



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

February 1, 2010

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

**Re: NERC Notice of Penalty regarding Electric Energy, Inc.,
FERC Docket No. NP10-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Electric Energy, Inc. (EEI), NERC Registry ID NCR01230,² 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 October 17, 2008, EEI self-reported to SERC Reliability Corporation (SERC) its non-compliance with BAL-002-0⁴ Requirement (R) 4 for its failure to achieve a Disturbance Control Standard (DCS) event average recovery of 100% for the third quarter of 2008, from July 1, 2008 through September 30, 2008. Additionally, during a Compliance Audit conducted on October 22, 2008 (Audit), SERC determined that EEI violated the requirements of PER-002-0 R3 for its failure to have a set of training program objectives referencing the knowledge and competencies needed to apply standards, procedures, and requirements to normal, emergency, and restoration conditions. This Notice of Penalty is being filed with the Commission because, based on information from SERC, SERC and EEI have entered into a Settlement Agreement to resolve all

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 (2008). *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).

² SERC Reliability Corporation (SERC) confirmed that EEI was included on the NERC Compliance Registry as a Balancing Authority, Generator Owner, Generator Operator, Planning Authority, Transmission Operator, Transmission Owner and Transmission Planner as of May 31, 2007, and as an Interchange Authority as of July 30, 2008. As a Balancing Authority, EEI is subject to the requirements of NERC Reliability Standard BAL-002-0; and as a Balancing Authority and Transmission Operator, EEI is subject to the requirements of NERC Reliability Standard PER-002-0.

³ See 18 C.F.R § 39.7(c)(2).

⁴ The Mitigation Plan and the Certification of Completion of the Mitigation Plan for the alleged violation of BAL-002-0 R4 incorrectly references BAL-002-0a instead of BAL-002-0.

outstanding issues arising from a preliminary and non-public assessment resulting in SERC’s determination and findings of the enforceable violations of BAL-002-0 R4 and PER-002-0 R3. According to the Settlement Agreement, EEI admits the violations of BAL-002-0 R4 and PER-002-0 R3, and has agreed to the proposed penalty of five thousand dollars (\$5,000) to be assessed to EEI, 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 SERC200800226 and SERC200800227 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 November 30, 2009 by and between SERC and EEI 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 (2007), 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	Electric Energy, Inc.	NOC-162	SERC200800226	BAL-002-0	4	Medium ⁵	5,000
		NOC-162	SERC200800227	PER-002-0	3.1	Medium ⁶	

BAL-002-0

The purpose of Reliability Standard BAL-002-0, the DCS Standard, is to ensure the Balancing Authority is able to utilize its Contingency Reserve to balance resources and demand and return Interconnection frequency within defined limits following a Reportable Disturbance. Because generator failures are far more common than significant losses of load and because Contingency Reserve activation does not typically apply to the loss of load, the application of DCS is limited to the loss of supply and does not apply to the loss of load.

⁵ When NERC originally filed Violation Risk Factors (VRFs) it assigned BAL-002-0 R4 a Lower VRF. The Commission approved the VRF as filed but directed NERC to submit a modification. On December 17, 2007, NERC submitted the modified Medium VRF and on August 6, 2008 the Commission approved the modified VRF. Therefore, the Lower VRF was in effect from June 18, 2007 until August 6, 2008 when the modified Medium VRF went into effect. NERC originally assigned BAL-002-0 R4.2 a Lower VRF. The Commission approved the VRF as filed but directed NERC to submit a modification. On June 1, 2007, NERC submitted a <blank> VRF and on August 9, 2007 the Commission approved the modified VRF. Therefore, the Lower VRF was in effect from June 18, 2007 until August 9, 2007 when the modified <blank> VRF went into effect. BAL-002-0 R4.1 has a Medium VRF.

⁶ Reliability Standard PER-002-0 R3 has a High VRF, sub-requirements R3.1 and R3.2 have Medium VRFs and sub-requirements R3.3 and R3.4 have Lower VRFs.

BAL-002-0 R4 requires a Balancing Authority, such as EEI, to meet the Disturbance Recovery Criterion within the Disturbance Recovery Period for 100% of Reportable Disturbances. The Disturbance Recovery Criterion is:

R4.1) a Balancing Authority shall return its area control error (ACE) to zero if its ACE just prior to the Reportable Disturbance was positive or equal to zero. For negative initial ACE values just prior to the Disturbance, the Balancing Authority shall return ACE to its pre-Disturbance value; and R4.2) the default Disturbance Recovery Period is 15 minutes after the start of a Reportable Disturbance. This period may be adjusted to better suit the needs of an Interconnection based on analysis approved by the NERC Operating Committee. BAL-002-0 R4 has a "Medium" Violation Risk Factor (VRF).

According to the Settlement Agreement, EEI had four DCS Reportable Disturbance events during the third quarter of 2008 and was at 100% recovery for all events except the September 24, 2008 event, which was at 93%, lowering EEI's average percent recovery for the quarter to 98.25%. SERC Staff reviewed EEI's submission letter of October 24, 2008 and observed a pre- and post-disturbance DCS data collection form and event trend. The "Unit 4 Loss of Excitation Trend" for the event on September 24, 2008 displayed ACE versus time. In reviewing the information provided by EEI, SERC Staff determined that EEI's ACE just prior to the event was a positive 3 MW and did not return to zero until twenty minutes after the event. EEI's ACE was -11 MW at the 15 minute mark, which equated to a 93% DCS recovery criterion.

SERC Enforcement determined there was a violation of BAL-002-0 R4 and determined the duration of the violation was for the entire third quarter 2008, July 1, 2008 through September 30, 2008.

According to the Settlement Agreement, SERC deemed that the violation of BAL-002-0 did not put the bulk power system (BPS) reliability at serious or substantial risk. The violation reflected that EEI's average percent recovery for the quarter was less than 100% but greater than or equal to 95% and Contingency Reserve was re-established immediately following the end of the disturbance recovery period. Further, EEI submitted a Mitigation Plan detailing its actions to increase its contingency reserve adjustment factor of 101.75% to EEI's single largest contingency of 167MW, which increases EEI's contingency reserve requirement by 3 MW to 170 MW for the period of November 2008 through January 2009 to prevent recurrence of the violation.

PER-002-0

The purpose of Reliability Standard PER-002-0 is to require each Transmission Operator and Balancing Authority to provide their personnel with a coordinated training program that will ensure reliable system operation.

PER-002-0 R3 requires that for personnel identified in R2 of PER-002-0, the Transmission Operator and Balancing Authority, such as EEI, shall provide a training program meeting the following criteria:

R3.1) A set of training program objectives must be defined, based on NERC and Regional Entity standards, entity operating procedures, and applicable regulatory requirements. These objectives shall reference the knowledge and competencies needed to apply those standards, procedures, and requirements to normal, emergency, and restoration conditions for the Transmission Operator and Balancing Authority operating positions. PER-002-0 R3.1 has a "Medium" VRF.

