



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

July 6, 2010

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

**Re: NERC 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 Notice of Penalty¹ regarding Citizens Electric Corporation (Citizens), NERC Registry ID# NCR01192,² 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)).³

On August 24, 2007, Citizens submitted a required self-certification to SERC Reliability Corporation (SERC) due on September 1, 2007 stating that its existing documentation of its transmission Protection System maintenance and testing program as required by PRC-005-1 Requirement (R) 1 was incomplete because Citizens did not include the documentation of maintenance and testing schedule and their intervals, bases or summary maintenance and testing procedures. Citizens also submitted a self-certification that its Facility Ratings Methodology did not include the method by which Normal and Emergency Ratings are developed per FAC-008-1 R1. This Notice of Penalty is being filed with the Commission because SERC and Citizens have entered into a Settlement Agreement to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in SERC's determination and findings of the enforceable violations⁴ of PRC-005-1 and FAC-008-1.⁵ According to the Settlement Agreement, Citizens

¹ *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).

² SERC confirmed that Citizens was included on the NERC Compliance Registry as a Transmission Owner and Distribution Provider on May 31, 2007. As a Transmission Owner, Citizens is subject to the requirements of NERC Reliability Standards PRC-005-1 and FAC-008-1.

³ See 18 C.F.R. § 39.7(c)(2).

⁴ At the time of the Settlement Agreement, these violations were alleged violations. For purposes of this document, the violations at issue are described as "violations," regardless of their procedural posture and whether they were possible, alleged, or confirmed violations.

neither admits nor denies the violations, but has agreed to the proposed penalty of ten thousand dollars (\$10,000) to be assessed to Citizens, 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 SERC200700015 and SERC200700051 are being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on December 22, 2009, by and between SERC and Citizens, which is included as Attachment c. The details of the findings and basis for the penalty are set forth in the Settlement Agreement and herein. This Notice of Penalty 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-025	SERC200700015	PRC-005-1	1	High ⁶	10,000
			SERC200700051	FAC-008-1	1	Lower ⁷	

PRC-005-1

The purpose of Reliability Standard PRC-005-1 is to ensure all transmission and generation Protection Systems⁸ affecting the reliability of the bulk power system (BPS) are maintained and tested.

PRC-005-1 R1 requires that:

⁵ SERC issued a Notice of Alleged Violation and Proposed Penalty or Sanction for these violations on December 3, 2007.

⁶ When NERC filed VRFs for PRC-005-1, NERC originally assigned a "Medium" VRF to PRC-005-1 R1. In the Commission's May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed a modified "High" VRF for PRC-005-1 R1 for approval. On August 9, 2007, the Commission issued an Order approving the modified VRF. Therefore, the "Medium" VRF was in effect from June 18, 2007 until August 9, 2007 and the "High" VRF has been in effect since August 9, 2007.

⁷ When NERC filed VRFs for FAC-008-1, NERC originally assigned a "Lower" VRF to FAC-008-1 R1.1. In the Commission's November 16, 2007 Order on Violation Risk Factors, the Commission directed modifications. On December 19, 2007, NERC filed the modified "Medium" VRF for FAC-008-1 R1.1 for approval. On February 6, 2008, the Commission issued an Order approving the modified VRF. Therefore, the "Lower" VRF was in effect from June 18, 2007 until February 6, 2008 and the "Medium" VRF has been in effect since February 6, 2008.

⁸ *The NERC Glossary of Terms Used in Reliability Standards* defines Protection System as "Protective relays, associated communication systems, voltage and current sensing devices, station batteries and DC control circuitry."

Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BPS. The program is to include:

- R1.1. Maintenance and testing intervals and their basis.
- R1.2. Summary of maintenance and testing procedures.

PRC-005-1 R1 and its sub-requirements each have a “High” Violation Risk Factor (VRF). The violation applies to Citizens’ Transmission Owner function.

On August 24, 2007, Citizens submitted its September 1, 2007 self-certification stating that it was not compliant with PRC-005-1 R1 because it did not have a documented maintenance and testing program for its transmission Protection System that included the intervals, bases or summary maintenance and testing procedures required by the Standard.

SERC Staff requested, and Citizens was unable to provide, a documented maintenance and testing program that met the requirements of PRC-005-1. SERC Staff determined that Citizens had a violation of PRC-005-1 R1 because the evidence reviewed showed that Citizens’ existing documentation of its maintenance and testing program did not include all of the required elements according to the Standard. Specifically, Citizens’ program did not include documentation of maintenance and testing intervals and their basis, nor did it include a summary of its maintenance and testing procedures, however, Citizens was able to demonstrate that it was performing maintenance and testing.⁹

SERC determined the duration of the violation to be from June 18, 2007, the date the Standard became enforceable, through July 24, 2008, when Citizens completed its Mitigation Plan.

SERC determined the violation of PRC-005-1 R1 did not put the reliability of the BPS at serious or substantial risk because Citizens was performing the maintenance and testing as required, even though its documented program did not contain all of the elements required by the Standard. Additionally, Citizens serves a peak load of approximately 220 MW and owns approximately 69 miles of 138 kV transmission line.

FAC-008-1

The purpose of FAC-008-1 is to ensure that Facility Ratings used in the reliable planning and operation of the BPS are determined based on an established methodology or methodologies.

FAC-008-1 R1 requires that:

Each Transmission Owner and Generator Owner shall document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities. The methodology shall include all of the following:

- R1.1. A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.

⁹ During a subsequent audit, SERC confirmed such testing was performed after a review of Citizens’ testing records.

