

April 30, 2013

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

**Re: NERC Full Notice of Penalty regarding Brownsville Public Utilities Board,
FERC Docket No. NP13-_-000**

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty¹ regarding Brownsville Public Utilities Board (BPUB), NERC Registry ID# NCR04018,² in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations, and orders, as well as NERC's Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).³

BPUB was formed in 1960 to provide electrical, water, and wastewater services to its customers in Brownsville, Texas (City) and the surrounding area. Pursuant to the City's Charter, management, operation, and control of the City's combined water, wastewater, and electric utilities systems were delegated to BPUB. Currently, BPUB serves approximately 50,000 customers with quality water, sewer, and electric utilities.

BPUB provides retail electric service through its electric facilities to consumers inside and outside the city limits. The existing customer service area of the electric facilities encompasses approximately 133

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 (2011). *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693), *reh'g denied*, 120 FERC ¶ 61,053 (2007) (Order No. 693-A). See 18 C.F.R § 39.7(c)(2).

² Texas Reliability Entity, Inc. confirmed that BPUB was included on the NERC Compliance Registry as a Distributor Provider (DP), Transmission Owner (TO) and Transmission Provider (TP) on June 28, 2007, as a Load Serving Entity (LSE) on February 10, 2010, and as a Transmission Operator (TOP) on May 4, 2010.

³ See 18 C.F.R § 39.7(c)(2).

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square miles of Cameron County, including an estimated 96% of the City of Brownsville. The electric system serves a growing base of approximately 50,000 customers and serves a peak load of 301 MW. Current resources, mainly owned by the BPUB, are sufficient to cover peak demand. BPUB acts as one of several “Local Control Centers” which, together with the Electric Reliability Council of Texas, Inc. (ERCOT) independent system operator, share TOP responsibilities within the ERCOT Interconnection under a “Joint Registration Organization/Coordinated Functional Registration Agreement for the Transmission Operator Function.”⁴

This Notice of Penalty is being filed with the Commission because Texas Regional Entity, Inc. (Texas RE) and BPUB have entered into a Settlement Agreement to resolve all outstanding issues arising from Texas RE’s determination and findings of the violation of EOP-003-1 R5.⁵ According to the Settlement Agreement, BPUB neither admits nor denies the violation, but has agreed to the assessed penalty of ten thousand dollars (\$10,000), in addition to other remedies and actions to mitigate the instant violation and facilitate future compliance under the terms and conditions of the Settlement Agreement. Accordingly, the violation identified as NERC Violation Tracking Identification Number TRE2012010721 is being filed in accordance with the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violation

This Notice of Penalty incorporates the findings and justifications set forth in the Settlement Agreement executed on April 26, 2013, by and between Texas RE and BPUB, which is included as Attachment a. 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 (2013), NERC provides the following summary table identifying each violation of a Reliability Standard resolved by the Settlement Agreement, as discussed in greater detail below.

⁴ BPUB and ERCOT registered for the TOP function via a Coordinated Functional Registration (CFR), effective April 1, 2010. As a TOP, BPUB is subject to the requirements of NERC Reliability Standard EOP-003-1 R5. On May 4, 2010, BPUB was registered via CFR (JRO00079) for the TOP function. The CFR includes a Responsibility Matrix that specifies the registered entities’ respective compliance responsibilities. In the Responsibility Matrix BPUB is designated as a “Local Control Center.”

⁵ While evaluation of issues relating to the February 2, 2011 cold weather event (Event) remains ongoing, Texas RE and BPUB have resolved issues related to the Event. Processing this Notice of Penalty now is appropriate because it is separate and distinct from other matters relating to third parties that remain under evaluation and would ensure timely processing of the instant matter that already is resolved.

Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty
Texas Regional Entity, Inc.	Brownsville Public Utilities Board	NOC-1862	TRE2012010721	EOP-003-1	R5	High	\$10,000

EOP-003-1 R5

The purpose statement of Reliability Standard EOP-003-1 R5 provides: “A Balancing Authority and Transmission Operator operating with insufficient generation or transmission capacity must have the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection.”

EOP-003-1 R5 provides: “A Transmission Operator or Balancing Authority shall implement load shedding in steps established to minimize the risk of further uncontrolled separation, loss of generation, or system shutdown.”

EOP-003-1 R5 has a “High” Violation Risk Factor (VRF) and a “Severe” Violation Severity Level (VSL). The subject violation applies to BPUB’s TOP function.

From March 5, 2012 through March 14, 2012, Texas RE conducted a Compliance Audit of BPUB. During the Compliance Audit, Texas RE determined that, during a February 2, 2011 cold weather-related event (Event), BPUB did not maintain the amount of load shed as directed by ERCOT as required by steps established in BPUB’s load shedding plan. BPUB’s load shedding plan, effective February 1, 2010, states that “[i]n no event shall the initial total amount of shed load be decreased by the BPUB Energy System Operator without the approval and direction of the ERCOT System Operator.”

During the Event, on February 2, 2011, ERCOT declared an Energy Emergency Alert (EEA) 3 at 5:43 a.m., subsequently issuing directives to BPUB to implement load shedding in steps established to minimize the risk of further uncontrolled separation, loss of generation, or system shutdown. While BPUB achieved its initial load shed obligation during the Event, it failed to maintain the amount of load shed as directed by ERCOT in the instances indicated in the table below:

Time	Load Shed Obligation	MW Shed	MW Under Obligation
7:13	-17.2	12.8	4.40
7:14	-17.2	12.8	4.40
7:15	-17.2	12.8	4.40
7:16	-17.2	12.8	4.40
7:17	-17.2	12.8	4.40
7:18	-17.2	12.8	4.40
7:19	-17.2	12.8	4.40
7:20	-17.2	16.1	1.10
7:21	-17.2	16.1	1.10
7:22	-17.2	16.1	1.10
7:23	-17.2	16.1	1.10
7:24	-17.2	16.1	1.10
7:25	-17.2	16.1	1.10
8:02	-15.05	14.5	0.55
8:03	-15.05	14.5	0.55
8:04	-15.05	14.5	0.55
8:05	-15.05	14.5	0.55
8:06	-15.05	14.5	0.55

BPUB failed to implement its load shedding plan as directed by ERCOT in steps established by BPUB’s load shedding plan because the operator did not, while switching feeders in and out, keep enough feeders open to maintain the load shed amount directed by ERCOT. Instead, the operator put back in more load than he was taking out. A part of the BPUB load shedding plan is a recommendation that shed load be rotated every 20 to 30 minutes in order to minimize the duration of interruption experienced by individual customers. At the time of the violation, BPUB was using a paper easel, to keep track of what feeders were being taking out and put back in, along with the times. The operator would write the feeder on the paper along with the times and scratch the feeder out when it was put back in service. BPUB has since instituted a spreadsheet tracking system, operator training, and changes to its load shedding plan to insure that the issue does not reoccur.

Texas RE determined that BPUB had a violation of EOP-003-1 R5 because BPUB failed to implement load shedding as directed by ERCOT in steps established by BPUB’s load shedding plan.

Texas RE determined the duration of the violation to be the date of the Event, February 2, 2011, when BPUB failed to implement load shedding as required.