According to the Settlement Agreement, EEI provided two separate training program documents for review during the October 22, 2008 Audit; the first document was dated January 26, 1999 and the second document was dated August 25, 2008. In reviewing the document dated January 26, 1999, provided to demonstrate its compliance from June 18, 2007 to August 25, 2008, SERC Staff could not identify training objectives referencing the knowledge and competencies needed to apply standards, procedures, and requirements to normal, emergency, and restoration conditions. SERC Staff determined that the training objectives in the document dated August 25, 2008 demonstrated compliance with the Standard.

SERC Enforcement determined there was a violation of PER-002-0 R3.1 and concluded the duration of the violation to be from June 18, 2007, when the Standard was enforceable, until August 25, 2008, when the training program document was revised.

SERC also deemed that the violation of PER-002-0 R3.1 did not put BPS reliability at serious or substantial risk. The violation reflected a deficiency in EEI's training program documentation rather than execution of the training program. At the time of the Audit, EEI had returned to compliance with the Standard.

According to the Settlement Agreement, SERC assessed a penalty of five thousand dollars (\$5,000) for the referenced violations. In reaching this determination, SERC considered the following mitigating factors:

1. the referenced violations are the first violation for EEI of this or any other NERC Reliability Standard;
2. EEI self-reported the event involving NERC Reliability Standard BAL-002-0;
3. EEI cooperated fully with SERC during the violation investigation;
4. EEI agreed to resolve this issue via settlement and promptly initiated various mitigation actions and preventative measures before receiving a Notice of Alleged Violation and Proposed Penalty or Sanction;
5. There was no evidence that EEI concealed the violations; and
6. The violations did not create a serious or substantial risk to the BPS for the reasons as discussed above.

After consideration of these and the above factors, SERC determined that, in this instance, the penalty amount of five thousand dollars (\$5,000) is appropriate and bears a reasonable relation to the seriousness and duration of the violations.

Status of Mitigation Plan and Settlement Agreement Actions⁷

BAL-002-0

EEI's Mitigation Plan to address its self-reported violation of BAL-002-0 R4 was submitted to SERC on November 4, 2008.⁸ The Mitigation Plan was accepted by SERC on January 15, 2009 and was approved by NERC on January 22, 2010.⁹ The Mitigation Plan for this violation is designated as MIT-08-1370 and was submitted as non-public information to FERC on January 22, 2010 in accordance with FERC orders.

EEI's Mitigation Plan MIT-08-1370 required EEI to review the event with EEI system operators to reemphasize the BAL-002-0 requirements, EEI's Reserve Policy, and appropriate actions including options to utilize during a DCS event. The training was completed on October 14, 2008.

In addition to the mitigating actions described in the Mitigation Plan, EEI also implemented the following measure to help prevent recurrence of a similar violation: EEI applied the appropriate Contingency Reserve Adjustment Factor (CRAF) of 101.75% relative to their single largest contingency of 167 MW. The required CRAF increases EEI's Contingency Reserve requirement from 167 MW to 170 MW for one quarter was implemented by November 4, 2008.

EEI certified on December 2, 2008 to SERC that its Mitigation Plan was completed on November 4, 2008. To support its certification of completion, EEI submitted the following evidence:

- *EEI Reserve Policy* (revised September 2, 2008) – containing appropriate actions including options to utilize during a DCS event.
- EEI's Letter to SERC (dated October 24, 2008) – confirming training and coaching of EEI system operators (including the one involved with the unit 4 event) on the appropriate actions to utilize during a DCS event.
- E-mail from EEI initiating its Contingency Reserve adjustment (dated November 4, 2008) – validating that EEI increased the CRAF of 101.75% of its single largest contingency of 167 MW.

On November 23, 2008, SERC Staff completed its review of the evidence submitted by EEI in support of its completion of its Mitigation Plan. Based on its review of the evidence submitted, SERC Staff verified all required actions in the Mitigation Plan had been completed and EEI was in compliance with BAL-002-0 R4.

⁷ See 18 C.F.R § 39.7(d)(7).

⁸ According to SERC, EEI originally submitted a Mitigation Plan on October 24, 2008 and a revised Mitigation Plan on November 4, 2008. SERC requested that EEI revise its Mitigation Plan to correct the completion date to reflect actions regarding EEI's required contingency reserve adjustment.

⁹ SERC inadvertently sent NERC a copy of a draft Mitigation Plan from EEI dated October 24, 2008, which SERC had not accepted, instead of the actual Mitigation Plan that SERC had reviewed and accepted. NERC inadvertently approved the draft Mitigation Plan and submitted the draft Mitigation Plan to the Commission on February 17, 2009. The Mitigation Plan dated November 4, 2008 is the only Mitigation Plan approved by both NERC and SERC. Accordingly, the November 4, 2008 Mitigation Plan is being submitted with this Notice of Penalty.

PER-002-0

EEI's Mitigation Plan to address the violation of PER-002-0 R3.1 was submitted to SERC on November 5, 2008. The Mitigation Plan was accepted by SERC on December 18, 2008 and was approved by NERC on January 12, 2009. The Mitigation Plan for this violation is designated as MIT-07-1262 and was submitted as non-public information to FERC on January 12, 2009 in accordance with FERC orders.

EEI's Mitigation Plan MIT-07-1262 confirmed that EEI was compliant with the requirements of PER-002-0 R3.1 because EEI had revised its training program document to include the training objectives on August 25, 2008 to comply with the Standard, prior to the Audit.

EEI formally certified on December 2, 2008 to SERC that its Mitigation Plan was completed on August 25, 2008. To support its certification of completion, EEI had submitted to the Audit Team the document titled, *EEI Systems Supervisor Training Program, Requirements*, (page 4, section 3) and dated August 25, 2008.

On January 6, 2009, SERC Staff completed its review of the evidence submitted by EEI in support of its completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff verified all required actions in the Mitigation Plan had been completed and EEI was in compliance with PER-002-0 R3.1.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed¹⁰

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 Guidance Order,¹¹ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on December 9, 2009. The NERC BOTCC approved the Settlement Agreement, including SERC's imposition of a financial penalty, assessing a penalty of five thousand dollars (\$5,000) against EEI 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 violation at issue.

In reaching this determination, the NERC BOTCC considered the following factors:

- (1) EEI self-reported the violation of BAL-002-0 R4;
- (2) EEI mitigated the violation of PER-002-0 R3.1 prior to the Audit;
- (3) the referenced violations are the first violation for EEI of this or any other NERC Reliability Standard;
- (4) no concealment of facts was evident;

¹⁰ See 18 C.F.R. § 39.7(d)(4).

¹¹ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008).

- (5) SERC reported that EEI cooperated with SERC Staff; and
- (6) the violations did not create a serious or substantial risk to the BPS as discussed above.