- R1.2. The method by which the Rating (of major BPS equipment that comprises a Facility) is determined.
 - R1.2.1. The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.
 - R1.2.2. The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.
- R1.3. Consideration of the following:
 - R1.3.1. Ratings provided by equipment manufacturers.
 - R1.3.2. Design criteria (*e.g.*, including applicable references to industry Rating practices such as manufacturer's warranty, IEEE, ANSI or other standards).
 - R1.3.3. Ambient conditions.
 - R1.3.4. Operating limitations.
 - R1.3.5. Other assumptions.

FAC-008-1 R1, R1.3 and R1.3.5 are assigned a "Lower" VRF and all other sub-requirements are assigned a "Medium" VRF. The violation applies to Citizens' Transmission Owner function.

On August 24, 2007, Citizens submitted its September 1, 2007 self-certification stating that it was not compliant with FAC-008-1 R1 because it did not have a documented Facility Ratings Methodology for rating its 138 kV transmission line, consistent with the requirements in the Standard. SERC Staff requested, and Citizens was unable to provide, a document that met the requirements of FAC-008-1. While Citizens did not have a documented methodology, it provided a documented rating for its single applicable 138 kV line.

SERC Staff determined that Citizens had a violation of FAC-008-1 R1 because the evidence reviewed showed that Citizens did not have a documented Facility Ratings Methodology, as required by the Standard.

SERC determined the duration of the violation to be from June 18, 2007, the date the Standard became enforceable, through February 12, 2009, when Citizens completed its Mitigation Plan.

SERC Staff determined the violation of FAC-008-1 R1 did not pose a serious or substantial risk to the reliability of the BPS because Citizens had a facility rating for its 138 kV line, even though its Facility Ratings Methodology had not been documented. In a further consideration of actual risk, the rating for the Citizens facility for which the methodology was required did not need to be adjusted as a result of documenting the methodology because Citizens utilized the manufacturer's rating and included it in its Facility Ratings Methodology.

According to the Settlement Agreement, SERC has assessed a penalty of ten thousand dollars (\$10,000) for the referenced violations. The factors considered by SERC Staff in the determination of the appropriate penalty for Citizens' violations of PRC-005-1 R1 and FAC-008-1 R1 pursuant to this Settlement Agreement included the following:

1. Citizens has no prior violation history for any Reliability Standard during the mandatory reliability period;
2. Citizens cooperated with SERC Staff during the investigation;¹⁰
3. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. this violation took place in 2007, when the Reliability Standards first became mandatory and enforceable;
5. Citizens did not complete its two Mitigation Plans in a timely fashion as discussed below; and
6. the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above.

After consideration of the above factors, SERC determined that, in this instance, the penalty amount of ten thousand dollars (\$10,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Status of Mitigation Plans¹¹

PRC-005-1

Citizens' Mitigation Plan to address its violation of PRC-005-1 was submitted to SERC on December 27, 2007 with a proposed completion date of April 1, 2008. The Mitigation Plan was accepted by SERC on January 17, 2008 and approved by NERC on February 25, 2008. The Mitigation Plan for this violation is designated as MIT-07-0399 and was submitted as non-public information to FERC on February 26, 2008 in accordance with FERC orders.

Citizens' Mitigation Plan required Citizens to document its Protection System maintenance and testing intervals and their basis. The Mitigation Plan also required Citizens to document the summary of maintenance and testing procedures.

On March 26, 2008, Citizens certified that its Mitigation Plan had been completed as of March 26, 2008, which was timely in accordance with the schedule in the approved Mitigation Plan. As

¹⁰ SERC reported that Citizens provided prompt responses to all of SERC Staff's data requests and cooperated with SERC Staff during meetings between the parties to discuss this issue. 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. SERC stated that Citizens' response to SERC Staff's questions enabled SERC Staff to conduct a thorough investigation in an efficient manner.

¹¹ See 18 C.F.R. § 39.7(d)(7).

evidence of completion of its Mitigation Plan, Citizens submitted an undated procedure, *07-165 CEC (PRC-005) 2008 Reqs and Lineman Tech Work Plan*, to comply with PRC-005-1, R1.

SERC Staff reviewed the evidence submitted and determined that the actions Citizens had taken had not completed its Mitigation Plan. The evidence submitted failed to provide a basis for Citizens' intervals, and did not include sufficient detail on its maintenance procedures.

SERC Staff worked with Citizens in order to ensure that Citizens would understand and submit the necessary documentation in support of closure. As further evidence of completion of its Mitigation Plan, Citizens submitted the following additional documents and its modified maintenance and testing procedure:

1. *07-165 CEC (PRC-005) 2008 Reqs and Lineman Tech Work Plan* dated September 5, 2007.

This document includes all the required intervals, bases and summary of maintenance procedures for all of Citizens' applicable BPS elements.

2. *07-165 CEC (PRC-005) Seminary Inspection Form* dated September 5, 2007.
3. *07-165 CEC (PRC-005) New Bourbon Inspection Form* dated September 5, 2007.

The *Seminary Inspection Form* and the *New Bourbon Inspection Form* supplement the "Reqs and Lineman Tech Work Plan" document providing electrical workers a checklist for each of Citizens' 138 kV substations.

On August 4, 2008, after SERC's review of Citizens' submitted evidence, SERC verified that Citizens' Mitigation Plan was completed on July 24, 2008 and that Citizens was in compliance with PRC-005-1 R1.

FAC-008-1

Citizens' Mitigation Plan to address its violation of FAC-008-1 was submitted to SERC on December 27, 2007 with a proposed completion date of April 1, 2008. The Mitigation Plan was accepted by SERC on January 17, 2008 and approved by NERC on February 25, 2008. The Mitigation Plan for this violation is designated as MIT-07-0426 and was submitted as non-public information to FERC on February 26, 2008 in accordance with FERC orders.

