltage performance compared to the voltage schedule published by the Transmission Operator (TOP) by querying against the Energy Management System (EMS) Access database on a weekly basis. All excursions are noted. Each excursion is then reviewed against the Generation Voltage Regulation (GVR) log, where the plant operator documents communication with the TOP when the facility cannot maintain bus voltage within

³ VAR-002-1 was enforceable from August 2, 2007, through August 27, 2008. VAR-002-1a was approved by the Commission and was enforceable from August 28, 2008 through May 13, 2009. VAR-002-1.1a was approved by the Commission and was enforceable from May 13, 2009 through September 16, 2010. VAR-002-1.1b was approved by the Commission and became enforceable on September 16, 2010.

⁴ When a Generator is operating in manual control, reactive power capability may change based on stability considerations and this will lead to a change in the associated Facility Ratings.

the specified bus voltage schedule and tolerances outlined by the TOP. Undocumented excursions, if any, are then investigated further.

The generating station where the excursion took place is configured with one 500 MW base-load coal-fired unit and six 168 MW gas-fired combustion turbines used for peaking periods. The generating station is interconnected to a 345 kV bus with a TOP directed voltage schedule of 352 kV +/- 2 kV.

The base-load coal-fired unit was on a planned major turbine outage from September 26, 2009 through November 24, 2009. The combustion turbines were offline but available for dispatch during the coal unit outage.

On October 16, 2009 at 21:55:22, while the coal-fired unit and all gas turbines were off-line, the Distribution Control System (DCS) voltage point monitoring the generating station 345 kV 'A' bus triggered a high voltage alarm. The generating station 345 kV 'A' bus indicated the voltage was about 1-2 kV above the allowed voltage schedule tolerance band due to low system demand. Since the TOP's voltage schedule exempts generating stations that have no units online and none of the plant's generating units were online at the time of the alarm, plant operators acknowledged the alarm status and recorded the status in the operators' log and the DCS voltage monitoring system remained in alarm status. However, the DCS voltage monitoring alarm system was not configured to trigger a new alarm if the voltage level was still out of tolerance band when a generating unit returned to service.

On October 19, 2009, several gas-fired combustion turbine generators at the plant were dispatched for load. Once the units came online, LG&E & KU was required to maintain the TOP-specified voltage schedule at the 345 kV bus. The combustion turbines remained online for four hours, from 05:14:00 to 09:22:00, during which time the 345 kV bus voltage was 1-2 kV above the voltage tolerance band specified in the voltage schedule. At that time, the DCS voltage monitoring system was still in alarm status from the October 16, 2009 alarm. Due to the configuration of the DCS voltage monitoring system, there was no new alarm triggered for the voltage schedule excursion that existed when the first unit came back on line and the plant operators were not alerted that the voltage was above the tolerance band and did not notify the TOP.

On October 23, 2009, during one of its weekly reviews, LG&E & KU identified the October 19, 2009 undocumented excursion for one generating station and an internal investigation was initiated to determine the root cause and to determine if a violation had occurred. From the date of initial discovery on October 23, 2009 until LG&E & KU self-reported the possible violation on December 15, 2009, LG&E & KU performed significant reviews associated with the excursion in question by compiling data, interviewing plant operators, and reviewed EMS and TOP data to determine the full extent of the possible violation.

On December 15, 2009, LG&E & KU submitted a self-report stating that while the Trimble County base load coal unit was in a planned turbine outage and all peaking units were off-line, the Trimble County 345 ‘A’ bus voltage was in alarm and showed about 1-2 kV above the allowed voltage schedule tolerance band. On the morning of October 19, 2009, Trimble County was requested to operate some of the peaking combustion turbines for about four hours (05:14:00 to 09:22:00) for load requirements. Once the first combustion turbine came online, the plant (GOP) did not receive a change to the audible alarm status about the voltage being higher than the schedule's tolerance band (since it remained in alarm status from October 16, 2009). As a result, the plant operations (GOP) did not report to the TOP that the voltage was outside the voltage schedule band during the four hours that the combustion turbines operated.

SERC staff found that LG&E & KU failed to maintain the generator voltage schedule at its Trimble County generating station 345 kV bus as a result of LG&E & KU’s failure to report to the TOP that the voltage was outside the specified voltage schedule band during the four hours that the combustion turbines operated, SERC staff found that LG&E & KU has a violation of VAR-002-1.1a, R2.