For the foregoing reasons, the NERC BOTCC approves the Settlement Agreement and believes that the proposed of five thousand dollars (\$5,000) penalty is appropriate for the violation and circumstances in question, and consistent with NERC's goal to promote and ensure reliability of the bulk power system.

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:

- a) EEI's Self-Report submitted on October 17, 2008, included as Attachment a;
- b) SERC's Audit Screening Worksheet dated October 22, 2008, included as Attachment b; and
- c) Settlement Agreement by and between EEI and SERC executed November 30, 2009, included as Attachment c; including as Appendices:
 - i) Appendix A-1: Mitigation Plan for BAL-002-0 R4
 - ii) Appendix A-2: EEI's Certification of Mitigation Plan Completion for BAL-002-0 R4
 - iii) Appendix A-3: SERC's Verification of Mitigation Plan Completion for BAL-002-0 R4
 - iv) Appendix A-4: Mitigation Plan for PER-002-0 R3
 - v) Appendix A-5: EEI's Certification of Mitigation Plan Completion for PER-002-0 R3
 - vi) Appendix A-6: SERC's Verification of Mitigation Plan Completion for PER-002-0 R3

A Form of Notice Suitable for Publication¹²

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

¹² 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>William H. Sheppard* President Electric Energy, Inc. P. O. Box 165 Joppa, IL 62953 (618) 543-3215 (618) 543-7420 - facsimile billsheppard@electricenergyinc.com</p> <p>Michael T. Pullen* Director, Operations Electric Energy, Inc. P. O. Box 165 Joppa, IL 62953 (618) 543-3483 (618) 543-7420 - facsimile mikepullen@electricenergyinc.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>Thomas J. Galloway* Interim President and Chief Executive Officer SERC Reliability Corporation 2815 Coliseum Centre Drive Charlotte, NC 28217 (704) 940-8205 (704) 357-7914 – facsimile tgalloway@serc1.org</p> <p>Marisa A. Sifontes * Interim Director of Compliance and Compliance Legal Counsel SERC Reliability Corporation 2815 Coliseum Centre Drive Charlotte, NC 28217 (704) 494-7775 msifontes@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,

Gerald W. Cauley
President and Chief Executive Officer
David N. Cook
Vice President and General Counsel
North American Electric Reliability Corporation
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(609) 452-9550 – facsimile
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david.cook@nerc.net

/s/ Rebecca J. Michael
Rebecca J. Michael
Assistant General Counsel
Holly A. Hawkins
Attorney
North American Electric Reliability
Corporation
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Washington, D.C. 20005-3801
(202) 393-3998
(202) 393-3955 – facsimile
rebecca.michael@nerc.net
holly.hawkins@nerc.net

cc: Electric Energy, Inc.
SERC Reliability Corporation

Attachments

Attachment a

EEI's Self-Report submitted on October 17, 2008



SERC Reliability Corporation
Self-Reporting / Complaint Form Template
Revision 1 (10-25-07)

Report Type (please check): Self-Report Complaint

Date of Report: 10/17/2008

NAME OF PERSON REPORTING POSSIBLE STANDARD VIOLATION(S)								
<table border="1" style="width: 100%;"><thead><tr style="background-color: #4CAF50; color: white;"><th style="padding: 2px;">CONTACT NAME</th></tr></thead><tbody><tr><td style="text-align: center; padding: 2px;">Mike Pullen</td></tr></tbody></table>	CONTACT NAME	Mike Pullen	<table border="1" style="width: 100%;"><thead><tr style="background-color: #4CAF50; color: white;"><th style="padding: 2px;">CONTACT TELEPHONE NUMBER</th></tr></thead><tbody><tr><td style="text-align: center; padding: 2px;">618-543-3483</td></tr></tbody></table>	CONTACT TELEPHONE NUMBER	618-543-3483			
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NERC OR REGIONAL STANDARD(S) AND SPECIFIC REQUIREMENT(S) POSSIBLY VIOLATED								
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STANDARD # AND VERSION								
BAL-002-0								
MEASURE / REQUIREMENT								
R4								
DATE OF POSSIBLE VIOLATION(S)								
9/24/2008								
POSSIBLE VIOLATION DESCRIPTION, REASON FOR COMPLAINT, OR QUESTION								
Following the loss of EEI unit 4, ACE did not return to zero within the 15 minute period. ACE was -11 MW at the 15 minute mark.								
RELIABILITY IMPACT (IF KNOWN)								
No reliability impact to the BA area or bulk electric system.								

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

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

Attachment b

**SERC's Audit Screening Worksheet dated
October 22, 2008**

Screening Worksheet

Tracking Number

Entity Name
Electric Energy Inc

Is Entity Registered?
Yes

Entity Contact
Mike Pullen MikePullen@electricenergyinc.com

Entity Telephone Number
618-543-3483

Standard	Requirement
PER-002-0	R3.1

Is Issue Still Occurring?
No

Remedial Action Directive?

Date Issue Occurred
June 17, 2008 to August 25, 2008

Date Issue/Event Reported

Method of Discovery
Audit

NERC 48-Hour Reportable?
No

Threat to BES?
No

Alleged Violation Applies to:													
BA	DP	GO	GOP	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
X		X	X		X					X	X	X	

Brief Description
Training Program objectives were not clearly defined for the period from June 18, 2007 to August 25, 2008

Detailed Description
<p>EEI provided two separate training program documents for review. The first document (1) dated 1/26/99 and the second document (2) dated 8/25/08. Training objectives could not be identified by the audit team in review of document (1) from June 18, 2007 to August 25, 2008. The current document (2) meets all of the requirements of PER-002-0.</p> <p>R3.1. A set of training program objectives must be defined, based on NERC and Regional Reliability Organization standards, entity operating procedures, and applicable regulatory requirements. These objectives shall reference the knowledge and competencies needed to apply those standards, procedures, and requirements to normal, emergency, and restoration conditions for the Transmission Operator and Balancing Authority operating positions.</p>

Prepared By	Date
Steve Gibe	10/22.2008

Attachment c

**Settlement Agreement by and between EEI and
SERC executed November 30, 2009**

SETTLEMENT AGREEMENT

OF

SERC RELIABILITY CORPORATION

AND

ELECTRIC ENERGY, INC.

I. INTRODUCTION

1. SERC Reliability Corporation (“SERC”) and Electric Energy, Inc. (“EEI”) 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 EEI of NERC Reliability Standards BAL-002-0, Requirement 4 (NERC Violation ID SERC200800226, SERC Tracking Number 08-144) and PER-002-0, Requirement 3 (NERC Violation ID SERC200800227, SERC Tracking Number 08-145).