Citizens' Mitigation Plan required Citizens to identify each piece of major BPS equipment on its current one-line diagram utilizing manufacturers' nameplate ratings for respective assignment. This information, when completed, would be shared with the Transmission Operator, Ameren Services.

On March 26, 2008, Citizens certified that its Mitigation Plan had been completed as of March 26, 2008, which was timely in accordance with the schedule in the approved Mitigation Plan.¹² As evidence of completion of its Mitigation Plan, Citizens submitted a one-line diagram with the title of *Facility Ratings for the Bulk Electric System*. This diagram showed the transmission and

¹² Citizens did certify its Mitigation Plan was complete on March 26, 2008, but SERC did not find the evidence provided to be sufficient to verify completion. Citizens provided the requisite evidence on February 12, 2009.

distribution side components and the ratings for each component on the transmission side of the substations. Included near the bottom was a text box titled “FAC-008-1 (Facility Ratings Methodology)” that included various statements from the Standard and statements of how Citizens meets the various requirements.

SERC Staff reviewed the evidence provided and was unable to conclude that the one-line diagram and the associated documentation constituted a “Methodology,” as defined by the Standard, since it was only a listing of the current components and contained no information on the method by which each component or the combined system was rated as required by the standard. Therefore, SERC worked with Citizens in order that it would understand and submit the necessary documentation in support of closure. As evidence of completion of its Mitigation Plan, Citizens submitted its Facility Rating Methodology document, *07-181 FINAL CEC_Facility_Ratings_Methodology.doc* dated February 2009.

On February 12, 2009, after SERC’s review of Citizens’ submitted evidence, SERC verified that Citizens’ Mitigation Plan MIT-07-0426 was completed on February 12, 2009 and that Citizens was in compliance with FAC-008-1 R1.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹³

Basis for Determination

Taking into consideration the Commission’s direction in Order No. 693, the NERC Sanction Guidelines and the Commission’s July 3, 2008 and October 26, 2009 Guidance Orders,¹⁴ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on April 12, 2010. The NERC BOTCC approved the Settlement Agreement, including SERC’s imposition of a financial penalty, assessing a penalty of ten thousand dollars (\$10,000) 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:

1. Citizens has no prior violation history for any Reliability Standard during the mandatory reliability period;
2. SERC reported that Citizens cooperated with SERC Staff during the investigation;

¹³ See 18 C.F.R § 39.7(d)(4).

¹⁴ *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).

3. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
4. the violations took place in 2007, when the Reliability Standards first became mandatory and enforceable;
5. Citizens did not complete its two Mitigation Plans in a timely fashion; and
6. the violations did not pose a serious or substantial risk to the reliability of the BPS, as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed penalty of ten thousand dollars (\$10,000) is appropriate for the violations and circumstances in question, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the 30 day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

Attachments to be Included as Part of this Notice of Penalty

The attachments to be included as part of this Notice of Penalty are the following documents and material:

- a) Citizens' Self-Certification for PRC-005-1 R1 dated August 24, 2007, included as Attachment a;
- b) Citizens' Self-Certification for FAC-008-1 R1 dated August 24, 2007, included as Attachment b; and
- c) Settlement Agreement by and between SERC and Citizens executed December 22, 2009, included as Attachment c;
 - i) Citizens Mitigation Plan for PRC-005-1 R1 designated as MIT-07-0399 submitted December 27, 2007, included in the Settlement Agreement as Appendix A-1;
 - ii) Citizens' Certification of Mitigation Plan Completion dated March 26, 2008, included in the Settlement Agreement as Appendix A-2;
 - iii) SERC's Verification of Mitigation Plan Completion dated August 4, 2008, included in the Settlement Agreement as Appendix A-3;
 - iv) Citizens Mitigation Plan for FAC-008-1 R1 designated as MIT-07-0426 submitted December 27, 2007, included in the Settlement Agreement as Appendix A-4;
 - v) Citizens' Certification of Mitigation Plan Completion dated March 26, 2008, included in the Settlement Agreement as Appendix A-5; and
 - vi) SERC's Verification of Mitigation Plan Completion dated February 12, 2009, included in the Settlement Agreement as Appendix A-6.

A Form of Notice Suitable for Publication¹⁵

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

¹⁵ 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* Vice President and General Counsel North American Electric Reliability Corporation 116-390 Village Boulevard Princeton, N.J. 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 & 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 Holly A. Hawkins* Attorney North American Electric Reliability Corporation 1120 G Street, N.W. Suite 990 Washington, D.C. 20005-3801 (202) 393-3998 (202) 393-3955 – facsimile rebecca.michael@nerc.net holly.hawkins@nerc.net</p> <p>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* Interim Compliance Director and Legal Counsel Jacqueline E. Carmody* Contract Attorney 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.* Manager of Compliance Enforcement SERC Reliability Corporation 2815 Coliseum Centre Drive Charlotte, NC 28217 (704) 940-8214 (704) 357-7914 – facsimile kkeels@serc1.org</p>
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Conclusion

NERC respectfully requests that the Commission accept this Notice of Penalty as compliant with its rules, regulations and orders.

Respectfully submitted,

/s/ Rebecca J. Michael

Rebecca J. Michael
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Holly A. Hawkins
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(609) 452-9550 – facsimile
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david.cook@nerc.net

cc: Citizens Electric Corporation
SERC Reliability Corporation

Attachments

Attachment a

**Citizens' Self-Certification for PRC-005-1 R1
dated August 24, 2007**



FOR PUBLIC RELEASE - JULY 6, 2010

[Public Homepage](#) [Portal Homepage](#)

SERC Member Portal

Citizens Electric Corporation

Logged in as:

Christine Morrow

[Log Out](#)[System Administration](#)[Committees](#)[Compliance](#)[Planning Forms](#)[Operating Forms](#)[Cyber Security Forms](#)[Vegetation Forms](#)[Historical Forms](#)[Search Regional Filings](#)[Certification Statements](#)[Reports](#)[Mitigation Plans](#)[Reliability Assessments](#)[Annual Voting Rights](#)[Surveys](#)[Recommendations](#)[Meetings](#)**PRC-005-1-T LOC - Transmission and Generation Protection System Maintenance and Testing - 2007**[Return To Search Results](#)[Attachments \(0\)](#)[Reference Document: Maintenance and Testing SERC Supplement](#)

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This form was submitted on 8/24/2007.

