



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: December 4, 2017

Re: Settlement agreement with SERC Reliability Corporation (SERC).

## Executive Summary

Staff has prepared for Council consideration a resolution authorizing the City Manager to execute a settlement agreement request with SERC Reliability Corporation (SERC). On October 19, 2017 the City of Columbia requested settlement from SERC for violations of North American Electric Reliability Corporation (NERC) Cyber Security standards that were previously self-reported.

SERC and City have reached agreement and have settled on a penalty of \$33,000. However, if the City fails to complete the elements of its mitigation plans, it will instead pay a penalty of \$54,000.

## Discussion

Staff has prepared for Council consideration a resolution authorizing the City Manager to execute a settlement agreement request with SERC Reliability Corporation (SERC). On October 19, 2017 the City of Columbia requested settlement from SERC for violations of the following North American Electric Reliability Corporation (NERC) standards:

CIP-005-5 R1

CIP-007-6 R1.1, R2.2, R3.1, R4.2, & R5.7

CIP-010-2 R1

On July 1, 2016 versions 5 and 6 of NERC's Critical Infrastructure Protection (CIP), better known as cyber security, standards became mandatory and subject to enforcement. In preparation for compliance with these standards, the City began a replacement of its Energy Management System (EMS) in 2013. This process started with an RFP for consulting services to help develop specifications for the new EMS in April of 2013. Structure Consulting Group, LLC was selected and an agreement for professional engineering services was executed in November of 2013. The specifications for the new EMS were developed in June 2014 and an RFP was issued. Open Systems International, Inc was selected as the EMS vendor and a software support services agreement was executed in June 2015.

The new EMS was delivered in March 2016. Parallel operations were conducted through June 2016 with final cutover on June 30. In July of 2016 City staff began self-reporting possible non-compliance with the NERC standards mentioned above.



# City of Columbia

701 East Broadway, Columbia, Missouri 65201

SERC considered the City's internal compliance program (ICP) along with its efforts to implement a new EMS prior to the July 2016 deadline to be mitigating factors in the penalty determination. The City's ICP has been in place since July 2009.

SERC and City have reached an agreement as outlined in the letter of intent to settle dated 11-10-2017 (attached) and have settled on a penalty of \$33,000. However, if the City fails to complete the elements of its mitigation plans, it will instead be required to pay a penalty of \$54,000.

## Fiscal Impact

Short-Term Impact: SERC and City have reached agreement and have settled on a penalty of \$33,000. However, if the City fails to complete the elements of its mitigation plans, it will instead pay a penalty of \$54,000.

Long-Term Impact: None

## Strategic & Comprehensive Plan Impacts

### Strategic Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

### Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

## Legislative History

Date	Action
November 4, 2013	R224-13 Authorizing an agreement for professional engineering services with Structure Consulting Group, LLC to analyze the City's energy management needs and prepare technical specifications for the future acquisition of an Energy Management System.
June 15, 2015	B150-15 Authorizing a software support services agreement with Open Systems International, Inc. as part of the Energy Management System implementation.

## Suggested Council Action

Authorize City Manager to execute a settlement agreement request with SERC Reliability Corporation (SERC).