II. STIPULATION

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

Background

3. Electric Energy, Inc. received its charter from the State of Illinois on December 13, 1950, and is located on the north bank of the Ohio River, two miles west of Joppa, Illinois. The Company was organized for the purpose of constructing, owning, and operating electric power generating and transmission facilities to produce and supply electric power to a uranium processing plant located near Paducah, Kentucky. The Company’s present gross generating capacity is 1,162 MW. 1,086 MW of this capacity is steam generation from Joppa Station and 76 MW is combustion turbine generation from Midwest Electric Power, Inc. Transmission facilities of the Company are interconnected with those of its sponsors and Ameren Energy Marketing Company (AEM) by means of 230 kV and 161 kV transmission

lines. The Department of Energy's Paducah Project is connected by means of six 161 kV transmission lines.

4. EEI is listed on the NERC Compliance Registry as a Balancing Authority, Transmission Owner, Transmission Operator, Interchange Authority, Transmission Planner, Generator Owner, Generator Operator and Planning Authority (NCR01230). This settlement involves EEI's registration as a Balancing Authority (BA) and Transmission Operator (TOP).

Confirmed Violations

Violation of NERC Reliability Standard BAL-002-0, Requirement 4

5. The purpose of NERC Reliability Standard BAL-002-0 is to ensure that a BA is able to utilize its Contingency Reserve to balance resources and demand and return Interconnection frequency within defined limits following a Reportable Disturbance.
6. NERC Reliability Standard BAL-002-0, Requirement 4 requires that a BA meet the Disturbance Recovery Criterion within the Disturbance Recovery Period for 100% of Reportable Disturbances. It further provides that a BA return its Area Control Error (ACE) to zero within fifteen minutes, if its ACE just prior to the Reportable Disturbance was positive or equal to zero.¹
7. On October 17, 2008, EEI submitted a self-report to SERC stating that following the loss of one of its units, ACE did not return to zero within the 15 minute period. ACE was -11 MW at the 15 minute mark.
8. After confirming EEI's NERC registration status, SERC Compliance Enforcement Staff commenced its detailed compliance assessment. On October 24, 2008, SERC Compliance Enforcement Staff issued to EEI a Compliance Assessment Notice advising EEI of the initiation of a formal assessment to determine, in part, its compliance relative to NERC Reliability Standard BAL-002-2, Requirement 3 and directing EEI to preserve all relevant records and information. SERC Compliance Enforcement Staff promptly established direct contact with representatives of EEI to begin the process of gathering information and documentation for the detailed compliance assessment. SERC Compliance Enforcement Staff also reported the possible violations to NERC on October 28, 2008, which in turn, reported the possible violations to the Federal Energy Regulatory Commission ("Commission"),

¹ NERC Reliability Standard BAL-002-0 – Disturbance Control Performance, approved by NERC Board of Trustees on February 8, 2005, approved by FERC effective June 18, 2007.

in accordance with the Uniform Compliance Monitoring Enforcement Program (“CMEP”) of the NERC Rules of Procedure.

9. From its review, SERC Compliance Enforcement Staff found that EEI had 4 Disturbance Control Standard (“DCS”) Reportable Disturbance events during the 3rd quarter of 2008 and was at 100% recovery for all events except the September 24, 2008 event, which was at 93%, lowering EEI’s average percent recovery for the quarter to 98.25%. SERC Staff reviewed EEI’s submission letter of October 24, 2008 and observed a pre- and post-disturbance DCS data collection form and event trend. The "Unit 4 Loss of Excitation Trend" for the event on September 24, 2008 displayed Area Control Error (ACE) versus time. In reviewing the information provided by EEI, SERC Compliance Enforcement Staff determined that EEI’s ACE just prior to the event was a positive 3 MWs and did not return to zero until twenty minutes after the event. EEI’s ACE was -11 MW at the 15 minute mark, which equated to a 93% DCS recovery percentage.
10. SERC Compliance Enforcement Staff concluded that the facts and evidence supported a finding that EEI violated NERC Reliability Standard BAL-002-0, Requirement 4, for the quarter of July 2008 to September 2008 because it failed to achieve a DCS average percentage recovery of 100% for the time period. Requirement 4 of NERC Reliability Standard BAL-002-0 is assigned a “Medium” VRF consistent with the VRF filed by NERC and approved by the Commission. SERC Compliance Enforcement Staff concluded that there was no serious or substantial risk to the reliability of the Bulk Power System as a result this violation since EEI’s Contingency Reserve was immediately reestablished following the end of the Disturbance Recovery Period.

Violation of NERC Reliability Standard PER-002-0, Requirement 3

11. The purpose of NERC Reliability Standard PER-002-0 is to require that Transmission Operators and Balancing Authorities provide their personnel with a coordinated training program that will ensure reliable system operation.
12. NERC Reliability Standard PER-002-0, Requirement 3 requires that for personnel identified in the Standard, the Transmission Operator and Balancing Authority shall provide a training program that includes training program objectives based on NERC and Regional Reliability Organizations standards, entity operating procedures, and applicable regulatory requirements. These objectives shall reference the knowledge and competencies needed to apply those standards,

procedures, and requirements to normal, emergency, and restoration conditions for the Transmission Operator and Balancing Authority operating positions.²

13. On May 2, 2008, SERC Compliance Audit Staff notified EEI that an audit to determine its compliance with the NERC Reliability Standards had been scheduled to take place on October 20-24, 2008.
14. On July 24, 2008, SERC Compliance Audit Staff sent a letter to EEI detailing, among other things, the Reliability Standards that would be the focus of the upcoming audit. Among the standards to be audited was NERC Reliability Standard PER-002-0 (Operating Personnel Training).
15. During the Compliance Audit that took place on October 22, 2008, EEI provided two separate training program documents for review to demonstrate its compliance with NERC Reliability Standard PER-002-0. The first document was dated January 26, 1999; and the second document was dated August 25, 2008. In reviewing the first document that EEI provided to demonstrate its compliance from June 18, 2007 to August 25, 2008, the Audit Team could not identify training objectives. EEI revised its Training Program on August 25, 2008 to include training objectives in support of PER-002-0. The Audit Team determined that the training objectives in the August 25, 2008 Training Program met the requirement in NERC Reliability Standard PER-002-0, Requirement 3.1, however a gap in compliance existed prior to the time that the August 25, 2008 document was put in place.
16. The Audit Team found EEI to be compliant with all the other reliability standards that were audited.
17. After confirming EEI's NERC registration status, SERC Compliance Enforcement Staff commenced its detailed compliance assessment. On October 24, 2008, SERC Compliance Enforcement Staff issued to EEI a Compliance Assessment Notice advising EEI of the initiation of a formal assessment to determine, in part, its compliance relative to NERC Reliability Standard PER-002-0 and directing EEI to preserve all relevant records and information. SERC Compliance Enforcement Staff promptly established direct contact with representatives of EEI to begin the process of gathering information and documentation for the detailed compliance assessment. SERC Compliance Enforcement Staff also reported the possible violations to NERC on October 28, 2008, which in turn, reported the possible violations to the Commission, in accordance with the CMEP of the NERC Rules of Procedure.