* Required Fields

Status: Read Only**Technical Contact***

- ☒ The information in this submittal is designated as "Confidential". As such, it may include trade secrets, commercial or financial information that the submitter believes is commercially valuable and does not customarily disclose to the public. Disclosure of this information to the public could reasonably be expected to cause substantial competitive harm to the submitter. 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.

As an officer of **Citizens Electric Corporation**,

I confirm the following:

Section A:

- ☐ 1. A Transmission Protection System maintenance and testing program is documented and implemented in accordance with NERC Reliability Standard PRC-005-1 (Transmission and Generation Protection System Maintenance and Testing).

Documentation of the program and its implementation will be made available to SERC on request (30 calendar days).

- ☒ 2. Documentation demonstrating implementation of a Transmission Protection System maintenance and testing program is incomplete and/or implementation is not on schedule (**check all that apply**):

☒ Transmission Protection System identification (Includes: relays, instrument transformers, communication systems, and batteries)☒ Documentation of maintenance and testing intervals and their basis.☒ Summary of testing procedure☒ Schedule for system maintenance and testing.☐ Implementation of the Transmission Protection System maintenance and testing program is not on schedule. **Citizens Electric Corporation** expects to be on schedule by

- ☐ 3. The NERC Reliability Standard PRC-005-1 does not apply because **Citizens Electric Corporation** does not own a Transmission Protection System.

- ☐ 4. The NERC Reliability Standard PRC-005-1 applies to **Citizens Electric Corporation** and our data has been coordinated with and is covered by the submittal(s) of

	Master Account	First Name	Last Name	Telephone	Email

Section B:

☐ This submittal also covers:

	Master Account	First Name	Last Name	Telephone	Email

Note: For companies not listed, please contact support@serc1.org

Additional Comments:

The 138kV network was installed in 1999. CEC is developing a maintenance and testing program for this system. Ameren Services is the TOP.

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Attachment b

**Citizens' Self-Certification for FAC-008-1 R1
dated August 24, 2007**



FOR PUBLIC RELEASE - JULY 6, 2010

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SERC Member Portal

Citizens Electric Corporation

Logged in as:

Christine Morrow

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FAC-008-1-T LOC - Facility Ratings Methodology - 2007

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Attachments (0)

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* Required Fields

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Technical Contact

*

- ☒ The information in this submittal is designated as "Confidential". As such, it may include trade secrets, commercial or financial information that the submitter believes is commercially valuable and does not customarily disclose to the public. Disclosure of this information to the public could reasonably be expected to cause substantial competitive harm to the submitter. 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.

As an officer of **Citizens Electric Corporation**,

I confirm the following:

Section A:

- ☒ 1. The NERC Reliability Standard FAC-008-1 (Facility Ratings Methodology) applies to **Citizens Electric Corporation** and in accordance with NERC Reliability Standard FAC-008-1, **Citizens Electric Corporation** has on file or is able to readily provide, documentation of its methodology for developing Facility Ratings of its solely and jointly owned Facilities. The documented methodology: (check all that apply):
- ☒ Includes a statement that the Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises the Facility.
 - ☐ Includes the method by which, as a minimum, both Normal and Emergency Ratings are determined for generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices, as applicable.
 - ☒ Includes consideration of ratings provided by equipment manufacturers, design criteria, ambient conditions, operating limitations, and other assumptions.
 - ☒ Is available for inspection and technical review by **Citizens Electric Corporation's** associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) within 15 days of receipt of their request.
- a. ☐ **Citizens Electric Corporation** has received written comments on its Facility Ratings Methodology from its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and/or Transmission Operator(s)
- ☐ **Citizens Electric Corporation** has provided written response(s) to all commenting entities within 45 days of receipt of the comments.
- b. ☒ **Citizens Electric Corporation** has not received any written comments on its Facility Ratings Methodology.
- ☐ 2. The NERC Reliability Standard FAC-008-1 (Facility Ratings Methodology) applies to **Citizens Electric Corporation**, however **Citizens Electric Corporation** does not have on file or is not able to readily provide, documentation of its methodology for developing Facility Ratings of its solely and jointly owned Facilities that meet the requirements of FAC-008-1.
3. The NERC Reliability Standard FAC-008-1 does not apply to **Citizens Electric Corporation** because:

☐

No further submittals are required in addition to this Letter of Certification.

☐

4. The NERC Reliability Standard FAC-008-1 applies to **Citizens Electric Corporation** and our data has been coordinated with and is covered by the submittal(s) of

	Master Account	First Name	Last Name	Telephone	Email

Section B:

☐

1. This submittal also covers:

	Master Account	First Name	Last Name	Telephone	Email

Note: For companies not listed, please contact

☐

2. Citizens Electric Corporation is registered as both a Transmission Owner (TO) and Generation Owner (GO).

☐

This form covers all facilities owned by Citizens Electric Corporation. Submittal of FAC-008-1-G LOC **is not required**.

☐

This form does **not** cover the generation facilities owned by Citizens Electric Corporation. Submittal of FAC-008-1-G LOC **is required**.

Additional Comments:

Ameren Services is the TOP.