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

SERC found that the violation did not pose a serious or substantial risk to the reliability of the bulk power system (BPS) because:

- 1. while the TOP was not notified, the EMS hourly readings for the 345 kV bus indicated that the excursion range was less than 2 kV outside the tolerance band; and**
- 2. the 345 kV bus voltage remained in the same range (1-2 kV above the voltage tolerance band specified in the voltage schedule) before, during, and after the combustion turbines operated for four hours.**

IS THERE A SETTLEMENT AGREEMENT YES NO

WITH RESPECT TO THE ALLEGED/CONFIRMED VIOLATION, REGISTERED ENTITY

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

WITH RESPECT TO THE PROPOSED PENALTY OR SANCTION, REGISTERED ENTITY

ACCEPTS IT/DOES NOT CONTEST IT YES

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY:

SELF-REPORT	<input checked="" type="checkbox"/>
SELF-CERTIFICATION	<input 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):

10/19/09, from 05:14:00 when LG&E & KU as a GOP failed to maintain a voltage or reactive power schedule (without TOP exemption) at a generating station's 345 kV bus until 09:22:00 when the 345 kV bus returned to the voltage or reactive power schedule specified by the TOP.

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY **12/15/09**

IS THE VIOLATION STILL OCCURRING

YES NO

IF YES, EXPLAIN

REMEDIAL ACTION DIRECTIVE ISSUED

YES NO

PRE TO POST JUNE 18, 2007 VIOLATION

YES NO **IV. MITIGATION INFORMATION**

MITIGATION PLAN NO.

MIT-09-2545

DATE OF MITIGATION PLAN

1/11/10

DATE ACCEPTED BY REGIONAL ENTITY

4/30/10

DATE APPROVED BY NERC

6/14/10

DATE PROVIDED TO FERC

6/14/10

IDENTIFY AND EXPLAIN VERSIONS THAT WERE REJECTED

N/A

MITIGATION PLAN COMPLETED

YES NO

EXPECTED COMPLETION DATE

12/1/09

EXTENSIONS GRANTED

None

ACTUAL COMPLETION DATE

12/1/09

DATE OF CERTIFICATION LETTER **1/28/10**
CERTIFIED COMPLETE BY REGISTERED ENTITY AS OF **12/1/09**

DATE OF VERIFICATION **3/31/10⁵**
VERIFIED COMPLETE BY REGIONAL ENTITY AS OF **12/1/09**

ACTIONS TAKEN TO MITIGATE THE ISSUE AND PREVENT RECURRENCE

LG&E & KU added programming logic to the generating station DCS, which is conditional and queries the system to determine if any generation at the Station is synchronized to the grid; added the generation station 345 kV ‘A’ bus voltage reading to several DCS screens; and provided operators a job briefing, including an explanation of VAR-002-1 and emphasized the importance of adhering to the TOP-defined voltage schedule and notifying the TOP when the plant is unable to meet the voltage schedule.

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

- **A pdf file containing evidence that the Trimble County programming logic for new audible alarm system changes were implemented (TC Alarm Logic.pdf);**
- **A DCS screen shot from the Trimble County control room reflecting the addition of the Trimble County 345 kV ‘A’ bus voltage readings (TC Screen Shot showing Voltage Reading.pdf); and**
- **A pdf file of a training memo with signatures of all of operators that were trained on the new system and voltage schedules (VAR-002 Training and Sigs from TC.pdf).**

V. PENALTY INFORMATION

TOTAL ASSESSED PENALTY OR SANCTION OF **\$0** FOR ONE VIOLATION OF RELIABILITY STANDARDS.

(1) REGISTERED ENTITY’S COMPLIANCE HISTORY

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

YES NO

⁵ This Disposition Document serves as SERC’s Verification of Mitigation Plan Completion.

LIST VIOLATIONS AND STATUS

On July 6, 2010, NERC submitted a filing to FERC under NP10-120-000 addressing violations for FAC-008-1 R1, PRC-005-1 R1, PRC-005-1 R2, and VAR-002-1 R2 for LG&E & KU. On August 5, 2010, FERC issued an order stating it would not engage in further review of the violations.