² NERC Reliability Standard PER-002-0 – Operating Personnel Training, approved by NERC Board of Trustees on February 8, 2005, approved by FERC effective June 18, 2007.

18. SERC Compliance Enforcement Staff reviewed the documents provided by EEI as well as the Audit Worksheet and concluded that EEI had a gap in compliance for PER-002-0, R3.1, as its initial training program in effect between June 18, 2007 and August 25, 2008 did not contain training program objectives referencing the knowledge and competencies needed to apply standards, procedures, and requirements to normal, emergency, and restoration conditions, as required by the standard.
19. SERC Compliance Enforcement Staff concluded that the facts and evidence supported a finding that EEI violated NERC Reliability Standard PER-002-0, Requirement 3, because the evidence reviewed showed that EEI did not have training objectives in its training program document between June 18, 2007 and August 25, 2008. Requirement 3 of NERC Reliability Standard PER-002-0 is assigned a "Medium" VRF consistent with the VRF filed by NERC and approved by the Commission. SERC Staff concluded that there was no serious or substantial risk to the reliability of the bulk power system as the violation reflected a deficiency in EEI's training program documentation, rather than the execution of the training program.

III. PARTIES' SEPARATE REPRESENTATIONS

Statement of SERC and Summary of Findings

20. SERC Compliance Enforcement Staff determined that for the quarter of July 2008 to September 2008, EEI, as a BA, failed to achieve a DCS average percent recovery of 100%. This is a violation of NERC Reliability Standard BAL-002-0, Requirement 4.
21. SERC Compliance Enforcement Staff determined that beginning on June 18, 2007, the beginning of the mandatory reliability period, and continuing until August 25, 2008, when EEI's training document was revised, EEI, as a BA and TOP, did not have a training program that included training objectives. This is a violation of NERC Reliability Standard PER-002-0, Requirement 3.
22. SERC Compliance Enforcement Staff concluded that there was no serious or substantial risk to the reliability of the bulk power system for the reasons stated 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 EEI

24. EEI admits that the facts set forth and agreed to by the parties for purposes of this Agreement constitute violations of NERC Reliability Standards BAL-002-0 and PER-002-0.
25. EEI 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. EEI 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. EEI's Mitigation Plan MIT-08-1370 for NERC Reliability Standard BAL-002-0, Requirement 4 dated October 24, 2008, was accepted by SERC on January 15, 2009, and submitted to NERC for its approval on January 19, 2009. It was approved by NERC on February 17, 2009 and submitted to the Commission on February 24, 2009. EEI's Mitigation Plan was completed on November 4, 2008.³ EEI certified completion of the Mitigation Plan on November 4, 2008 and SERC verified EEI's completion on November 23, 2008. EEI's Mitigation Plan MIT-08-1370 is attached hereto 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 EEI's Mitigation Plan MIT-08-1370 is attached hereto as Appendix A-3.
27. Actions implemented by EEI in Mitigation Plan MIT-08-1370 will help to prevent a recurrence of any similar circumstance. Specifically, EEI has applied the appropriate Contingency Reserve Adjustment Factor (CRAF) of 101.75% relative to its single largest contingency of 167 MW. The required CRAF increases EEI's Contingency Reserve requirement from 167 to 170 MWs for one quarter.
28. SERC Compliance Enforcement Staff has reviewed the measures described in the Mitigation Plan and has determined that these measures will assist EEI in improving prospective compliance with the Requirements of NERC Reliability Standard BAL-002-0.
29. EEI submitted and SERC Staff reviewed the following evidence in support of its certification that its Mitigation Plan was completed in accordance with its terms:

³ SERC requires all entities to submit a mitigation plan, including for issues where a gap in compliance had been identified but the entity is currently compliant.

- a. Letter to SERC dated October 24, 2008 confirming training of EEI's system operators on the appropriate actions to utilize during a DCS event. The training was completed on October 14, 2008, and
 - b. E-Mail from EEI dated November 4, 2008 validating that it increased its Contingency Reserve Adjustment Factor (CRAF) to 101.75% of its single largest contingency of 167 MW.
30. EEI's Mitigation Plan MIT-07-1262 for NERC Reliability Standard PER-002-0, Requirement 3 dated November 5, 2008, was accepted by SERC on December 18, 2008 and submitted to NERC for its approval on December 30, 2008. It was approved by NERC on January 12, 2009 and submitted to the Commission on January 12, 2009. EEI's Mitigation Plan was completed on August 25, 2008. EEI certified completion of the Mitigation Plan on November 5, 2008 and SERC verified EEI's completion on January 6, 2009. EEI's Mitigation Plan MIT-07-1262 is attached hereto 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 EEI's Mitigation Plan MIT-07-1262 is attached hereto as Appendix A-6.
 31. Actions implemented by EEI in Mitigation Plan MIT-07-1262 will help to prevent a recurrence of any similar circumstance. Specifically, EEI's inclusion of appropriate training objectives in its Training Program will serve to prevent a recurrence of a similar violation.
 32. SERC Compliance Enforcement Staff has reviewed the measures described in the Mitigation Plan and has determined that these measures will assist EEI in improving prospective compliance with NERC Reliability Standard PER-002-0, Requirement 3.
 33. EEI submitted and SERC Staff reviewed EEI's revised training program, dated August 25, 2008, that included training objectives as evidence in support of EEI's certification that its Mitigation Plan was completed in accordance with its terms.
 34. SERC Compliance Enforcement Staff also considered the specific facts and circumstances of the violation and EEI's actions in response to the violations in determining a proposed penalty that meets the requirement in Section 215 of the Federal Power Act that "[a]ny penalty imposed under this section shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of [EEI] to remedy the violation in a timely manner."⁴ The factors considered by SERC Staff in the determination of the appropriate

⁴ 16 U.S.C. § 824o(e)(6).

penalty for EEI's violations of NERC Reliability Standards BAL-002-0 and PER-002-0 pursuant to this Settlement Agreement included the following:

- a. EEI has no prior violation history of these or any closely-related reliability standards during the mandatory reliability period.
 - b. EEI self-reported the event involving NERC Reliability Standard BAL-002-0. SERC commends EEI for its self-report. In addition, EEI admitted both of the violations.
 - c. There was no evidence that EEI intentionally concealed the violation.
 - d. EEI fully cooperated with SERC Staff during the investigation.⁵ EEI provided prompt responses to all of SERC Staff's questions and cooperated with SERC Staff during meetings between the parties to discuss these events. Further, EEI took voluntarily and proactive actions to remediate the violations. EEI's comprehensive response to SERC Staff's questions enabled SERC Staff to conduct a thorough investigation in an efficient manner.
 - e. EEI agreed to resolve this issue via a settlement and promptly initiated various mitigation actions and preventative measures before receiving a Notice of Alleged Violation from SERC.
 - f. EEI implemented a range of measures in its Mitigation Plans, as set forth in Paragraph 27 and 31 to protect against future violations of the same or similar requirements.⁶
35. Based on the above factors, in accordance with the currently approved NERC Sanction Guidelines and the Commission's most recent statement on enforcement, as well as the mitigation actions and preventative measures taken, EEI agrees to pay \$5,000 to SERC as set forth in this Settlement Agreement. EEI 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 EEI 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 not notify NERC, and NERC shall not notify the Commission, if the payment is not timely received. If EEI 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.

