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November 10, 2017

VIA EMAIL

Tad Johnsen
 Director of Utilities
 City of Columbia, MO
 P.O. Box 6015
 Columbia, MO 65205-6015
Tad.johnsen@como.gov

RE: Settlement Terms

NERC Registration ID: NCR01196

NERC Violation IDs: SERC2016015879, SERC2016015880,
 SERC2016015881, SERC2016015882,
 SERC2016016040, SERC2016016500,
 SERC2016016501, SERC2017016972,
 SERC2017017540

SERC Tracking IDs: SERC2016-402407, SERC2016-402408,
 SERC2016-402409, SERC2016-402410,
 SERC2016-402446, SERC2016-402532,
 SERC2016-402533, SERC2017-402623,
 SERC2017-402686

The City of Columbia, MO (CWLD) sent SERC Reliability Corporation (SERC) a settlement request letter, dated October 19, 2017. SERC sent CWLD a response letter, dated October 23, 2017, indicating SERC's willingness to engage in settlement discussions. On October 23, 2017, CWLD and SERC began to discuss settlement of the alleged violations of NERC Reliability Standards and Requirements CIP-005-5 R1, CIP-007-6 R1.1, R2.2, R3.1, R4.2, and R5.7, and CIP-010-2 R1, as detailed in the SERC tracking IDs listed above.

This letter confirms that SERC and CWLD have reached an agreement in principal to resolve all outstanding issues in the above referenced matters. In addition to the actions outlined in the mitigation plans associated with the tracking IDs above, based on facts and circumstances surrounding the violations, SERC and CWLD agree that CWLD will pay a monetary penalty of \$33,000. However, if CWLD fails to complete the elements of its mitigation plans, CWLD will instead pay a monetary penalty of \$54,000.

CWLD acknowledges that all of the terms contained herein, as well as in the settlement agreement, remain subject to approval by the North American Electric Reliability Corporation (NERC) and the Federal Energy Regulatory Commission (FERC or Commission). CWLD reserves the right to contend that any NERC or Commission action on the settlement agreement



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contains one or more material modifications. After Commission approval, SERC will submit an invoice to CWLD addressing the payment terms.

If the mitigation plans associated with the tracking IDs above are not completed in a timely manner, or are not completed satisfactorily, SERC reserves the right to revisit the monetary penalty and/or require CWLD to take additional actions. In addition, if in its sole opinion, SERC believes that proceeding with the settlement is not in its interest, it will inform CWLD that it is withdrawing this offer and proceeding with the penalty disposition outside of the settlement process.

SERC and CWLD will promptly prepare and execute a settlement agreement. If CWLD wishes to proceed with the settlement agreement, in accordance with the terms herein, please sign in the area below and promptly return to SERC.

Sincerely,

Rebecca Poulsen
Digitally signed by
Rebecca Poulsen
Date: 2017.11.10
13:36:58 -05'00'

Rebecca Poulsen

cc: Holly Hawkins, SERC General Counsel
Adam Kruse, CWLD Assistant City Counselor, adam.kruse@como.gov

By signing below, I _____ (print name), hereby acknowledge that I am an authorized representative of CWLD and am authorized to bind CWLD and accept the settlement terms as discussed above.

By: _____

Title: _____

Date: _____