ADDITIONAL COMMENTS

SERC concluded that, although this is not the first violation of VAR-002-1 R2 by LG&E & KU, the history of a prior violation was not considered an aggravating factor with respect to the penalty determination, because the facts and circumstances of this violation differed from LG&E & KU's prior violation. Specifically, LG&E & KU's prior violation of VAR-002-1, R2, which was addressed in NOC-0112, occurred because LG&E & KU did not have reliable integrated hourly information, historical data archiving, and real-time voltage measurements to consistently demonstrate compliance with the standard at a large number of generating units, and is different than the factual basis here. LG&E & KU's actions to mitigate the prior violation were comprehensive to address the earlier violation, but would not have addressed the instant violation.

Given the differences in the factual basis and required mitigation, the strength of LG&E & KU's compliance program, the fact that the violation was self-reported, as well as LG&E & KU's cooperation in resolving this matter, SERC determined it is appropriate to resolve this matter under the deficiency process.

PREVIOUSLY FILED VIOLATIONS OF OTHER RELIABILITY STANDARD(S) OR REQUIREMENTS THEREUNDER

YES NO

LIST VIOLATIONS AND STATUS

On December 12, 2008, NERC submitted a filing to FERC under NP09-2-000 addressing violations for FAC-001-1 R1, FAC-001-1 R2, FAC-001-1 R3, and EOP-008-0 R1 for LG&E & KU. On January 9, 2009, FERC issued an order stating it would not engage in further review of the violations.

As noted above, on July 6, 2010, NERC submitted a filing to FERC under NP10-120-000 addressing violations of FAC-008-1 R1, PRC-005-1 R1, PRC-005-1 R2, in addition to the violation of VAR-002-1 R2 mentioned above for LG&E & KU. On August 5, 2010, FERC issued

an order stating it would not engage in further review of the violations.

ADDITIONAL COMMENTS

SERC determined that these other prior violations should not serve as a basis for aggravating the penalty because they involved standards that are not the same or similar to the instant standard. Moreover, there was nothing in the record to suggest that broader corporate issues were implicated.

(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.)⁶

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 UNDOCUMENTED
IF YES, EXPLAIN

According to LG&E & KU, it maintains an internal compliance program (ICP) that covers all Reliability Standards applicable to LG&E & KU. SERC considered LG&E & KU’s internal compliance program a mitigating factor in determining the penalty. The program includes a Steering Committee staffed by a group including officers, senior managers, and managers who have roles in the Companies’ compliance with the reliability standards. Departments included are the Transmission Department, the Generation Services Department, the Energy Marketing Department, the Market Valuation and Analysis Department, the Information Technology Department, the Compliance Department, the Federal Rates and Regulation Department, and the Audit Services Department. The Steering Committee sets the overall strategy and policy for the Companies’ reliability standards compliance activities. The Steering Committee then organized working teams based on NERC functional roles and divided compliance work activities among those working teams as appropriate. The Compliance Department, through the Director, Compliance and Ethics, serves as the Chair of the Steering Committee.

⁶ Revised Policy Statement on Enforcement, 123 FERC ¶61,156, P65 (May 15, 2008).

EXPLAIN SENIOR MANAGEMENT'S ROLE AND INVOLVEMENT WITH RESPECT TO THE REGISTERED ENTITY'S COMPLIANCE PROGRAM
EXPLAIN

As discerned from the information provided to SERC by LG&E & KU, its ICP has the support and participation of senior management, in addition to the existing program's membership, which includes officers. The Director, Compliance and Ethics reports on a regular basis to multiple executive officers, including the CEO, regarding the status of, and developments in, the LG&E & KU reliability standards program. In a number of settings, LG&E & KU executive officers have stressed the importance of compliance with the reliability standards to key employees.