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Attachment c

Settlement Agreement by and between SERC and Citizens executed December 22, 2009

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 alleged violations by Citizens of NERC Reliability Standard PRC-005-1, Requirement 1 (SERC Tracking No. 07-165, NERC Violation ID No. 200700015) and FAC-008-1, Requirement 1 (SERC Tracking No. 07-181, NERC Violation ID No. SERC200700051).

II. STIPULATION

2. 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

3. Citizens Electric Corporation is a not-for-profit corporation operating as a cooperative that serves a peak load of approximately 220MW. Citizens owns approximately 69 miles of 138 kV transmission line. Citizens serves all of Ste. Genevieve and Perry counties, as well as part of St. Francois and Cape Girardeau counties in Missouri.
4. Citizens is included on the NERC Compliance Registry as a Transmission Owner and Distribution Provider (NCR01192). This violation involves its registration as a Transmission Owner.

Alleged Violations

Alleged Violation of NERC Reliability Standard PRC-005-1, Requirement 1

5. The purpose of NERC Reliability Standard PRC-005-1 is to ensure that all transmission and generation Protection Systems that affect the reliability of the Bulk Electric System are maintained and tested.
6. NERC Reliability Standard PRC-005-1, Requirement 1 requires that a Transmission Owner that owns a Protection System “shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the Bulk Electric System.”¹
7. On August 24, 2007, Citizens submitted a self-certification stating that it was not compliant with NERC Reliability Standard PRC-005-1, Requirement 1 because it did not have a documented maintenance and testing program for its transmission Protection System that included the intervals, bases or summary maintenance and testing procedures required by the Standard.
8. After confirming Citizens’ NERC registration status, SERC Staff commenced its detailed compliance assessment. On October 5, 2007, 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 PRC-005-1 and directing Citizens to preserve all relevant records and information.
9. 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, which, in turn, reported the possible violation to the Federal Energy Regulatory Commission (“Commission”) in accordance with the Compliance Monitoring Enforcement Program (“CMEP”) of the NERC Rules of Procedure.
10. SERC Staff requested, and Citizens was unable to provide, a documented maintenance and testing program that met the requirements of PRC-005-1.
11. SERC Staff concluded that the facts and evidence supported a finding that Citizens violated NERC Reliability Standard PRC-005-1, Requirement 1, because the evidence reviewed showed that Citizens’ maintenance and testing program did not include all of the required elements, according to the Standard. Specifically, Citizens’ program did not include documentation of maintenance and testing intervals and their basis, nor did it include a summary of its maintenance and testing

¹ NERC Reliability Standard PRC-005-1 – Transmission and Generation Protection System Maintenance and Testing, approved by NERC Board of Trustees on May 2, 2006, approved by FERC effective June 18, 2007.

procedures. Requirement 1 of NERC Reliability Standard PRC-005-1 is assigned a “High” Violation Risk Factor (“VRF”).² SERC Staff deems the alleged violation of NERC Reliability Standard PRC-005-1 to not be a violation that put bulk power system reliability at serious or substantial risk due to Citizens’ minimal size and the fact that Citizens’ only Bulk Electric System component is a single 138 kV line.

Alleged Violation of NERC Reliability Standard FAC-008-1, Requirement 1

12. The purpose of NERC Reliability Standard FAC-008-1 is to ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System are determined based on an established methodology or methodologies.
13. NERC Reliability Standard FAC-008-1, Requirement 1 requires that a Transmission Owner document its current methodology used for developing Facility Ratings.”³ NERC Reliability Standard FAC-008-1, Requirement R 1.1 requires the Transmission Owner to include in its methodology “[a] statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.”
14. On September 1, 2007, Citizens submitted a self-certification stating that it was not compliant with NERC Reliability Standard FAC-008-1, Requirement 1, as it did not have a documented facility ratings methodology for rating its 138kV transmission line, consistent with the requirements in the Standard.
15. After confirming Citizens’ NERC registration status, SERC Staff commenced its detailed compliance assessment. On November 21, 2007, 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 NERC Reliability Standard FAC-008-1 and directing Citizens to preserve all relevant records and information.
16. SERC Staff promptly established direct contact with representatives of Citizens to begin the process of gathering information and documentation for the detailed

² When NERC filed VRFs for NERC Reliability Standard PRC-005-1, NERC originally assigned a “Medium” VRF to NERC Reliability Standard PRC-005-1, Requirement 1. In the Commission’s May 18, 2007 Order on Violation Risk Factors, the Commission approved the VRF as filed but directed modifications. On June 1, 2007, NERC filed the modified “High” VRF for NERC Reliability Standard PRC-005-1, Requirement 1 for approval. On August 6, 2007, the Commission issued an Order approving the modified VRF. Therefore, the “Medium” VRF was in effect from June 18, 2007 until August 6, 2007 and the “High” VRF has been in effect since August 6, 2007.

³ NERC Reliability Standard FAC-008-1 – Facility Ratings Methodology, approved by NERC Board of Trustees on February 7, 2006, approved by FERC effective June 18, 2007.

compliance assessment. SERC Staff also reported the possible violation to NERC, which, in turn, reported the possible violation to the Commission in accordance with the CMEP of the NERC Rules of Procedure.