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).

36. 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 EEI to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure. EEI will retain all rights to defend against such enforcement actions in accordance with the NERC Rules of Procedure.

V. ADDITIONAL TERMS

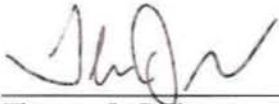
37. The signatories to the Settlement Agreement agree that the y enter into the Settlement Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of SERC or EEI has been made 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.
38. 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 EEI of changes to the settlement that would result in a 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 EEI 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.
39. 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.
40. EEI agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and EEI waives its right to further hearings and appeal, unless and only to the extent that EEI 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 EEI in accordance with the NERC Rules of Procedure in the event that EEI fails to comply with the mitigation plan and compliance program agreed to

in this Settlement Agreement. In the event EEI 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 EEI 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, EEI shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.

41. EEI 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 EEI 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 EEI consent to the use of this Agreement by any other party in any other action or proceeding.
42. 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.
43. 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.
44. The Settlement Agreement may be signed in counterparts.
45. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

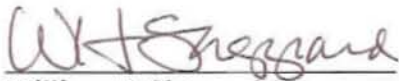
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Signatures to be affixed to the following page.***

Agreed to and accepted:



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

11/30/09
Date



William H. Sheppard
President
ELECTRIC ENERGY, INC.

Nov 24, 2009
Date

**APPENDIX A
TO
SETTLEMENT AGREEMENT
OF
SERC RELIABILITY CORPORATION
AND
ELECTRIC ENERGY, INC.**

- (1) EEI's Mitigation Plan for BAL-002-0, R4**
- (2) EEI's Certification of Mitigation Plan Completion for BAL-002-0, R4**
- (3) Statement of SERC Reliability Corporation Compliance Staff Regarding
Completion of EEI's Mitigation Plan for BAL-002-0, R4**
- (4) EEI's Mitigation Plan for PER-002-0, R3**
- (5) EEI's Certification of Mitigation Plan Completion for PER-002-0, R3**
- (6) Statement of SERC Reliability Corporation Compliance Staff Regarding
Completion of EEI's Mitigation Plan for PER-002-0, R3**



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 11/04/2008

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan: 11/04/2008

Section A: Compliance Notices¹

- Section 6.2 of the CMEP² 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.

¹ This document will become part of the public record to be included in the Notice of Penalty filing to be submitted to the Federal Energy Regulatory Commission (Commission) upon determination that a confirmed violation has occurred or in the event a settlement agreement is reached between the Registered Entity and the Regional Entity. The entire document will be submitted as part of the public record, unless the Registered Entity marks specific information as confidential Critical Energy Infrastructure Information or Privileged Information in accordance with the NERC Rules of Procedure Section 1500 and the Commission's regulations, rules and orders. The Registered Entity must provide adequate justification supporting designation of information that is submitted to the Commission as Confidential Information. Until such time as this document is submitted to the Commission, it will remain confidential within NERC and the Regional Entity compliance organization pursuant to Section 1500 of the Rules of Procedure.

² "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.

APPENDIX A-1



- (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.
- 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: Electric Energy, Inc
Company Address: 2100 Portland Road Joppa, IL 62953
NERC Compliance Registry ID *[if known]*: NCR01230

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: Mike Pullen

APPENDIX A-1



Title: Manager, Generation
Email: mikepullen@electricenergyinc.com
Phone: 618-543-3483

APPENDIX A-1



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: BAL-002-0a
[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	2008-144	R4	09/24/2008

(*) 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:

Following the loss of EEI unit 4, ACE did not return to zero within the 15 minute DCS Recovery period. ACE was -11 MW at the 15 minute mark. ACE returned to zero within 20 minutes. The pre-disturbance ACE was +3 MW.
[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:

See attached letter from Mike Pullen to Mickey Bellard dated 10/24/2008.
[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:

We have reviewed the event with the EEI system operators to re-emphasize the BAL-002 standard requirements, EEI's Reserve Policy, and appropriate actions including options to utilize during a DCS event. This training was completed on 10/14/2008 by Mike Pullen.

We have reviewed compliance of BAL-002. EEI was recently found compliant with BAL-002 during the SERC compliance audit on 10/21/2008. This audit included a review of three DCS events, the EEI Reserve Policy, and other supporting documentation. Please contact Steve Gibe for additional information regarding this audit.

We have applied the appropriate contingency reserve adjustment factor (CRAF) of 101.75% to our single largest contingency of 167 MW. This adjustment increases EEI's contingency reserve requirement to 170 MW for the period November 2008 through January 2009.

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

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

Mitigation Plan Timeline and Milestones

- D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:
- D.3 Enter Milestone Activities, with completion dates, that your organization is proposing for this Mitigation Plan:

APPENDIX A-1



Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)

(* Note: Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.

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



Additional Relevant Information (Optional)

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

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

Section E: Interim and Future Reliability Risk

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

Abatement of Interim BPS Reliability Risk

E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

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

Prevention of Future BPS Reliability Risk

E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

The retraining of the system operators ensures they are aware of the BAL-002 requirements and EEI's DCS recovery plan and Reserve Policy. The system operators are responsible to take corrective measures during a DCS event to prevent further violations of this



standard.

[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]

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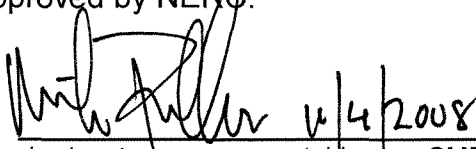


Section F: Authorization

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 Manager, Generation of Electric Energy, Inc.
 2. I am qualified to sign this Mitigation Plan on behalf of Electric Energy, Inc.
 3. I have read and understand Electric Energy, Inc. 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. Electric Energy, Inc. 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

 10/4/2008
(Electronic signatures are acceptable; see CMEP)

Name (Print): Mike Pullen
Title: Manager, Generation
Date: 10/24/2008



Section G: Comments and Additional Information

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

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

Submittal Instructions:

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

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

Email the pdf file to serccomply@serc1.org.

Please direct any questions regarding completion of this form to:

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

Appendix A-2



Electric Energy, Inc.

All Mitigation Plan Completion Certification submittals shall include data or information sufficient for SERC to verify completion of the Mitigation Plan. SERC may request such additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6) Data or information submitted may become part of a public record upon final disposition of the possible violation, therefore any confidential information contained therein should be marked as such in accordance with the provisions of Section 1500 of the NERC Rules of Procedure.

Certification of a Completed Mitigation Plan

SERC Reliability Corporation Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification: Electric Energy, Inc.