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

YES NO

IF YES, EXPLAIN

(5) ANY EVIDENCE THIS WAS AN INTENTIONAL VIOLATION

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

OTHER RELEVANT INFORMATION:

NOTICE OF ALLEGED VIOLATION AND PROPOSED PENALTY OR SANCTION
ISSUED

DATE: 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 DID NOT CONTEST

HEARING REQUESTED

YES NO

DATE

OUTCOME

APPEAL REQUESTED

EXHIBITS:

SOURCE DOCUMENT

LG&E & KU Self-Report dated December 15, 2009

MITIGATION PLAN

LG&E & KU Mitigation Plan submitted on January 11, 2010

CERTIFICATION BY REGISTERED ENTITY

**LG&E & KU Certification of Completion of Mitigation Plan dated January 28,
2010**

Attachment b

E.ON US's Self-Report dated December 15, 2009



**Non-Public and CONFIDENTIAL
(until filed with FERC)**

Self-Reporting Form

Date Submitted by Registered Entity: December 15, 2009

Region: SERC

NERC Registry ID: NCR01223

Joint Registration Organization (JRO) ID: N/A

Registered Entity: E.ON U.S. Services Inc. for the LG&E and KU Companies

Registered Entity Contact Name: Dan Wilson

Registered Entity Contact Email: dan.wilson@eon-us.com

Registered Entity Contact Telephone: (502) 627-3177

Function(s) Applicable to Self-Report: GOP

Standard: VAR-002

Requirement: R2

Has this possible alleged violation previously been reported or discovered: Yes No
If Yes selected: Provide NERC Violation ID (if known):

Date violation occurred: 10/19/2009

Date violation discovered: 10/23/2009

Is the violation still occurring? Yes No

Detailed explanation and cause of violation: The Trimble County (TC) generating station is configured with one base-loaded coal-fired unit and six peaking gas-fired combustion turbine units. The coal-fired unit was on a planned major turbine outage from September through November, 2009. Outage work included changing the Distributed Control System (DCS) from a Honeywell to an Emerson DCS. During the outage, the new DCS was operational; however, checkout of input/output (I/O) points was underway on the new DCS system.

The TC 345 A bus voltage during the outage, while no units were on-line, showed about 1-2 KV above the allowed voltage schedule tolerance band. This was not a concern, however, because the stated terms of the Transmission Operator's (TOP) voltage schedule exempt stations that have no units online. Thus, when the DCS voltage point monitoring the TC A bus changed to alarm status for high voltage at 21:55:22 on October 16, 2009 while no units were on-line, and this alarm was simply acknowledged by plant operations. No other action was required. This chain of events was all consistent with NERC requirements and E.ON U.S. procedures.

However, the plant DCS was not configured to reset the alarm when the first unit at the plant returns to service. Given that the base-loaded coal-fired unit was normally online, that "first unit returning to service" scenario had not been included in the audible alarm configuration. Therefore, when TC was requested to operate some of the peaking combustion turbines for



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(until filed with FERC)**

about four hours (05:14 to 09:22) on the morning of October 19, 2009 for load requirements, the plant (GOP) did not receive a change to the audible alarm status about the voltage being higher than the schedule's tolerance band (since it remained in alarm status from October 16). As a result, the plant operations (GOP) did not report to the TOP that the voltage was outside the voltage schedule band during those four hours and that a facility limit existed on the on-line units.

Reliability Impact: Minimal

Reliability Impact Description: The bus voltage was an elevated amount of 1-2 KV outside the voltage schedule for TC for the time before, during, and after this event. Start-up and shut-down of the combustion turbine units had no impact on the voltage registered at the bus, and therefore the risk to the bulk power system was unaffected.

Additional Comments: E.ON U.S. GOP determined on October 23, 2009 that there was an issue with TC VAR-002 excursions which needed further investigation. Following the investigation, a determination was made to file a self-report for a possible violation.

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.)*

**SERC Staff will contact the person providing the report as soon as possible.
If you do not receive a response from SERC Staff within 2 business days please contact the SERC office (704-357-7372).**

Please complete the form as completely as possible and email to serccomply@serc1.org.

Attachment c

**E.ON US's Mitigation Plan MIT-09-2545
submitted January 11, 2010**



Mitigation Plan Submittal Form

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

Date this Mitigation Plan is being submitted: January 11, 2010

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan: December 1, 2009

Section A: Compliance Notices

- Section 6.2 of the CMEP¹ 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

¹ "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: E.ON U.S.