17. SERC Staff requested, and Citizens was unable to provide, a document that met the requirements of NERC Reliability Standard FAC-008-1. Citizens did provide a documented rating for its single applicable line, but it did not have a documented methodology.
18. SERC Staff concluded that the facts and evidence supported a finding that Citizens violated NERC Reliability Standard FAC-008-1, Requirement 1, because the evidence reviewed showed that Citizens did not have a documented Facility Ratings Methodology, as required by the Standard. Requirement 1 of NERC Reliability Standard FAC-008-1 is assigned a “Lower” Violation Risk Factor (“VRF”). SERC Staff deems the alleged violation of NERC Reliability Standard FAC-008-1 to not be a violation that put bulk power system reliability at serious or substantial risk, as the ratings had been calculated consistent with the requirements of the Standard, but had not been documented. Further, the rating for the Citizens facility for which the methodology was required did not need to be adjusted as a result of documenting the methodology.
19. On April 2, and again on September 24, and October 7, 2009 SERC Staff met with Citizens. At this time, SERC Staff presented its findings and conclusions, the potential daily penalty exposure, and SERC Staff’s total proposed penalty based on its assessment of the seriousness of the alleged violation and Citizens’ efforts to remedy the alleged violation, and the settlement process.

III. PARTIES’ SEPARATE REPRESENTATIONS

Statement of SERC and Summary of Findings

20. SERC finds that beginning on June 18, 2007 and continuing until July 24, 2008, the date its mitigation plan was completed, Citizens, as a Transmission Owner, did not have a maintenance and testing program that included maintenance and testing intervals, their bases and a summary of its maintenance and testing procedures, as required by NERC Reliability Standard PRC-005-1, Requirement 1.
21. SERC finds that beginning on June 18, 2007 and continuing until February 12, 2009, the date its mitigation plan was completed, Citizens, as a Transmission Owner, did not have a documented Facility Rating Methodology for rating its transmission equipment, as required by NERC Reliability Standard FAC-008-1, Requirement 1.
22. SERC Staff concluded that the actual or foreseeable impact of the alleged violation on the reliability of the bulk power system was minimal, as discussed above.

23. 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

24. Citizens neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Agreement constitute a violation of NERC Reliability Standard PRC-005-1 or NERC Reliability Standard FAC-008-1.
25. Although Citizens does not admit to, nor does it deny, the alleged violations of NERC Reliability Standard PRC-005-1, Requirement 1, and NERC Reliability Standard FAC-008-1, Requirement 1, 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 agrees that this agreement is in the best interest of the parties and in the best interest of maintaining a reliable electric infrastructure.

IV. MITIGATING ACTIONS, REMEDIES AND SANCTIONS

26. Citizens' Mitigation Plan, MIT-07-0399, to address the alleged violation of NERC Reliability Standard PRC-005-1 was submitted to SERC on December 27, 2007. The Mitigation Plan was accepted by SERC on January 17, 2008, approved by NERC on February 25, 2008, and submitted as non-public information to the Commission on February 26, 2008.
27. On March 26, 2008, Citizens certified that its Mitigation Plan had been completed on March 26, 2008, which was timely in accordance with the schedule in the Mitigation Plan. SERC Staff reviewed the evidence submitted and determined that the actions Citizens had taken had not restored compliance with the Standard. SERC Staff verified Citizens' completion of the Mitigation Plan on August 4, 2008. Citizens Mitigation Plan MIT-07-0399 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-07-0399 is attached hereto as Appendix A-3. SERC Staff determined Citizens failed to adequately complete its obligations required under the Mitigation Plan by the Mitigation Plan end date. Although Citizens submitted a Certification of Completion and provided its evidence in a timely manner, SERC Staff found the submitted material in support of the closure did not substantiate full compliance with the requirements of the standard.
28. In its Mitigation Plan, Citizens committed to document the maintenance and testing intervals and their basis, as well as a summary of its maintenance and testing procedures, in accordance with NERC Reliability Standard PRC-005-1, Requirement 1. Citizens attempted to complete the Mitigation Plan in a timely manner, but failed

to execute the plan in a manner that resulted in compliance with the Requirements of PRC-005-1. As evidence of completion, Citizens submitted a document titled “2008 Lineman Technician Work Plan” that summarized the maintenance and testing to be performed in 2008, but included insufficient detail regarding the required intervals, basis, or maintenance and testing summaries. Specifically, the document did not include either intervals or basis for DC Control Circuitry, Communication Systems, and CTs and PTs and did not include bases for Relays or Batteries. Further the document did not include or did not sufficiently describe the summary of maintenance and testing procedures for DC Control Circuitry, Communication Systems, or CTs and PTs.

29. Upon its review of the information provided, SERC Staff considered the submittal to be inadequate to support the finding that Citizens had appropriately considered the standard and its requirements and executed its mitigation plan with sufficient diligence and could not find Citizens compliant with the Standard. With additional guidance from SERC Staff, Citizens was able to create a document that met the requirements, and returned to compliance, but the completion date was significantly beyond the required date in the Mitigation Plan.
30. SERC 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 PRC-005-1 and will enhance the reliability of the bulk power system within an appropriate time-frame.
31. To verify Citizens’ satisfactory completion of Mitigation Plan MIT-07-0399, SERC Staff reviewed a copy of Citizens’ “2008 Lineman Technician Work Plan” showing the modified language consistent with Requirement 1 of NERC Reliability Standard PRC-005-1.
32. Citizens’ Mitigation Plan, MIT-07-0426, to address the alleged violation of NERC Reliability Standard FAC-008-1 was submitted to SERC on December 27, 2007. The Mitigation Plan was accepted by SERC on January 17, 2008, approved by NERC on February 25, 2008, and submitted as non-public information to the Commission on February 26, 2008.
33. On March 26, 2008, Citizens certified that its Mitigation Plan had been completed on March 26, 2008. SERC Staff verified Citizens’ completion of the Mitigation Plan on February 12, 2009. Citizens’ Mitigation Plan MIT-07-0426 is attached as Appendix A-4. Its Certification of Mitigation Plan Completion is attached hereto as Appendix A-5, and the Statement of SERC Compliance Staff Regarding Completion of Citizens’ Mitigation Plan MIT-07-0426 is attached hereto as Appendix A-6. SERC Staff determined Citizens failed to adequately complete its obligations required under the Mitigation Plan by the Mitigation Plan end date. Although Citizens submitted a Certification of Completion and provided evidence in a timely manner,

SERC Staff found the submitted material in support of the closure did not substantiate full compliance with the requirements of the standard.