Date of Certification: 12/2/2008

Name of Standard and the Requirement(s) of mitigated violation(s): BAL-002a R4

SERC Tracking Number (contact SERC if not known): 2008-144

NERC Violation ID Number (if assigned):

Date of completion of the Mitigation Plan: 11/4/2008

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

We have reviewed the event with the EEI system operators to reemphasize the BAL-002 standard requirements, EEI's Reserve Policy, and appropriate actions including options to utilize during a DCS event. This training was completed on 10/14/2008 by Mike Pullen. We have reviewed compliance of BAL-002. EEI was recently found compliant with BAL-002 during the SERC compliance audit on 10/21/2008. This audit included a review of three DCS events, the EEI Reserve Policy, and other supporting documentation. Please contact Steve Gibe for additional information regarding this audit. We have applied the appropriate contingency reserve adjustment factor (CRAF) of 101.75% to our single largest contingency of 167 MW. This adjustment increases EEI's contingency reserve requirement to 170 MW for the period November 2008 through January 2009.

Description of the information provided to SERC for their evaluation: Letter from Mike Pullen to Mickey Bellard dated 10/24/2008; EEI Reserve Policy dated 9/2/2008; Email from Mike Pullen to Dale Wright and others dated 11/4/2008. All of this documentation

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was included in mitigation plan "MP Electric Energy, Inc BAL-002 11-04.08" submitted to SERC on 11/04/2008.

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

Name: Michael T. Pullen

Title: Manager, Generation

Entity: Electric Energy, Inc.

Email: mikepullen@electricenergyinc.com

Phone: 618-543-3483

Designated Signature

A handwritten signature in black ink, appearing to read "Mike Pullen", written over a horizontal line.

Date

12/2/2008

[NOTE – Closure Form should be signed by same individual that signed Mitigation Plan]

(Form Revised August 13, 2008)



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

Registered Entity:	Electric Energy, Inc
SERC Tracking ID:	08-144
NERC Violation No:	SERC200800226
NERC Mitigation Plan ID:	MIT-08-1370
Standard:	BAL-002-0
Requirement:	R4

Violation Summary:

Entity is in violation of BAL-002-0 R4 because it failed to achieve a Disturbance Control Standard (DCS) average percent recovery of 100% for the calendar quarter from July 2008 through September 2008. Entity had four (4) DCS Reportable Disturbance events during the 3rd quarter and was at 100% recovery for all events except the September 24, 2008 event, which was at 93%, bringing the average percent recovery for the quarter to 98.25%.

Mitigation Plan Summary:

Electric Energy, Inc's Mitigation Plan to address the referenced violation was initially submitted on October 24, 2008 and revised on November 4, 2008 (and submitted as complete) at the request of SERC staff to correct the completion date to reflect actions regarding EEI's required contingency reserve adjustment. The Mitigation Plan was accepted by SERC on January 15, 2009 and approved by NERC on February 17, 2008. The Mitigation Plan is identified as MIT-08-1370 and was submitted as non-public information to FERC on February 24, 2009 in accordance with FERC orders.

Entity reviewed the event with their system operators to reemphasize the BAL-002 standard requirements, Entity's Reserve Policy, and appropriate actions including options to utilize during a DCS event. This coaching and training was completed on October 14, 2008. Entity also applied the appropriate contingency reserve adjustment factor (CRAF) of 101.75% to their single largest contingency of 167 MW. This required adjustment increases Entity's contingency reserve requirement to 170 MW for one quarter and was implemented on November 4, 2008, hence the Mitigation Plan is complete, based on the implementation date of November 4, 2008.

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

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



In this case, Electric Energy, Inc submitted the Mitigation Plan as complete and no additional monitoring of progress was necessary.

Mitigation Plan Completion Review Process:

Electric Energy, Inc certified on November 4, 2008 that the subject Mitigation Plan was completed on November 4, 2008. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit. That action was followed by another compliance staff member's peer review of the initial conclusion.

Evidence Reviewed:

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

EEI Reserve Policy (Revised September 2, 2008)

EEI re-issued its "EEI Reserve Policy" containing appropriate actions including options to utilize during a DCS event.

EEI Letter to SERC Dated October 24, 2008

Letter confirming training and coaching of EEI system operators (including the one involved with the unit 4 event) on the appropriate actions to utilize during a DCS event. This training was completed on October 14, 2008.

November 4, 2008 E-Mail from EEI Initiating Its Contingency Reserve Adjustment

EEI increased their Contingency Reserve Adjustment Factor (CRAF) of 101.75% of their single largest contingency of 167 MW validated by an EEI email communication dated November 4, 2008.

Conclusion:

On November 23, 2008, SERC Reliability Corporation Compliance Staff ("SERC Staff") completed its review of the evidence submitted by EEI in support of its Certification of Completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and EEI is in compliance with the subject Reliability Standard Requirements.

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

Respectfully Submitted,

Mickey Bellard
Steve Gibe



Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 11/05/2008

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan: 8/25/2008

Section A: Compliance Notices¹

- Section 6.2 of the CMEP² 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.

¹ This document will become part of the public record to be included in the Notice of Penalty filing to be submitted to the Federal Energy Regulatory Commission (Commission) upon determination that a confirmed violation has occurred or in the event a settlement agreement is reached between the Registered Entity and the Regional Entity. The entire document will be submitted as part of the public record, unless the Registered Entity marks specific information as confidential Critical Energy Infrastructure Information or Privileged Information in accordance with the NERC Rules of Procedure Section 1500 and the Commission's regulations, rules and orders. The Registered Entity must provide adequate justification supporting designation of information that is submitted to the Commission as Confidential Information. Until such time as this document is submitted to the Commission, it will remain confidential within NERC and the Regional Entity compliance organization pursuant to Section 1500 of the Rules of Procedure.

² "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.



- (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.
- 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: Electric Energy, Inc
Company Address: 2100 Portland Road Joppa, IL 62953
NERC Compliance Registry ID *[if known]*: NCR01230

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: Mike Pullen

Appendix A-4



Title: Manager, Generation
Email: mikepullen@electricenergyinc.com
Phone: 618-543-3483



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: PER-002-0
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	SERC Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
SERCYYYYnnnnn	2008-145	R3.1	10/22/2008

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

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

The SERC audit team found that EEI's Training program objectives did not meet the requirements of PER-002-0 R3.1 for the period of July 17, 2007 through August 25, 2008.

[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:

EEI revised its Training Program on August 25, 2008 including the training objectives. The SERC audit team found the training objectives in the August 25, 2008 Training Program met the PER-002-0 R3.1 requirement.

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[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:

EEl revised our Training Program on 8/25/2008. This revision including changes to the training program objectives per PER-002-0 R3.1.
 [Provide your response here; additional detailed information may be provided as an attachment as necessary]

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

Mitigation Plan Timeline and Milestones

D.2 Provide the timetable for completion of the Mitigation Plan, including the completion date by which the Mitigation Plan will be fully implemented and the violations associated with this Mitigation Plan are corrected:

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

Milestone Activity	Proposed Completion Date* (shall not be more than 3 months apart)

(*) Note: Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.

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



Additional Relevant Information (Optional)

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

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

Section E: Interim and Future Reliability Risk

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

Abatement of Interim BPS Reliability Risk

E.1 While your organization is implementing the Mitigation Plan proposed in Part D of this form, the reliability of the Bulk Power System may remain at higher risk or be otherwise negatively impacted until the plan is successfully completed. To the extent they are, or may be, known or anticipated: (i) identify any such risks or impacts; and (ii) discuss any actions that your organization is planning to take or is proposing as part of the Mitigation Plan to mitigate any increased risk to the reliability of the bulk power system while the Mitigation Plan is being implemented:

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

Prevention of Future BPS Reliability Risk

E.2 Describe how successful completion of the Mitigation Plan as laid out in Part D of this form will prevent or minimize the probability that your organization incurs further violations of the same or similar reliability standards requirements in the future:

The Training Program has been revised and the SERC audit team determined that it meets the requirements of PER-002-0. Therefore, this will prevent further violation of this standard requirement. In addition, SERC determined, through audit, that EEI meets all of the requirements



of the applicable NERC standards based on our registration.
[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

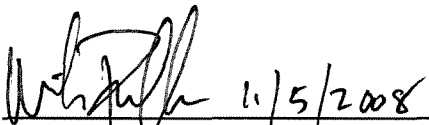


Section F: Authorization

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 Manager, Generation of Electric Energy, Inc.
 - 2. I am qualified to sign this Mitigation Plan on behalf of Electric Energy, Inc.
 - 3. I have read and understand Electric Energy, Inc. 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. Electric Energy, Inc. 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


(Electronic signatures are acceptable; see CMEP)

Name (Print): Mike Pullen
Title: Manager, Generation
Date: 11/5/2008



Section G: Comments and Additional Information

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

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

Submittal Instructions:

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

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

Email the pdf file to serccomply@serc1.org.

Please direct any questions regarding completion of this form to:

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

Appendix A-5



Electric Energy, Inc.

All Mitigation Plan Completion Certification submittals shall include data or information sufficient for SERC to verify completion of the Mitigation Plan. SERC may request such additional data or information and conduct follow-up assessments, on-site or other Spot Checking, or Compliance Audits as it deems necessary to verify that all required actions in the Mitigation Plan have been completed and the Registered Entity is in compliance with the subject Reliability Standard. (CMEP Section 6.6) Data or information submitted may become part of a public record upon final disposition of the possible violation, therefore any confidential information contained therein should be marked as such in accordance with the provisions of Section 1500 of the NERC Rules of Procedure.

Certification of a Completed Mitigation Plan

SERC Reliability Corporation Violation Mitigation Plan Closure Form

Name of Registered Entity submitting certification: Electric Energy, Inc.

Date of Certification: 12/2/2008

Name of Standard and the Requirement(s) of mitigated violation(s): PER-002-0 R3.1

SERC Tracking Number (contact SERC if not known): 2008-145

NERC Violation ID Number (if assigned):

Date of completion of the Mitigation Plan: ~~11/4/2008~~ 8/25/2008 WJ 3/16/2009

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

EEL revised our Training Program on 8/25/2008. This revision including changes to the training program objectives per PER-002-0 R3.1.

Description of the information provided to SERC for their evaluation: EEL provided its training program dated 8/25/2008 to SERC on 10/22/2008 during the onsite SERC compliance audit. The SERC audit team found the training program met the requirements of PER-002-0.

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

Appendix A-5



Name: Michael T. Pullen
Title: Manager, Generation
Entity: Electric Energy, Inc.
Email: mikepullen@electricenergyinc.com
Phone: 618-543-3483

Designated Signature

A handwritten signature in black ink, appearing to read 'Mike Pullen', written over a horizontal line.

Date

12/2/2008

[NOTE – Closure Form should be signed by same individual that signed Mitigation Plan]

(Form Revised August 13, 2008)



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

Registered Entity: Electric Energy, Inc
SERC Tracking ID: 08-145
NERC Violation No: SERC200800227
NERC Mitigation Plan ID: MIT-07-1262
Standard: PER-002-0
Requirement: R3.1

Violation Summary:

Entity was in violation of PER-002-0, R3.1 during the period from June 18, 2007, when the standard became enforceable, until August 25, 2008, when Entity's training program document was revised, for failure to have a set of training program objectives referencing the knowledge and competencies needed to apply standards, procedures, and requirements to normal, emergency, and restoration conditions.

Mitigation Plan Summary:

Electric Energy, Inc's Mitigation Plan to address the referenced violation was submitted on November 5, 2008 and was accepted by SERC on December 18, 2008 and approved by NERC on January 12, 2009. The Mitigation Plan is identified as MIT-07-1262 and was submitted as non-public information to FERC on January 12, 2009 in accordance with FERC orders.

Entity revised its Training Program on August 25, 2008 including the training objectives, prior to the audit. The SERC audit team found the training objectives in the August 25, 2008 Training Program met the PER-002-0 R3.1 requirement. This revision included changes to the training program objectives per PER-002-0 R3.1.

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

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



In this case, Electric Energy, Inc submitted the Mitigation Plan as complete and no additional monitoring of progress was necessary.

Mitigation Plan Completion Review Process:

Electric Energy, Inc certified on November 5, 2008 that the subject Mitigation Plan was completed on August 25, 2008 by using the check box on the Mitigation Plan submittal form. SERC staff subsequently received the additional formal certification form on December 2, 2008. A SERC compliance staff member reviewed the evidence submitted in a manner similar to a compliance audit. That action was followed by another compliance staff member's peer review of the initial conclusion.

Evidence Reviewed:

Electric Energy, Inc submitted and SERC Staff reviewed the following evidence in support of its certification that its Mitigation Plan was completed in accordance with its terms: EEI revised its Training Program on August 25, 2008 including the training objectives and provided to the SERC audit team on October 22, 2008. This is listed as:

EEI Systems Supervisor Training Program, Requirements," page 4, section 3 dated 8/25/08. EEI developed formal training objectives

Conclusion:

On January 6, 2009, SERC Reliability Corporation Compliance Staff ("SERC Staff") completed its review of the evidence submitted by EEI in support of its Certification of Completion of the subject Mitigation Plan. Based on its review of the evidence submitted, SERC Staff verifies that, in its professional judgment, all required actions in the Mitigation Plan have been completed and EEI is in compliance with the subject Reliability Standard Requirements.

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

Respectfully Submitted,

Mickey Bellard
Randy Haynes

Attachment d

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Electric Energy, Inc. Docket

No. NP10-____-000

NOTICE OF FILING
February 1, 2010

Take notice that on February 1, 2010, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Electric Energy, Inc. 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