Company Address: 220 W. Main Street, Louisville, KY 40202

NERC Compliance Registry ID **[if known]**: NRC01223

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: Dan Wilson

Title: Manager, Generation Engineering

Email: dan.wilson@eon-us.com

Phone: 502-627-3177



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: VAR-002-1
[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 ^(*)
SERCYYYYnnnnn	2009-185	R2	10/19/2009

(*) 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:

The Trimble County (TC) generating station is configured with one base-loaded coal-fired unit and six peaking gas-fired combustion turbine units. Combustion turbine unit operation is normally conducted in the same control room and at the same gageboard as the coal-fired unit. The coal-fired unit was on a planned major turbine outage from September 26th through November 24th, 2009. Outage work included changing the Distributed Control System (DCS) from a Honeywell to an Emerson DCS. The new DCS was partially operational and checkout of input/output (I/O) points was in progress. Among other things, DCS checkout activities involved verification of the existence of alarming and was responsible for a large number of alarms "ringing in" and subsequently being acknowledged by plant operations (GOP).



The TC 345 kV A bus voltage rose above the allowed voltage schedule tolerance band during the outage of the TC1 steam unit and was acknowledged by the operators (no TC combustion turbines were operating at this time). This was not a concern, however, because the stated terms of the Transmission Operator's (TOP) voltage schedule exempt stations that have no units online. Thus, when the DCS voltage point monitoring the TC 345 kV A bus changed to alarm status for high voltage at 21:55:22 on October 16, 2009 while no units were on-line, this alarm was simply acknowledged by plant operations. No other action was required. This chain of events was all consistent with NERC requirements and E.ON U.S. procedures.

However, the plant DCS was not configured to reset the alarm to alert the operator that there was an out-of-band tolerance voltage in existence when the first unit at the plant returned to service. This setup was not seen as a problem because the base-loaded coal-fired unit is normally online when a combustion turbine is operated. Therefore the "first unit returning to service" scenario had not been included in the audible alarm configuration. When TC was requested to operate some of the peaking combustion turbines for about four hours (05:14 to 09:22) on the morning of October 19, 2009 for system load requirements, the plant (GOP) did not receive another audible alarm as a notification that the plant voltage was outside the TOP-defined voltage schedule's tolerance band (since it remained in alarm status from October 16). As a result, plant operations (GOP) did not report to the TOP that the TC 345 kV A bus voltage was outside the TOP-defined voltage schedule band during those four hours and that a facility limit existed on the on-line units.

[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:

The Transmission Operator (TOP) established NERC/SERC Trimble County 345 kV A bus voltage consistent with the Reliability Standard VAR-002-1 schedule is 352 kV +/- 2kV (350 – 354 kV). There are audible and visual alarms associated with these voltages available to the responsible Operators which come in at 350.1 and 350.0 kV as well as 353.9 and 354.0 kV.

At approximately 05:14 hours on October 19th, the Trimble County 345 kV A bus voltage was above the 354 kV upper limit when combustion turbine TC10 was synchronized to the grid. With the only coal-fired unit (TC1) at the station off-line on a planned maintenance outage and the remaining five combustion turbines at the site (TC5-TC9) off-line, there was no Trimble County Station generation synchronized to the grid prior to the synchronization of TC10. After



TC10 was synchronized to the grid at 05:14 hours, there was generation from at least one combustion turbine synchronized to the grid until 09:22 hours (a total of 4 hours and 8 minutes from synchronizing TC10 at 05:14 hours). During the time there was at least one Trimble County combustion turbine generator synchronized to the grid, the bus voltage fluctuated between 355.6495 kV and 355.9410 kV. The shut down of the last combustion turbine (TC9) was properly communicated to the Transmission Operator (TOP) and logged as the “last unit off” and “all TC units off line”. The initial exceedance of the established scheduled bus voltage was not logged as required by Reliability Standard VAR-002-1 R2. After an investigation of the event, the cause was determined to be the failure of the responsible Operator to notify the TOP and make the appropriate log entries.

[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:

The following actions were taken as a result of the October 19th Trimble County (TC) VAR-002-1 R2 incident:

- 1) Programming logic has been added to the Trimble County Distributed Control System (DCS) which is conditional and queries the system to determine if any generation at the Station is synchronized to the grid. If not, no alarming takes place. In the event a unit is subsequently synchronized to the grid and is outside the TOP-defined voltage schedule, the responsible Operator receives an audible alarm. [Completed 11/4/09]
- 2) The TC 345 kV A bus voltage reading has been added to the DCS screens in the TC control room so it is readily and constantly in view of the responsible Operators. [Completed 12/1/09]
- 3) At the direction of the Production Supervisor, each TC Production Leader and each TC Operator received a job briefing, which included an explanation of VAR-002-1 and emphasized the importance of adhering to the TOP-defined voltage schedule and notifying the TOP when the plant is unable to meet the Voltage Schedule. [Completed 10/24/09]

[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:
- 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)

(*) 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:

All three of the bullet points listed in Section D.1 above have already been completed prior to submitting the self-report. These were executed as precautionary measures to avoid such an event from occurring again, while the Company was still investigating the excursions made on October 19.