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Texas RE determined that this violation posed a minimal and not a serious or substantial risk to the reliability of the bulk power system (BPS). BPUB's failure to maintain its load shed obligation was limited to 1% (0.67 MWh not shed of 74.5 MWh load shed obligation) of its directed load shed total and was mostly related to a seven-minute timeframe when BPUB did not meet its obligation by 4.4 MW (25.6% of its 17.2 MW obligation). In addition, BPUB, pursuant to its emergency plan, deployed various distributed generation units during the Event that, if such deployment had been included as part of BPUB's load shed plan, would have eliminated any variance from BPUB's load shedding obligation. Furthermore, BPUB's load shed obligation is only 0.43% of the ERCOT region load shed total.

Regional Entity's Basis for Penalty

According to the Settlement Agreement, Texas RE has assessed a penalty of ten thousand dollars (\$10,000) for the referenced violation. In reaching this determination, Texas RE considered the following factors:

1. the violation constituted BPUB's first occurrence of a violation of the subject NERC Reliability Standard;⁶
2. Texas RE reported that BPUB was cooperative throughout the compliance enforcement process;
3. BPUB had an internal compliance program (ICP) at the time of the violation which Texas RE considered a mitigating factor. BPUB formed a NERC compliance committee in 2005 to supervise and assist the different departments in the compliance process. The compliance process consists of adhering to, and taking a more active role to implement, the guidelines, protocols, and standards set forth by ERCOT and NERC. The primary responsibility for BPUB's

⁶ An Administrative Citation Notice of Penalty (ACP) which addressed violations for certain registered entities, including violations of PRC-005-1 R1 and R2 for BPUB's affiliate, Brownsville Public Utility Board Silas Ray, was approved by the BOTCC on March 11, 2011 and filed with FERC under NP11-162-000 on March 31, 2011. On April 29, 2011, FERC issued an order stating it would not engage in further review of the violations addressed in the ACP.

An ACP which addressed violations for certain registered entities, including a violation of PRC-005-1 R1 for BPUB's affiliate, Brownsville Public Utility Board Calpine, was approved by the BOTCC on May 9, 2011 and filed with FERC under NP11-162-000 on June 30, 2011. On July 29, 2011, FERC issued an order stating it would not engage in further review of the violations addressed in the ACP.

Texas RE did not consider the prior instances of noncompliance to be an aggravating factor in the penalty determination because they were not the same or similar to the instant violations and there was no indication of broader corporate issues.

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ICP resides with BPUB's chief compliance officer. BPUB's chief compliance officer reports to the general manager and has access to the BPUB board regarding compliance matters;

4. there was no evidence of any attempt to conceal a violation nor evidence of intent to do so;
5. Texas RE determined that the violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS, as discussed above; and
6. Texas RE reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

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

Status of Mitigation Plan⁷

BPUB's Mitigation Plan to address its violation of EOP-003-1 R5 was submitted to Texas RE on February 4, 2013 with a proposed completion date of August 7, 2012. The Mitigation Plan was accepted by Texas RE on February 28, 2013 and approved by NERC on March 22, 2013. The Mitigation Plan for this violation is designated as TREMIT008700 and was submitted as non-public information to FERC on March 22, 2013 in accordance with FERC orders.

BPUB's Mitigation Plan required BPUB to:

1. develop a load shed calculator;
2. complete initial training of operators regarding the load shed calculator;
3. adopt and implement the load shed calculator on an operational basis;
4. incorporate formally the load shed calculator, as revised, into *BPUB's Load Shed Plan (Revision 11)*; and
5. re-train operators on load shed operations and calculator use.

BPUB certified on March 8, 2013 that the above Mitigation Plan requirements were completed on February 2, 2011.⁸ As evidence of completion of its Mitigation Plan, BPUB submitted the following documents:

⁷ See 18 C.F.R § 39.7(d)(7).

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1. *Load (Template).xls*, initially created February 8, 2011 and the subject of department-wide training on August 7, 2012, contains the spreadsheet tool developed by BPUB to facilitate the achieving and maintenance of load shed;
2. *LSC_operator_training_sign-in_sheet.pdf*, dated August 7, 2012, demonstrates incorporation of the load shed calculator into BPUB's *Load Shed Plan (Revision 11)* and re-training of operators on load shed operations and calculator use;
3. *BPUB Load Shedding Plan Rev 10.pdf*, BPUB's previous load shedding plan; and
4. *BPUB Load Shedding Plan Rev 11.pdf*, BPUB's revised load shedding plan which incorporates the load shed calculator.

On March 8, 2013, after review of BPUB's submitted evidence, Texas RE verified that BPUB's Mitigation Plan was completed on August 7, 2012.

Statement Describing the Assessed Penalty, Sanction or Enforcement Action Imposed⁹

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, October 26, 2009 and August 27, 2010 Guidance Orders,¹⁰ the NERC BOTCC reviewed the Settlement Agreement and supporting documentation on April 15, 2013. The NERC BOTCC approved the Settlement Agreement, including Texas RE's assessment of a ten thousand dollar (\$10,000) financial penalty against BPUB 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. the violation constituted BPUB's first occurrence of violation of the subject NERC Reliability Standard;

⁸ While BPUB certified completion of the Mitigation Plan on February 2, 2011, the Mitigation Plan was not actually completed until August 7, 2012, which was when training of personnel was completed.

⁹ See 18 C.F.R. § 39.7(d)(4).

¹⁰ *North American Electric Reliability Corporation*, "Guidance Order on Reliability Notices of Penalty," 124 FERC ¶ 61,015 (2008); *North American Electric Reliability Corporation*, "Further Guidance Order on Reliability Notices of Penalty," 129 FERC ¶ 61,069 (2009); *North American Electric Reliability Corporation*, "Notice of No Further Review and Guidance Order," 132 FERC ¶ 61,182 (2010).

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2. Texas RE reported that BPUB was cooperative throughout the compliance enforcement process;
3. BPUB had a compliance program at the time of the violation which Texas RE considered a mitigating factor, as discussed above;
4. there was no evidence of any attempt to conceal a violation or evidence of an intent to do so;
5. Texas RE determined that the violation posed a minimal risk and did not pose a serious or substantial risk to the reliability of the BPS; and
6. Texas RE reported that there were no other mitigating or aggravating factors or extenuating circumstances that would affect the assessed penalty.

For the foregoing reasons, the NERC BOTCC approved the Settlement Agreement and believes that the assessed penalty of ten thousand dollars (\$10,000) is appropriate for the violation and circumstances at issue, and is consistent with NERC's goal to promote and ensure reliability of the BPS.

Pursuant to 18 C.F.R. § 39.7(e), the penalty will be effective upon expiration of the 30-day period following the filing of this Notice of Penalty with FERC, or, if FERC decides to review the penalty, upon final determination by FERC.

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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) Settlement Agreement by and between Texas RE and BPUB executed April 26, 2013, included as Attachment a;
- b) BPUB's Violation Discovery Record for EOP-003-1 R5 dated November 5, 2012, included as Attachment b;
- c) BPUB's Mitigation Plan designated as TREMIT008700 for EOP-003-1 R5 submitted February 28, 2013, included as Attachment c;
- d) BPUB's Certification of Mitigation Plan Completion for EOP-003-1 R5 submitted March 8, 2013, included as Attachment d; and
- e) Texas RE's Verification of Mitigation Plan Completion for EOP-003-1 R5 dated March 8, 2013, included as Attachment e.

A Form of Notice Suitable for Publication¹¹

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

¹¹ See 18 C.F.R § 39.7(d)(6).

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Notices and Communications: Notices and communications with respect to this filing may be addressed to the following:

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*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.

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Conclusion

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

Respectfully submitted,

/s/ Sonia C. Mendonça

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cc: Brownsville Public Utilities Board
Texas Regional Entity, Inc.

Attachments

Attachment a

**Settlement Agreement by and between Texas
RE and BPUB executed April 26, 2013**



SETTLEMENT AGREEMENT
OF
TEXAS RELIABILITY ENTITY, INC.
AND
BROWNSVILLE PUBLIC UTILITIES BOARD

I. INTRODUCTION

1. North American Electric Reliability Corporation (NERC) delegated authority to Texas Reliability Entity, Inc. to become the regional entity for the ERCOT region effective July 1, 2010, pursuant to Section 215(e)(4) of the Federal Power Act. NERC also delegated to Texas Reliability Entity, Inc. the authority and responsibility for the continuation of all compliance monitoring and enforcement activities that it had previously delegated to Texas Regional Entity (a division of Electric Reliability Council of Texas, Inc.). The term "Texas RE" is used herein to refer to both Texas Regional Entity and Texas Reliability Entity, Inc.
2. Texas RE and Brownsville Public Utilities Board ("BPUB") enter into this Settlement Agreement ("Settlement Agreement") to resolve all outstanding issues arising from a preliminary and non-public assessment resulting in Texas RE's determination and findings, pursuant to the North American Electric Reliability Corporation ("NERC") Rules of Procedure, of the alleged violation by BPUB of NERC Reliability Standard EOP-003-1 R5 (Regional Entity Tracking No. TRE2012010721; NERC Violation ID No. TRE2012010721).
3. BPUB neither admits nor denies the violation of NERC Reliability Standard EOP-003-1 R5 and has agreed to the proposed penalty of ten thousand and no/100 dollars (\$ 10000.00) to be assessed to BPUB, in addition to other remedies and mitigation actions to mitigate the instant alleged violation and facilitate future compliance under the terms and conditions of the Settlement Agreement.

II. STIPULATION

4. The facts stipulated herein are stipulated solely for the purpose of resolving, between BPUB and Texas RE, the matters discussed herein and do not constitute stipulations or admissions for any other purpose. The attached Disposition Document is incorporated herein in its entirety. BPUB and Texas RE hereby stipulate and agree to the following:

Background

805 Las Cimas Parkway, Suite 200
Austin, Texas 78746
Tel: (512) 583-4950
Fax: (512) 583-4903

TRE CONFIDENTIAL

5. See Section I of the Disposition Document for a description of BPUB.

Violation of NERC Reliability Standard EOP-003-1 R5

6. See Section II of the Disposition Document for the description of the violation.

III. PARTIES' SEPARATE REPRESENTATIONS

STATEMENT OF TEXAS RE AND SUMMARY OF FINDINGS

7. Violation Description

Texas RE audited BPUB from March 5 -14, 2012 and determined that BPUB did not maintain the amount of load shed as directed by the Electric Reliability Council of Texas (ERCOT). During the February 2, 2011 cold weather related event (the Event), BPUB decreased its amount of shed load without direction from ERCOT. In accordance with established steps, BPUB's Load Shedding Plan with an effective date of February 1, 2010, states that, "In no event shall the initial total amount of shed load be decreased by the BPUB Energy System Operator without the approval and direction of the ERCOT System Operator."

During the Event, ERCOT declared an Energy Emergency Alert (EEA) 3 at 5:43 am February 2, 2011 and subsequently issued directives to BPUB to implement load shedding in steps established to minimize the risk of further uncontrolled separation loss of generation or system shutdown.

BPUB achieved its initial load shed obligation during the Event, however, BPUB failed to maintain the amount of load shed as directed by ERCOT in the instances indicated in the table below:

Time	Load Shed Obligation	MWs Shed	MW Under Obligation
7:13	-17.2	12.8	4.40
7:14	-17.2	12.8	4.40
7:15	-17.2	12.8	4.40
7:16	-17.2	12.8	4.40
7:17	-17.2	12.8	4.40
7:18	-17.2	12.8	4.40
7:19	-17.2	12.8	4.40
7:20	-17.2	16.1	1.10
7:21	-17.2	16.1	1.10
7:22	-17.2	16.1	1.10
7:23	-17.2	16.1	1.10
7:24	-17.2	16.1	1.10
7:25	-17.2	16.1	1.10
8:02	-15.05	14.5	0.55

8:03	-15.05	14.5	0.55
8:04	-15.05	14.5	0.55
8:05	-15.05	14.5	0.55
8:06	-15.05	14.5	0.55

This violation occurred during a time that the ERCOT system was stressed. Reserve margins in ERCOT fell during the morning of February 2, 2012 due to cold weather related generating unit forced outages and de-ratings. This resulted in the ERCOT ISO declaring an Energy Emergency Alert - 3 (EEA-3) at 05:43 am that morning and making a hot-line call to inform entities in ERCOT of the EEA-3 and on-line reserve levels. An EEA-3 is declared when the ERCOT ISO has difficulty maintaining a system frequency of 59.8 Hz and firm load will need to be shed. During the call, the ERCOT ISO issued the first directive to Load Control Centers (that included BPUB) to shed 1000 MW of firm load. The ERCOT ISO also issued the directive to EILS providers at 05:49 am to interrupt their non-business hour load. Per the regional ERCOT Protocols and Operating Guides, the Load Control Centers had 30 minutes to meet their load shed obligation and the EILS providers had 10 minutes to meet their load shed obligation. At 06:04 am, 21 minutes after issuing its first order for 1000 MW of firm load shed, the ERCOT ISO issued another directive shedding an additional 1000 MW of firm load. At 06:23 am, 19 minutes after issuing the second order for 1000 MW of firm load shed, the ERCOT ISO issued a third load shed directive for an additional 2000 MW firm load (4000 MW total). The ERCOT ISO issued orders from 07:57 am to 1:07 pm that gradually restored the firm load.

STATEMENT OF Brownsville Public Utilities Board

8. BPUB neither admits nor denies that the facts set forth and agreed to by the parties for purposes of this Agreement constitute a violation of EOP-003-1 R5. BPUB believes that, at the time of the Event, BPUB had indeed "develop[ed] and implement[ed] a set of plans to enable ERCOT ISO's plans for load-shedding and to mitigate emergencies on the transmission system" as required under EOP-001-0 R3.3 and that BPUB timely dropped load following each instruction from ERCOT ISO. BPUB maintains that its NERC-certified system operators implemented "steps established to minimize the risk of further uncontrolled separation, loss of generation, or system shutdown" as provided under EOP-003-1 R5, even if implementation of BPUB's load shed plan inadvertently resulted in about eighteen minutes during which the amount of BPUB's load shed was less than the full amount proportioned by ERCOT ISO.
9. BPUB states that, as required under TOP-001-1a R2 (providing that each TOP "shall take immediate actions to alleviate operating emergencies including ... operating equipment (e.g., generators, phase shifters, breakers), shedding firm load, etc." to "alleviate operating emergencies"), BPUB implemented the emergency measures consistent with its General Plan for Emergency (2010-2011) to "[r]eview and make ready all available distributive generators" and to "[v]erify that all diesel

generators are [or] have been tested, fuel tanks are full, and batteries fully charged.”¹ BPUB deployed available units of a fleet of 10 diesel generators with cumulative total capacity of 11 MW during the Event, which had a net local effect of providing frequency support to the Interconnection that more than made up any shortfall.² Unquestionably, there was minimal-to-no risk to the BES as a result of the limited lapse shown under the BPUB load shed plan.

Time	Load Shed Obligation	BPUB MWs Shed	MW Under Obligation	BPUB MWs Distributed Generation*	MW Over Obligation (nets DG)
7:13	-17.2	12.8	4.40	4.52363	0.12363
7:14	-17.2	12.8	4.40	4.52363	0.12363
7:15	-17.2	12.8	4.40	4.52363	0.12363
7:16	-17.2	12.8	4.40	4.52363	0.12363
7:17	-17.2	12.8	4.40	4.52363	0.12363
7:18	-17.2	12.8	4.40	4.52363	0.12363
7:19	-17.2	12.8	4.40	4.52363	0.12363
7:20	-17.2	16.1	1.10	4.52363	3.42363
7:21	-17.2	16.1	1.10	4.52363	3.42363
7:22	-17.2	16.1	1.10	4.52363	3.42363
7:23	-17.2	16.1	1.10	4.52363	3.42363
7:24	-17.2	16.1	1.10	4.52363	3.42363
7:25	-17.2	16.1	1.10	4.52363	3.42363
8:02	-15.05	14.5	0.55	4.52363	3.97363
8:03	-15.05	14.5	0.55	4.52363	3.97363
8:04	-15.05	14.5	0.55	4.52363	3.97363
8:05	-15.05	14.5	0.55	4.52363	3.97363
8:06	-15.05	14.5	0.55	4.52363	3.97363

*Source: File "2_2_11 MIN BY MIN LOAD SHED FOR PV EOP 001 WITH CALCULATED KWHS ON DGs" (provided to Texas RE).

- Even though the ERCOT system was in an EEA-3 condition BPUB and the other Local Control Centers that followed the ERCOT ISO's issued directive to shed load on February 2, 2011 were a part of the actions that alleviated the risk of an uncontrolled failure of the Interconnection.³ BPUB's obligation to shed load within the ERCOT Interconnection amounts to less than ½ of one percent (0.43%), and

¹ BPUB General Plan for Emergency at 6 (lines 8 and 6, respectively).

² The distributed generators are spread across the BPUB retail electric service area and are not individually metered or dispatched by ERCOT ISO.

³ "The manual load shed plan implemented by ERCOT arrested the frequency decline before the frequency reached the first UFLS level. The 4000 MW firm load directives represented approximately 7% of the total ERCOT load at the time of the event." -- *Texas Reliability Entity Event Analysis for the Event: February 2, 2011 EEA-3 Event (Public Report)* dated August. 15, 2011 ("February 2011 Report") at 35, available online at http://www.texasre.org/CPDL/2011-02-02%20EEA3%20Event%20Analysis-public_final.pdf (last visited Jan. 14, 2013).

any effect to distort the net positive effects of the remaining load shed (99.57%) was negligible.⁴ Indeed, ERCOT ISO and most of the other Local Control Centers were able to "implement load shedding in steps established to minimize the risk of further uncontrolled separation, loss of generation, or system shutdown."⁵

11. Although BPUB does not admit to, nor does it deny, the alleged violation, BPUB has agreed to enter into this Settlement Agreement with Texas RE 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. BPUB 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

12. Texas RE and BPUB agree that BPUB has completed and Texas RE has verified completion of the mitigating actions set forth in Section IV of the Disposition Document. Further, Texas RE has verified that BPUB has completed the additional actions addressed in Section IV of the Disposition Document (if any). The Mitigating Actions, Remedies and Sanctions are discussed in detail in the Disposition Document.
13. For purposes of settling any and all disputes arising from Texas RE's investigation into the matters discovered during a Texas RE audit of BPUB. Texas RE and BPUB agree that on and after the effective date of this Agreement, BPUB shall take the following actions:
14. The mitigation plan is complete; however in order to facilitate Texas RE's need to communicate the status and provide accountability to the ERO (NERC), BPUB will provide updates quarterly, or more frequently, upon request by Texas RE. BPUB will submit these status updates to Texas RE in accordance with the confidentiality provisions of Section 1500 of the NERC Rules of Procedure.
15. The mitigation plan is complete; however, it is understood that Texas RE staff shall audit the progress of mitigation plans and any other remedies of this Agreement, including, but not limited to site inspection, interviews, and request other documentation to validate progress and/or completion of the mitigation plans and any other remedies of this Agreement. Texas RE shall reasonably coordinate audits and information requests with BPUB related to this Agreement.

⁴ *Id.* at 34 (Table 4: Manual Load Shed Obligation and Performance) (showing average Peak Actual load shed among utilities at 135% over ERCOT ISO instruction of 4000 MW). Taking BPUB's "Peak Actual" to zero does not change the Interconnection's average of 135% of 4000 MW at all. See also *id.* at 35 (Figure 14: Real-Time Load Shed Performance, February 1-3, 2011) (showing how ERCOT Interconnection timely met load shed obligations during event).

⁵ "In summary, in spite of the failure of two entities to deploy load shed within the obligation time requirement, the manual load shed plan implemented by ERCOT worked as required to arrest the frequency decline and prevent further widespread blackouts." --February 2011 Report at 35 (emphasis added). BPUB was not one of the two entities that failed to deploy load shed within the obligation time requirement.



16. Texas RE staff also consider the specific facts and circumstances of the violations and BPUB's actions in response to the violation in determining a proposed penalty that meets the requirement in Section 215 of the Federal Power Act that "[a]ny penalty imposed under this section shall bear a reasonable relation to the seriousness of the violation and shall take into consideration the efforts of such user, owner, or operator to remedy the violation in a timely manner."⁶ The factors considered by Texas RE staff in the determination of the appropriate penalty are set forth in Section V of the Disposition Document.
17. Based on the above factors, as well as the mitigation actions and preventative measures taken, BPUB shall pay the monetary penalty of ten thousand and no/100 dollars (\$ 10000.00) to Texas RE, within thirty days after this Agreement is either approved by the Federal Energy Regulatory Commission or by operation of law. Texas RE shall notify NERC if the payment is not received.
18. The estimated costs to BPUB to implement the agreed to actions beyond those necessary to come into compliance with the Standard, as discussed above, are [\$ n/a]. Texas RE may audit and inspect financial records to validate actual expenditures with estimates in this Settlement Agreement. Funding and programs associated with this Settlement Agreement will be above the original planned budget and programs for the [state year and applicable plan/budget].
19. 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, shall be deemed to be either the same alleged violations that initiated this Settlement and/or additional violation(s) and may subject BPUB to new or additional enforcement, penalty or sanction actions in accordance with the NERC Rules of Procedure.
20. If BPUB does not make the monetary penalty payment above at the times agreed by the parties, interest payable to Texas RE will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty specified above. BPUB shall retain all rights to defend against such additional enforcement actions in accordance with NERC Rules of Procedure.

V. ADDITIONAL TERMS

21. The signatories to the Settlement Agreement agree that they enter into the Settlement Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of Texas RE or BPUB has been made to induce the signatories or any other party to enter into the Settlement Agreement.

⁶ 16 U.S.C. § 824o(e)(6).

22. Texas RE 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 Texas RE and BPUB of changes to the settlement that would result in approval. If NERC rejects the settlement, NERC will provide specific written reasons for such rejection and Texas RE will attempt to negotiate a revised settlement agreement with BPUB 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.
23. 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.
24. BPUB agrees that this Settlement Agreement, when approved by NERC and the Commission, shall represent a final settlement of all matters set forth herein and BPUB waives its right to further hearings and appeal, unless and only to the extent that BPUB contends that any NERC or Commission action on the Settlement Agreement contains one or more material modifications to the Settlement Agreement. Texas RE reserves all rights to initiate enforcement, penalty or sanction actions against BPUB in accordance with the NERC Rules of Procedure in the event that BPUB fails to comply with the Mitigation Plan and compliance program agreed to in this Settlement Agreement. In the event BPUB fails to comply with any of the stipulations, remedies, sanctions or additional terms, as set forth in this Settlement Agreement, Texas RE will initiate enforcement, penalty, or sanction actions against BPUB 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, BPUB shall retain all rights to defend against such enforcement actions, also according to the NERC Rules of Procedure.
25. BPUB consents to the use of Texas RE'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 BPUB does not consent to the use of the specific acts set forth in this Settlement Agreement as the sole basis for any other action or proceeding brought by NERC and/or Texas RE, nor does BPUB consent to the use of this Settlement Agreement by any other party in any other action or proceeding.
26. 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.



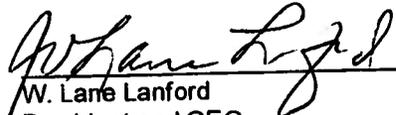
Brownsville Public Utilities Board

27. 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 PARTIES' SEPARATE REPRESENTATIONS of this Settlement Agreement.

28. The Settlement Agreement may be signed in counterparts.

29. This Settlement Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

Agreed to and accepted:


W. Lane Lanford
President and CEO
Texas Reliability Entity, Inc.

4/26/13
Date


James McCann
Director of Power Supply/Chief Compliance Officer
Brownsville Public Utilities Board

04/25/2013
Date



Addendum A

DISPOSITION OF VIOLATION¹

NERC TRACKING NO. **REGIONAL ENTITY** **NOC#**
 TRE2012010721 **TRACKING NO.**

REGISTERED ENTITY **NERC REGISTRY ID.**
 Brownsville Public Utilities Board ("BPUB") NCR04018

REGIONAL ENTITY
 Texas Reliability Entity, Inc. ("Texas RE, TRE")

I. REGISTRATION INFORMATION

ENTITY IS REGISTERED FOR THE FOLLOWING FUNCTIONS (BOTTOM ROW INDICATES REGISTRATION DATE):

BA	DP	GO	GOP	IA	LSE	PA	PSE	RC	RP	RSG	TO	TOP	TP	TSP
	X				X						X	X	X	
	6/28/07				2/10/10						6/28/07	5/4/10	6/28/07	

* Violation applies to shaded functions

DESCRIPTION OF THE REGISTERED ENTITY

BPUB was formed in 1960 to provide electrical, water, and wastewater services to its customers in Brownsville, Texas, and the surrounding area. Pursuant to the City's Charter, management, operation, and control of the City's combined water, wastewater and electric utilities systems were delegated to BPUB. Currently, BPUB serves approximately 50,000 customers with quality water, sewer and electric utilities.

The Electric System provides retail electric service through its electric facilities to consumers inside and outside the city limits. The existing customer service area of the electric facilities encompasses approximately 133 square miles of Cameron County, including an estimated 96% of the City of Brownsville. The electric system serves a growing base of approximately 50,000

¹ For purposes of this document and attachments hereto, each violation at issue is described as a "violation," regardless of its procedural posture and whether it was a possible, alleged or confirmed violation.



customers and serves a peak load of 301 MW. Current resources, mainly owned by the Brownsville PUB, are sufficient to cover peak demand. BPUB acts as one of several "Local Control Centers" which, together with ERCOT ISO, share Transmission Operator responsibilities within the ERCOT Interconnection under a "Joint Registration Organization/Coordinated Functional Registration Agreement for the Transmission Operator Function." See note 2.

II. VIOLATION INFORMATION

RELIABILITY STANDARD	REQUIREMENT(S)	SUB-REQUIREMENT(S)	VRF(S)	VSL(S)
EOP-003-1	5		High	Severe

The purpose of EOP-003-1 is for a Balancing Authority and Transmission Operator operating with insufficient generation or transmission capacity must have the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection.

TEXT OF RELIABILITY STANDARD AND REQUIREMENT(S)/SUB-REQUIREMENT(S)²

ERCOT ISO shall issue directives to affected Local Control Centers to implement load shedding in steps established to minimize the risk of further uncontrolled separation, loss of generation, or system shutdown.

In response to a directive by ERCOT ISO, each Local Control Center shall implement load shedding in steps established to minimize the risk of further uncontrolled separation, loss of generation, or system shutdown.

VIOLATION DESCRIPTION

Texas RE audited BPUB from March 5 -14, 2012 and determined that BPUB did not maintain the amount of load shed as directed by the Electric Reliability Council of Texas (ERCOT). During the February 2, 2011 cold weather related event (the Event), BPUB decreased its amount of shed load without direction from ERCOT. In accordance with established steps, BPUB's Load Shedding Plan with an effective date of February 1, 2010, states that, "In no event shall the initial total amount of shed load be decreased by the BPUB Energy System Operator without the approval and direction of the ERCOT System Operator."

During the Event, ERCOT declared an Energy Emergency Alert (EEA) 3 at 5:43 am February 2, 2011 and subsequently issued directives to BPUB to implement load shedding in steps established to minimize the risk of further uncontrolled separation loss of generation or system shutdown.

²BPUB and ERCOT registered for the Transmission Operator function via a Coordinated Functional Registration (CFR), effective April 1, 2010. The CFR includes a Responsibility Matrix that specifies the entities' respective compliance responsibilities. In the Responsibility Matrix BPUB is designated as a Local Control Center or "LCC".

BPUB achieved its initial load shed obligation during the Event, however, BPUB failed to maintain the amount of load shed as directed by ERCOT in the instances indicated in the table below:

Time	Load Shed Obligation	MWs Shed	MW Under Obligation
7:13	-17.2	12.8	4.40
7:14	-17.2	12.8	4.40
7:15	-17.2	12.8	4.40
7:16	-17.2	12.8	4.40
7:17	-17.2	12.8	4.40
7:18	-17.2	12.8	4.40
7:19	-17.2	12.8	4.40
7:20	-17.2	16.1	1.10
7:21	-17.2	16.1	1.10
7:22	-17.2	16.1	1.10
7:23	-17.2	16.1	1.10
7:24	-17.2	16.1	1.10
7:25	-17.2	16.1	1.10
8:02	-15.05	14.5	0.55
8:03	-15.05	14.5	0.55
8:04	-15.05	14.5	0.55
8:05	-15.05	14.5	0.55
8:06	-15.05	14.5	0.55

RELIABILITY IMPACT STATEMENT- POTENTIAL AND ACTUAL

Potential

This violation posed a minimal risk and did not pose a serious or substantial risk to the bulk power system because BPUB's load shed obligation is only 0.43% of the ERCOT region load shed total. An entity must have the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection.

Actual

This violation posed a minimal risk and did not pose a serious or substantial risk to the bulk power system because BPUB's failure to maintain its load shed obligation was limited to 1% (0.67 MWh not shed of 74.5 MWh load shed obligation) of its directed load shed total and is mostly related to a seven minute timeframe when BPUB did not meet its obligation by 4.4 MW (25.6% of its 17.2 MW obligation). In addition, BPUB, pursuant to its Emergency Plan deployed various distributed generation units during the Event that, if such deployment had been included as part of BPUB's Load Shed Plan, would have eliminated any variance from BPUB's load shedding obligation.

IS THERE A SETTLEMENT AGREEMENT

Yes No



WITH RESPECT TO THE ALLEGED/CONFIRMED VIOLATION, REGISTERED ENTITY

- Neither admits nor denies it (settlement only)
- Admits to it
- Does not contest it (Including w ithin 30 days)

WITH RESPECT TO THE ASSESSED PENALTY OR SANCTION, REGISTERED ENTITY

- Accepts it/Does not contest it

III. DISCOVERY INFORMATION

METHOD OF DISCOVERY

- Self-Report
- Self-Certification
- Compliance Audit
- Compliance Violation Investigation
- Spot Check
- Complaint
- Periodic Data Submittal
- Exception Reporting

DURATION DATE(S) 02/02/2011

DATE DISCOVERED BY OR REPORTED TO REGIONAL ENTITY
3/14/2012

Is the violation still occurring Yes No

Explain if yes

Remedial Action Directive issued Yes No

IV. MITIGATION INFORMATION

MITIGATION PLAN NO. TREMIT008700

Date Submitted to Regional Entity 02/04/2013

Date Accepted by Regional Entity 02/28/2013

Date approved by NERC 03/22/2013

Date provided to FERC 03/22/2013

Identify and explain all prior versions that were accepted or rejected, if applicable



MITIGATION PLAN COMPLETED

Yes No

Expected completion date	08/07/12
Extensions granted	None
Date of Certification Letter	03/01/2013
Certified as complete by Registered Entity as of	02/02/2011 ³
Date of Verification Letter	03/08/2013
Verified actually complete by Regional Entity as of	08/07/2012

Actions taken to mitigate the issue and prevent recurrence

1. Initial development of the Load Shed Calculator
2. Complete initial training of operators regarding Load Shed Calculator
3. Adoption and implementation of Load Shed Calculator on an operational basis
4. Formal incorporation of Calculator, as revised, into BPUB's Load Shed Plan (Revision 11); re-training of operators on load shed operations and Calculator use

List of evidence reviewed by Regional Entity to evaluate completion of Mitigation Plan or Milestones (for cases in which mitigation is not yet completed, list evidence reviewed for completed milestones)

1. Initial development of the Load Shed Calculator – Document ID Load_Shed_Calc_(Template)(1), initially create February 8, 2011 and the subject of department-wide training on August 7, 2012, contains the spread sheet tool developed by BPUB to facilitate the achieving and maintenance of load shed.
2. Complete initial training of operators regarding Load Shed Calculator – Document ID LSC_operator_training_sign-in_sheet[1], dated August 7, 2012, demonstrates incorporation of the Load Shed Calculator into BPUB's Load Shed Plan (Revision 11) and re-training of operators on load shed operations and Calculator use.
3. Adoption and implementation of Load Shed Calculator on an operational basis – Document ID BPUB_Load_Shedding_Plan_Rev_11[1], dated April 2011, demonstrates the adoption and implementation of the Load Shed Calculator by its inclusion in the BPUB Load Shedding Plan document.
4. Formal incorporation of Calculator, as revised, into BPUB's Load Shed Plan (Revision 11); re-training of operators on load shed operations and Calculator use – Document ID LSC_operator_training_sign-in_sheet[1], dated August 7, 2012, demonstrates

³ While BPUB certified completion of the Mitigation Plan on February 2, 2011, the Mitigation Plan was not actually completed until August 7, 2012, which was when training of personnel was completed.



incorporation of the Load Shed Calculator into BPUB's Load Shed Plan (Revision 11) and re-training of operators on load shed operations and Calculator use.

V. PENALTY INFORMATION

ASSESSED PENALTY OR SANCTION **\$10,000.00**

(1) Registered Entity's compliance history

Previous filed violations of any of the Reliability Standard(s) or Requirement(s) thereunder

Yes No

List violations and status

Additional comments

BPUB has two affiliated registrations: Brownsville Public Utility Board Silas Ray and Brownsville Public Utility Board Silas Ray Calpine, the latter of which was de-activated as of February 3, 2010. Neither of the affiliated entities have a violation of Reliability Standard EOP-003-1 Requirement 5.

Previously filed violations of other Reliability Standard(s) or Requirement(s) thereunder

Yes No

List violations and status

For affiliate entity, Brownsville Public Utility Board Silas Ray, NERC filed Docket #NP11-162-000 on March 31, 2011. On April 29, 2011, FERC issued an order stating it would not engage in further review. Docket # NP12-47-000 includes the following violations:

- TRE201000103 Reliability Standard PRC-005-1 Requirement 1
- TRE201000125 Reliability Standard PRC-005-1 Requirement 2

For affiliate entity, Brownsville Public Utility Board Calpine, NERC filed Docket #NP11-228-000 on June 30, 2011. On July 30, 2011, FERC issued an order stating it would not engage in further review. Docket #NP11-228-000 includes the following violations:

- TRE201000104 Reliability Standard PRC-005-1 Requirement 1

Texas RE has determined the above violations are not related to the violation of Reliability Standard EOP-003-1 Requirement 5 because Reliability Standard PRC-005-1 is to ensure all transmission and generation protection systems are maintained and tested. Reliability Standard EOP-003-1 Requirement 5 refers to implementing load shedding.

Additional comments**(2) The degree and quality of cooperation by the Registered Entity**Full cooperation Yes No

If no, explain

(3) The presence and quality of the Registered Entity's Compliance Program

Is there a documented compliance program

Yes No Undetermined **Explain**

BPUB has a Compliance Program labeled "Compliance Program Policy for the Reliability of the Electric System". Revision 2 was effective January 11, 2011 and was in place at the time of BPUB's violation on February 2, 2011. BPUB formed a NERC Compliance Committee in 2005 to supervise and assist the different departments in the compliance process. The compliance process consists of adhering and taking a more active role to implement the guidelines, protocols and standards set forth by ERCOT and NERC.

Explain Senior Management's Role and involvement with respect to the Registered Entity's Compliance Program, including whether senior management takes actions that support the compliance program, such as training, compliance as factor in employee evaluations, or otherwise.

The primary responsibility for BPUB's Compliance Program is BPUB's Chief Compliance Officer. BPUB's Chief Compliance Officer reports to the General Manager and has access to the BPUB Board regarding compliance matters.

(4) Any attempt by the Registered Entity to conceal the violation(s) or information needed to review, evaluate, or investigate the violationYes No

Explain if Yes

(5) Any evidence the violation(s) were intentionalYes No

Explain if Yes

(6) Any other mitigating factors for considerationYes No

Explain if Yes

(7) Any other aggravating factors for consideration



Explain if Yes Yes No

(8) Any other extenuating circumstances Explain if Yes Yes No

OTHER RELEVANT INFORMATION

Notice of Alleged Violation issued Date Or N/A [X] Settlement discussions commenced Date Or N/A 07/30/2012 [] Notice of Confirmed Violation issued Date Or N/A [X] Supplemental Record information Date(s) Or N/A [X] Registered Entity response contested Findings Penalty Both Did not contest [] [] [] [X] Hearing Requested Yes No Date Outcome Appeal Requested

EXHIBITS

- Violation – Discovery Record from webCDMS Mitigation Plan Certification of Completion Verification by Regional Entity

Attachment b

**BPUB's Violation Discovery Record for EOP-
003-1 R5 dated November 5, 2012**

Violation - Discovery Record

Registered Entity: Brownsville Public Utilities Board
NERC Registry ID: NCR04018

NERC Violation ID: TRE2012010721

Discovery Method: Audit

Date Submitted: July 18, 2012

Region Contact: Frank Vick

Phone: 512-583-4949 Email: frank.vick@texasre.org

Standard: EOP-003-1 - Load Shedding Plans

Purpose: A Balancing Authority and Transmission Operator operating with insufficient generation or transmission capacity must have the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection.

Requirement: R5

A Transmission Operator or Balancing Authority shall implement load shedding in steps established to minimize the risk of further uncontrolled separation, loss of generation, or system shutdown.

Violated Sub-Req(s):

Violated Function(s): TOP

Init Determ a Vltn: July 18, 2012

Begin Date of Vltn: February 02, 2011

End Date: February 02, 2011

Notified of Vltn on: March 14, 2012

Potential Impact to BES: This violation did not pose a serious or substantial risk to the bulk power system because of the relative size of the entity, Minimal. Amount of Load shed vs. obligation and short duration of difference as compared to the length of the event was minor.

Brief Vltn Descr. & Cause: Based on the evidence provided for the February 2, 2011 event, during implementation of BPUB's Load Shed Plan it appears BPUB failed to maintain their obligation of load shed for some portion of the time required.

Alleged Violation:

Registered Entity
Report/Response:

Risk Factor: Lower

Severity Level: VSL - Lower

Factual Basis:

Attachment c

**BPUB's Mitigation Plan designated as
TREMIT008700 for EOP-003-1 R5 submitted
February 28, 2013**

Mitigation Plan

Registered Entity: Brownsville Public Utilities Board

Mit Plan Code	NERC Violation ID	Requirement	Violation Validated On	Mit Plan Version
TREMIT008700	TRE2012010721	EOP-003-1 R5	07/30/2012	1

Mitigation Plan Submitted On: February 04, 2013

Mitigation Plan Accepted On: February 28, 2013

Mitigation Plan Proposed Completion Date: August 07, 2012

Actual Completion Date of Mitigation Plan:

Mitigation Plan Certified Complete by BPUB001 On:

Mitigation Plan Completion Verified by TRE On:

Mitigation Plan Completed? (Yes/No): No

Section A: Compliance Notices

Section 6.2 of the NERC CMEP 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 B.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined or recommended to the applicable governmental authorities 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.
 - (11) This submittal form may be used to provide a required Mitigation Plan for review and approval by regional entity(ies) and NERC.
- The Mitigation Plan shall be submitted to the regional entity(ies) 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 alleged or confirmed violations of one Reliability Standard. A separate mitigation plan is required to address alleged or confirmed violations with respect to each additional Reliability Standard, as applicable.
 - If the Mitigation Plan is accepted by regional entity(ies) and approved by NERC, a copy of this Mitigation Plan will be provided to the Federal Energy Regulatory Commission or filed with the applicable governmental authorities for approval in Canada.
 - Regional Entity(ies) 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.
 - The user has read and accepts the conditions set forth in these Compliance Notices.

Section B: Registered Entity Information

B.1 Identify your organization:

Entity Name: Brownsville Public Utilities Board
NERC Compliance Registry ID: NCR04018
Address: 1425 Robinhood Dr.
Brownsville TX 78521

B.2 Identify the individual in your organization who will serve as the Contact to the Regional Entity regarding this Mitigation Plan. This person shall be technically knowledgeable regarding this Mitigation Plan and authorized to respond to Regional Entity regarding this Mitigation Plan:

Name: Gustavo C. Leal
Title: Fuel & Energy/SCADA Manager
Email: gleal@brownsville-pub.com
Phone: 956-983-6314

Section C: Identification of Reliability Standard Violation(s) Associated with this Mitigation Plan

C.1 This Mitigation Plan is associated with the following violation(s) of the reliability standard listed below:

Violation ID	Date of Violation	Requirement
Requirement Description		
TRE2012010721	02/02/2011	EOP-003-1 R5
A Transmission Operator or Balancing Authority shall implement load shedding in steps established to minimize the risk of further uncontrolled separation, loss of generation, or system shutdown.		

C.2 Brief summary including the cause of the violation(s) and mechanism in which it was identified above:

In the process of a NERC 693 Audit by Texas RE, the audit team examined data related to the February 2, 2011 Energy Emergency Alert Level 3 extreme weather event when BPUB system operators implemented its Load Shed Plan pursuant to instructions of the ERCOT ISO. The audit team concluded that BPUB, a Local Control Center, decreased its amount of shed load without direction from ERCOT and in contravention of the BPUB Load Shed Plan (effective February 1, 2010), which states that, "In no event shall the initial total amount of shed load be decreased by the BPUB Energy System Operator without the approval and direction of the ERCOT System Operator."

C.3 Provide any relevant information regarding the identification of the violation(s) associated with this Mitigation Plan:

The audit team made its finding based upon minute by minute data compiled from information supplied by BPUB for the period examined. Based upon a post-audit review of the data, BPUB provided Texas RE with corrected minute by minute data, which, on the whole, decreased the variances made the basis of the possible violation. The post-audit review by BPUB also confirmed that during the Energy Emergency Alert Level 3 event BPUB also deployed its local distributed generation, which further supported ERCOT ISO's emergency operations and, if it had been part of the BPUB load shed plan, could have fully off-set the variance from the BPUB load shed plan.

Section D: Details of Proposed Mitigation Plan

- 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 violation(s) identified above in Section C.1 of this form:

No actions are possible that can mitigate the historic occurrence of this real-time violation. At the time of the incident BPUB energy operators were NERC-certified and must maintain such certification as a condition of employment. NERC certification continues to be a condition of employment. However, as noted below, BPUB is even more prepared to successfully implement its load shed plan and prevent future violations of this kind should the need arise in the future through the creation and implementation of a Load Shed Calculator.

The mitigation plan tasks/actions are as follows:

Tasks/Actions	Dates
• Initial development of the Load Shed Calculator	February 8, 2011
• Complete initial training of operators regarding Load Shed Calculator	Completed by April 2011
• Adoption and implementation of Load Shed Calculator on an operational basis	Completed by April 2011
• Formal incorporation of Calculator, as revised, into BPUB's Load Shed Plan (Revision 11); re-training of operators on load shed operations and Calculator use	August 7, 2012

- 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:

Proposed Completion date of Mitigation Plan: August 07, 2012

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

- D.4 Additional Relevant Information (Optional)

BPUB has created a spreadsheet (the "Load Shed Calculator") to facilitate the implementation of the load shed plan during emergencies. Initially created on February 8, 2011 as a result of the extreme winter weather event earlier that month, this tool was introduced to operators through one-on-one training in 2011, with enhancements added at various times since its creation. The current version of the Load Shed Calculator was again the subject of department-wide training on August 7, 2012, at which time it was also formally included as part of the BPUB Load Shedding Plan Rev. 11. This spreadsheet serves to document the load shed obligation and improves how the system operator maintains an overview of the load that has been shed or restored by BPUB to satisfy the minimum load shed obligation as one of several Local Control Centers within the ERCOT Interconnection. BPUB has not been instructed to implement load shed since the spreadsheet has been implemented. Training on the Load Shed Calculator is to be rolled into existing ongoing training requirements for BPUB's operators.

Section E: Interim and Future Reliability Risk

E.1 Abatement of Interim BPS Reliability Risk

While your organization is implementing the Mitigation Plan proposed in Section 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:

The Bulk Power System was neither exposed to higher risk nor negatively impacted until this mitigation plan was completed. The mitigation plan has been completed, further decreasing any potential risks to the BPS.

E.2 Prevention of Future BPS Reliability Risk

Describe how successful completion of the Mitigation Plan as laid out in Section 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:

BPUB has created a spreadsheet (the "Load Shed Calculator") to further facilitate the implementation of the load shed plan during emergencies. The Load Shed Calculator was initially drafted in 2011 as a result of the February 2011 winter weather event. The Load Shed Calculator serves to document the load shed obligation and improves how the system operator maintains an overview of the load that has been shed or restored by BPUB to satisfy the minimum load shed obligation as one of several Local Control Centers within the ERCOT Interconnection. BPUB's operators have been trained on the use of the Load Shed Calculator, which has been formally incorporated into BPUB's Load Shed Plan since August 7, 2012. BPUB operators maintain NERC-certified operator status as part of their employment and as part of their annual internal training requirements they have included training on BPUB's Load Shed Plan (including the use of the Load Shed Calculator).

E.3 Your organization may be taking or planning other action, beyond that listed in the Mitigation Plan, as proposed in Section D.1, to prevent or minimize the probability of incurring further violations of the same or similar standards requirements listed in Section C.1, or of other reliability standards. If so, identify and describe any such action, including milestones and completion dates:

In addition to adding the Load Shed Calculator, BPUB staff is researching Load Shedding programs/modules for the SCADA system that will automatically select the load obligation. This tool may also further improve how the operator maintains an overview of the event and help facilitate the collection of data to demonstrate compliance.

Section F: Authorization

An authorized individual must sign and date the signature page. By doing so, this individual, on behalf of your organization:

- (a) Submits the Mitigation Plan, as laid out in Section D, to the Regional Entity for acceptance 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 Director of Power Supply/ Chief Compliance Officer of Brownsville Public Utilities Board
- 2. I am qualified to sign this Mitigation Plan on behalf of Brownsville Public Utilities Board
- 3. I have read and understand Brownsville Public Utilities Board's obligations to comply with Mitigation Plan requirements and ERO remedial action directives as well as ERO documents, including, but not limited to, the NERC Rules of Procedure and the NERC CMEP currently in effect or the NERC CMEP-Province of Manitoba, Schedule B currently in effect, whichever is applicable.
- 4. I have read and am familiar with the contents of the foregoing Mitigation Plan.
- 5. Brownsville Public Utilities Board Agrees to be bound by, and comply with, this Mitigation Plan, including the timetable completion date, as accepted by the Regional Entity, NERC, and if required, the applicable governmental authorities in Canada.

Authorized Individual Signature: _____
(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Authorized Individual

Name: James McCann

Title: Director of Power Supply/ Chief Compliance Officer

Authorized On: January 25, 2013

Attachment d

**BPUB's Certification of Mitigation Plan
Completion for EOP-003-1 R5 submitted
March 8, 2013**

Certification of Mitigation Plan Completion

Submittal of a Certification of Mitigation Plan Completion shall include data or information sufficient for the Regional Entity to verify completion of the Mitigation Plan. The Regional Entity may request 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)

Registered Entity Name: Brownsville Public Utilities Board

NERC Registry ID: NCR04018

NERC Violation ID(s): TRE2012010721

Mitigated Standard Requirement(s): EOP-003-1 R5,

Scheduled Completion as per Accepted Mitigation Plan: August 07, 2012

Date Mitigation Plan completed: February 02, 2011

TRE Notified of Completion on Date: March 01, 2013

Entity Comment:

Additional Documents			
From	Document Name	Description	Size in Bytes
Entity	LSC operator training sign-in sheet.pdf		34,823
Entity	BPUB Load Shedding Plan Rev 10.pdf		240,124
Entity	BPUB Load Shedding Plan Rev 11.pdf		78,730
Entity	Load Shed Calc (Template).xls		6,212,608

I certify that the Mitigation Plan for the above named violation(s) has been completed on the date shown above and that all submitted information is complete and correct to the best of my knowledge.

Name: James McCann

Title: Director of Power Supply/ Chief Compliance Officer

Email: jmccann@brownsville-pub.com

Phone:

Authorized Signature _____ Date _____

(Electronic signature was received by the Regional Office via CDMS. For Electronic Signature Policy see CMEP.)

Attachment e

**Texas RE's Verification of Mitigation Plan
Completion for EOP-003-1 R5 dated March 8,
2013**

 E-Mail Notification Detail

From: noreply@oati.net
Sent: 03/08/2013 10:23:38
To: gleal@brownsville-pub.com
Subject: A Mitigation Plan has been verified as completed for Brownsville Public Utilities Board - TRE2012010721 - CONFIDENTIAL NON-PUBLIC

Please do not REPLY to this message. It was sent from an unattended mailbox and replies are not monitored.

The following Mitigation Plan has been verified as completed by Texas RE.

Entity: **Brownsville Public Utilities Board - NCR04018**

NERC Violation ID: **TRE2012010721**

Standard Requirement: **EOP-003-1 R5**

Mitigation Plan submitted on: **02/04/2013** (Version **1**, for Program Year **2012**)

Proposed Completion Date: **08/07/2012**

Actual Completion Date: **08/07/2012**

Verification Date: **03/08/2013**

Region Reviewer: **Calvin Daniels**

Region Comment: **The approved mitigation plan contains the following corrective actions: 1. Initial development of the Load Shed Calculator 2. Complete initial training of operators regarding Load Shed Calculator 3. Adoption and implementation of Load Shed Calculator on an operational basis 4. Formal incorporation of Calculator, as revised, into BPUB's Load Shed Plan (Revision 11); re-training of operators on load shed operations and Calculator use To verify completion of the mitigation plan, Texas RE reviewed the following documents provided by the Registered Entity: 1. Initial development of the Load Shed Calculator – Document ID Load_Shed_Calc_(Template)(1), initially create February 8, 2011 and the subject of department-wide training on August 7, 2012, contains the spread sheet tool developed by BPUB to facilitate the achieving and maintenance of load shed. 2. Complete initial training of operators regarding Load Shed Calculator – Document ID LSC_operator_training_sign-in_sheet[1], dated August 7, 2012, demonstrates incorporation of the Load Shed Calculator into BPUB's Load Shed Plan (Revision 11) and re-training of operators on load shed operations and Calculator use. 3. Adoption and implementation of Load Shed Calculator on an operational basis – Document ID BPUB_Load_Shedding_Plan_Rev_11[1], dated April 2011, demonstrates the adoption and implementation of the Load Shed Calculator by its inclusion in the BPUB Load Shedding Plan document. 4. Formal incorporation of Calculator, as revised, into BPUB's Load Shed Plan (Revision 11); re-training of operators on load shed operations and Calculator use – Document ID LSC_operator_training_sign-in_sheet[1], dated August 7, 2012, demonstrates incorporation of the Load Shed Calculator into BPUB's Load Shed Plan (Revision 11) and re-training of operators on load shed operations and Calculator use.**

Based on evidence presented by Brownsville Public Utilities Board and reviewed by Texas RE, this email confirms the above mentioned mitigation plan is complete. If you have any questions, please feel free to contact Calvin Daniels directly or through mitigation@texasre.org.

Note: This is a webCDMS application generated message. Please do NOT respond to this email. If you have questions, please contact webcdms@texasre.org.

CONFIDENTIAL INFORMATION: This email and any attachment(s) contain confidential and/or proprietary information of Open Access Technology International, Inc. Do not copy or distribute without the prior written consent of OATI. If you are not a named recipient to the message, please notify the sender immediately and do not retain the message in any form, printed or electronic.

[OATI Information - Email Template: MitPlan_Completed]

Attachment f
Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Brownsville Public Utilities Board

Docket No. NP13-____-000

NOTICE OF FILING
April 52, 2013

Take notice that on April 52, 2013, the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Brownsville Public Utilities Board in the Texas Reliability Entity, Inc. 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