34. In its Mitigation Plan, Citizens committed to develop a methodology by which it would rate its facilities. Citizens attempted to complete the Mitigation Plan in a timely manner, but failed to execute the plan in a manner that resulted in compliance with the Requirements of FAC-008-1. The evidence provided by Citizens consisted of a one-line diagram with the title of “Facility Ratings for the Bulk Electric System....” This diagram showed the transmission and distribution side components and the ratings for each component on the transmission side of the substations. Included near bottom was a text box entitled “FAC-008-1 (Facility Ratings Methodology)” that included various statements from the standard and statements of how Citizens meets the various requirements. NERC Reliability Standard FAC-008-1 requires and SERC Staff expected Citizens to produce a methodology by which it would rate each of its applicable facilities. SERC Staff reviewed the evidence provided and was unable to conclude that the one-line diagram and the associated documentation constituted a “methodology,” as contemplated by the standard. With additional guidance from SERC Staff, Citizens was able to create a document that met the requirements, and returned Citizens to compliance, but the completion date was significantly beyond the required date.
35. SERC 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-008-1 and will enhance the reliability of the bulk power system within an appropriate time-frame.
36. SERC Staff also considered the specific facts and circumstances of the violation and Citizens’ actions in response to the alleged violation 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 be 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.”⁴ The factors considered by SERC Staff in the determination of the appropriate penalty for Citizens’ alleged violations of NERC Reliability Standard FAC-008-1 pursuant to this Settlement Agreement included the following:
 - a. Citizens has no prior violation history for any reliability standard during the mandatory reliability period and was a newly registered entity at the time of the self-certifications issued here.

⁴ 16 U.S.C. § 824o(e)(6).

- b. Citizens cooperated in a timely and satisfactory manner with SERC Staff during the investigation.⁵ Citizens provided prompt responses to all of SERC Staff's data requests and cooperated with SERC Staff during meetings between the parties to discuss this issue. 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. At the time of the self-certifications, Citizens was a newly registered entity.
 - e. This violation took place in the early stages of the mandatory reliability period.
 - f. Citizens did not complete its Mitigation Plan in a timely fashion.
 - g. Citizens has implemented appropriate measures to protect against future violations of the same or similar requirement.⁶
37. Based on the above factors, as well as the mitigation actions and preventative measures taken, Citizens shall pay \$10,000 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 twenty days after SERC provides Citizens with a notice of penalty payment due and invoice, to be issued by SERC after this Settlement Agreement is either approved by the 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.
38. 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, may subject Citizens to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. Citizens will retain all rights to defend against such enforcement actions in accordance with the NERC Rules of Procedure.

V. ADDITIONAL TERMS

⁵ Revised Policy Statement on Enforcement, 123 FERC ¶ 61,156, P 65 (May 15, 2008).

⁶ Policy Statement on Compliance, 125 FERC ¶ 61,058 (October 16, 2008).

39. 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.
40. 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.
41. 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.
42. 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.
43. Citizens consents to the use of SERC's determinations, findings, and conclusions set forth in this 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 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 Agreement by any other party in any other action or proceeding.

44. 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.
45. 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.
46. The Settlement Agreement may be signed in counterparts.
47. 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:



Thomas J. Galloway
Vice President and Director of Compliance
SERC RELIABILITY CORPORATION

12/22/09
Date



Van Robinson
Chief Executive Officer
CITIZENS ELECTRIC CORPORATION

12/22/09
Date

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

- (1) Citizens' Mitigation Plan for PRC-005-1, R1**
- (2) Citizens' Certification of Mitigation Plan Completion for PRC-005-1, R1**
- (3) Statement of SERC Reliability Corporation Compliance Staff Regarding
Completion of Citizens' Mitigation Plan for PRC-005-1, R1**
- (4) Citizens' Mitigation Plan for FAC-008-1, R1**
- (5) Citizens' Certification of Mitigation Plan Completion for FAC-008-1, R1**
- (6) Statement of SERC Reliability Corporation Compliance Staff Regarding
Completion of Citizens' Mitigation Plan for FAC-008-1, R1**



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 12-27-2007

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 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 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.

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.



- 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 Street 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: PRC-005-1
[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 SERC200700015	YYYY-nnn 07-165	Rn.n.n R1	MM/DD/YYYY June 18, 2007

(*) 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:

Documentation of maintenance and testing intervals and their basis is not complete. Documentation of a summary of maintenance and testing procedures is not complete.

[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 performs weekly and monthly visual inspections of the Transmission Protection System. Also, SCADA monitoring of the Transmission Protection System is performed.

The 138 kV network is fairly new, with commission testing being 8 years ago. The checking of relay operation, setting and calibration was performed at the time of commissioning. Instrument ct's and pt's and breaker testing were also performed at the time of commissioning.

The CEC action plan includes documenting the maintenance and testing intervals and their basis.

The CEC action plan also includes documenting the summary of maintenance and testing procedures.

[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:
April 1. 2008

- 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)
Documentation of maintenance and testing intervals and their basis	April 1. 2008

Appendix A-1



Documentation of summary of
maintenance and testing procedures

April 1, 2008

(*) 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:

[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:

No known risks or impacts are identified.

[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:

Lack of documentation is the heart of the non-compliance. Completion of this documentation will provide future compliance.

[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 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 'Anthony S. Campbell'.

(Electronic signatures are acceptable; see CMEP)

Name (Print): Anthony S. Campbell

Title: CEO

Date: 12-27-2007



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.

Citizens Electric Corporation intends to comply with the NERC Reliability Standard and invites any suggestions from SERC regarding equipment maintenance intervals.

[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 an 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

Appendix A-2



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 (Form Revised 10-25-07)

Name of Registered Entity submitting certification: **Citizens Electric Corporation**

Date of Certification: **3-26-2008**

Name of Standard and the Requirement(s) of mitigated violation(s): **PRC-005-1
R1**

SERC Tracking Number (contact SERC if not known): 07-165

NERC Violation ID Number (if assigned): SERC200700015

Date of completion of the Mitigation Plan: **3-26-2008**

I certify that the mitigation plan for the above named violation has been completed on the date shown above, and that all information submitted information is complete and correct to the best of my knowledge.

Name: **Anthony S. Campbell**

Title: **CEO**

Entity: **Citizens Electric Corporation**

Email: **Citizens@cecmo.com**

Phone: **573-883-5339**

Executive Signature *Anthony S. Campbell* Date *3/26/08*



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

Registered Entity: Citizens Electric Corporation (CEC)
SERC Tracking ID: 07-165
NERC Violation No: SERC200700015
NERC Mitigation Plan ID: MIT-07-0399
Standard: PRC-005-1
Requirement(s): R1

On 08-04-08 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 hereby verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard Requirements.

Violation Summary:

The entity is in violation of PRC-005-1, R1 for failure to document Protection System testing intervals and their bases, as well as, failure to document maintenance and testing procedures.

Mitigation Plan Summary:

The Entity will develop maintenance intervals and their basis, as well as, summary of maintenance and testing procedures by 4/1/08.

Review Process:

Citizens Electric Corporation certified on 3/26/08 that the subject Mitigation Plan was completed on 3/26/08. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit, followed by a compliance staff peer review of the staff member's 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:

07-165 CEC (PRC-005) 2008 Reqs and Lineman Tech Work Plan



This document includes all the required intervals, bases, and summary of maintenance procedures for all of CEC's applicable Bulk Electric System elements.

07-165 CEC (PRC-005) Seminary Inspection Form

07-165 CEC (PRC-005) New Bourbon Inspection Form

These documents supplement the "Reqs and Lineman Tech Work Plan" document providing electrical workers a check-list for each of CEC's 138kV substations.

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

Sam Stryker



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 12-27-2007

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 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 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.

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.



- 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 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-008-1
[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 SERC200700051	YYYY-nnn 2007-181	Rn.n.n R1.2	MM/DD/YYYY June 18, 2007

(*) 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:

Documentation of the methodology by which the rating of major BES equipment is determined is not complete.
 [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:

Citizens Electric Corporation plans to identify each piece of major BES equipment on our current one-line diagram utilizing manufacturers nameplate rating for respective assignment. This information, when completed, will be shared with the TOP, Ameren Services.

[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:
April 1, 2008
- 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)
Document methodology of major BES equipment rating assignment	April 1, 2008

(*) 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]

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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:

[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:

Our TOP, Ameren Services, operates this electric system and has not requested this data. Citizens Electric Corporation is contacting Ameren Services to offer any information they may be lacking.

[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:

Lack of documentation and the sharing of equipment rating information with our TOP, Ameren Services, is the heart of the non-compliance.

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Completion of this documentation and information sharing will provide future compliance.

[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 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 'Anthony S. Campbell'.

(Electronic signatures are acceptable; see CMEP)

Name (Print): Anthony S. Campbell

Title: CEO

Date: 12-27-2007



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.

While not officially documenting equipment rating information, Citizens Electric Corporation routinely provided any and all information requested by our TOP, Ameren Services.
[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 an 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



Citizens Electric Corporation

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Certification of a Completed Mitigation Plan

SERC Reliability Corporation Violation Mitigation Plan Closure Form (Form Revised 10-25-07)

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

Date of Certification: [3-26-2008](#)

Name of Standard and the Requirement(s) of mitigated violation(s): [FAC-008-1](#)
[R1.2](#)

SERC Tracking Number (contact SERC if not known): 2007-181

NERC Violation ID Number (if assigned): SERC200700051

Date of completion of the Mitigation Plan: 3-26-2008

I certify that the mitigation plan for the above named violation has been completed on the date shown above, and that all information submitted information is complete and correct to the best of my knowledge.


Name: [Anthony S. Campbell](#)

Title: [CEO](#)

Entity: [Citizens Electric Corporation](#)

Email: Citizens@cecmo.com

Phone: [573-883-5339](tel:573-883-5339)

Executive Signature  Date 3/26/08

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

Registered Entity: Citizens Electric Corporation (CEC)
SERC Tracking ID: 07-181
NERC Violation No: SERC200700051
NERC Mitigation Plan ID: MIT-07-0426
Standard: FAC-008-1
Requirement(s): R1

On 02/12/09 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 hereby verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard Requirements.

Violation Summary:

The Entity is in violation of R1.2 of FAC-008-1 for failure to fully document the methodology by which it has determined the equipment ratings of its facilities.

Mitigation Plan Summary:

CEC will document methodology of major Bulk Electric System equipment rating assignment by April 1, 2008.

Review Process:

Citizens Electric Corporation certified on 3/26/08 that the subject Mitigation Plan was completed on 3/26/08. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit, followed by a compliance staff peer review of the staff member's 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:

07-181 FINAL CEC_Facility_Ratings_Methodology.doc- CEC's Facility Rating Methodology document- This is CEC's documented methodology for developing its facility ratings.

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
James Harrell

Attachment d

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Citizens Electric Corporation

Docket No. NP10-____-000

NOTICE OF FILING
July 6, 2010

Take notice that on July 6, 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, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: [BLANK]

Kimberly D. Bose,
Secretary