[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:

[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:



Start-up and shut-down of the combustion turbine units had no impact on the voltage registered at the bus, and therefore the risk to the bulk power system was unaffected. However, the three tasks performed in Section D1 will further minimize the risk of such an incident re-occurring. These tasks included adding another conditional DCS alarm, adding the 345 kV A bus voltage reading to the DCS screens that the operators monitor, and providing further training for the Operators.

[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 the Manager of Generation Engineering of E.ON U.S..
 2. I am qualified to sign this Mitigation Plan on behalf of E.ON U.S..
 3. I have read and understand E.ON U.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 CMEM)).
 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
 5. E.ON U.S. 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 blue ink that reads 'Dan Wilson' is written over a horizontal line.

(Electronic signatures are acceptable; see CMEM)

Name (Print): Dan Wilson

Title: Manager of Generation Engineering

Date: January 11, 2010



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.

Please direct any questions regarding completion of this form to:

Ken Keels
Manager, Compliance Enforcement
SERC Reliability Corporation
704-357-7372
kkeels@serc1.org

Attachment d

E.ON US's Certification of Mitigation Plan Completion dated January 28, 2010



Mr. Dan Wilson
Manager, Generation Engineering
220 West Main Street
Louisville, Kentucky 40202
T 1-502-627-3177
M 1-502-548-2949
dan.wilson@eon-us.com

Certification of a Completed Mitigation Plan

SERC Reliability Corporation Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification: **E.ON U.S. Generator Operator(GOP)**

Date of Certification: **January 28, 2010**

Name of Standard and the Requirement(s) of mitigated violation(s): **VAR-002-1 R2**

SERC Tracking Number (contact SERC if not known): **09-185**

NERC Violation ID Number (if assigned): **SERC200900423**

Date of completion of the Mitigation Plan: **December 1, 2009**

Summary of all actions described in Part D of the relevant mitigation plan:

- 1) Programming logic has been added to the Trimble County Distributed Control System (DCS) which is conditional and queries the system to determine if any generation at the Station is synchronized to the grid. If not, no alarming takes place. In the event a unit is subsequently synchronized to the grid and is outside the TOP-defined voltage schedule, the responsible Operator receives an audible alarm. [Completed 11/4/09]
- 2) The TC 345 kV A bus voltage reading has been added to the DCS screens in the TC control room so it is readily and constantly in view of the responsible Operators. [Completed 12/1/09]
- 3) At the direction of the Production Supervisor, each TC Production Leader and each TC Operator received a job briefing, which included an explanation of VAR-002-1 and emphasized the importance of adhering to the TOP-defined voltage schedule and notifying the TOP when the plant is unable to meet the Voltage Schedule. [Completed 10/24/09]

Description of the information provided to SERC for their evaluation:

The following is submitted as evidence for completion of the three tasks listed above:

1) TC programming logic is submitted as a pdf entitled, *Action Item 1 Evidence -- TC Alarm Logic.pdf*

2) A screen shot of the DCS screen in the TC control room showing the addition of the TC 345 kV A bus voltage is submitted as a pdf entitled *Action Item 2 Evidence -- TC Screen Shot showing Voltage Reading.pdf*

3) The training memo and signatures of all of operations that were trained is submitted as a pdf entitled, *Action Item 3 Evidence -- VAR-002 Training and Sigs from TC.pdf*

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: Dan Wilson

Title: Manager, Generation Engineering

Entity: GOP

Email: Dan.Wilson@eon-us.com

Phone: (502) 627-3177

Designated Signature



Date

4/28/2010

(Form Revised August 13, 2008)

Attachment e

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

E.ON U.S. Services Inc. for LG&E
and KU Services Company

Docket No. NP11-____-000

NOTICE OF FILING
January 31, 2011

Take notice that on January 31, 2011, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding E.ON U.S. Services Inc. for LG&E and KU Services Company 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, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary