



NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

June 4, 2008

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

Re: NERC Notice of Penalty regarding Bandera Electric Cooperative, Inc., FERC Docket No. NP08--000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty regarding Bandera Electric Cooperative, Inc.,¹ 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)).²

This Notice of Penalty is being filed with the Commission because, based on information from Texas Regional Entity, Bandera Electric Cooperative does not dispute the violation of PRC-005-1 Requirement (R.) 2 and the proposed penalty of \$0 to be assessed to Bandera Electric Cooperative at issue in this Notice of Penalty. Accordingly, the violation identified as NERC Violation Tracking Identification Number TRE200700003 is a Confirmed Violation, as that term is defined in the NERC Rules of Procedure and the CMEP.

Statement of Findings Underlying the Violations

This Notice of Penalty incorporates by reference the findings and justifications set forth in the Notice of Confirmed Violation and Proposed Penalty or Sanction (NOC) issued on February 15, 2008, by Texas Regional Entity. The details of the findings and basis for the penalty are set forth in Table 1 of the NOC, as well as the determinations of the NERC Board of Trustees Compliance Committee (NERC BOTCC) in its decision. 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 the Reliability Standard violated by Bandera Electric Cooperative.

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 See 18 C.F.R. § 39.7(c)(2).

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-02	TRE	Bandera Electric Cooperative, Inc	NOC-02	TRE200700003	PRC-005-1	2	Lower/ High	0

In summary, PRC-005-1 R.2 requires an entity such as Bandera Electric Cooperative that owns a transmission Protection System to provide documentation of its Protection System maintenance and testing program and the implementation of that program to Texas Regional Entity on request (within 30 calendar days). PRC-005-1 R.2.1 requires the documentation include evidence that protection system devices were maintained and tested within the defined intervals. Bandera Electric Cooperative submitted a self-certification report to Texas Regional Entity dated September 25, 2007 in which it stated that, while it has a protection maintenance and testing program, the protection system devices were not maintained and tested within the defined intervals. At the time of the self-certification, Bandera Electric Cooperative had completed the maintenance and testing in all but one case, which was completed on October 25, 2007.

While PRC-005-1 R. 2 has a “Lower” Violation Risk Factor (VRF), PRC-005-1 R. 2.1 has a “High” VRF. In its NOC, the Texas Regional Entity did not assess a Violation Severity Level (VSL), because the standard uses Levels of Non-Compliance. Based on the NERC Sanction Guidelines Base Penalty Table, the possible penalty range for a “High” VRF is \$4,000 to \$1,000,000.

However, Section 4.4.2 of the NERC Sanction Guidelines states that:

If the actual or foreseen impact of the violation is judged to be inconsequential by NERC or the regional entity and the violation is the first incidence of violation of the requirement in question by the violator, NERC or the regional entity may at its discretion: (i) set the Base Penalty Amount to a value it deems appropriate within the initial value range set above pursuant to Section 4.1, *or (ii) excuse the penalty for the violation (i.e. set the Base Penalty Amount to 0\$).*³

Texas Regional Entity exercised its discretion to assess no penalty for these violations because (1) they occurred during the period of transition to mandatory standards during which the Commission authorized such discretion (*see* Order Nos. 693 and 693-A⁴); and (2) the violations were deemed by Texas Regional Entity not to be violations that put bulk power system reliability at serious or substantial risk.

³ *Id.* (emphasis added).

⁴ *See* n.1 *supra*.

Status of the Mitigation Plan⁵

Bandera Electric Cooperative's Mitigation Plan to address the referenced violation was accepted by Texas Regional Entity on December 5, 2007 and by NERC on December 11, 2007. The Mitigation Plan for the violation listed in Table 1 is designated as MIT-07-0201 and was submitted as non-public information to FERC on December 12, 2007 in accordance with FERC orders. A copy of the Mitigation Plan is attached. Bandera Electric Cooperative certified on November 27, 2007 to Texas Regional Entity that its Mitigation Plan was completed as of October 24, 2007, and Texas Regional Entity verified on May 30, 2008 that the Mitigation Plan was completed.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁶

FERC Order Excerpts

In Order No. 693, the Commission provided guidance to NERC and the industry on the determination of penalties during the first six month period of mandatory and enforceable Reliability Standards:

222. . . . In light of commenters' concerns, including the fact that there are new aspects to the Reliability Standards and the proposed compliance program that will apply to all users, owners and operators of the Bulk-Power System, *the Commission directs the ERO and Regional Entities to focus their resources on the most serious violations during an initial period through December 31, 2007.* This thoughtful use of enforcement discretion should apply to all users, owners and operators of the Bulk-Power System, and not just those new to the program as originally proposed in the NOPR. This approach will allow the ERO, Regional Entities and other entities time to ensure that the compliance monitoring and enforcement processes work as intended and that all entities have time to implement new processes.

223. *By directing the ERO and Regional Entities to focus their resources on the most serious violations through the end of 2007, the ERO and Regional Entities will have the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.* Further, even if the ERO or a Regional Entity declines to assess a monetary penalty during the initial period, they are authorized to require remedial actions where a Reliability Standard has been violated. Furthermore, where the ERO uses its discretion and does not assess a penalty for a Reliability Standard violation, we encourage the ERO to establish a process to inform the user, owner or operator of the Bulk-Power System of the violation and the potential penalty that could have been assessed to such entity and how that penalty was calculated. We leave to the ERO's discretion the parameters of the

⁵ See 18 C.F.R § 39.7(d)(7).

⁶ See 18 C.F.R § 39.7(d)(4).

notification process and the amount of resources to dedicate to this effort. Moreover, the Commission retains its power under section 215(e)(3) of the FPA to bring an enforcement action against a user, owner or operator of the Bulk-Power System.

224. *The Commission believes that the goal should be to ensure that, at the outset, the ERO and Regional Entities can assess a monetary penalty in a situation where, for example, an entity's non-compliance puts Bulk-Power System reliability at risk.* Requiring the ERO and Regional Entities to focus on the most serious violations will allow the industry time to adapt to the new regime while also protecting Bulk-Power System reliability by allowing the ERO or a Regional Entity to take an enforcement action against an entity whose violation causes a significant disturbance. Our approach strikes a reasonable balance in ensuring that the ERO and Regional Entities will be able to enforce mandatory Reliability Standards in a timely manner, while still allowing users, owners and operators of the Bulk-Power System time to acquaint themselves with the new requirements and enforcement program. In addition, our approach ensures that all users, owners and operators of the Bulk-Power System take seriously mandatory, enforceable reliability standards at the earliest opportunity and before the 2007 summer peak season.⁷

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693 and the NERC Sanction Guidelines, the NERC BOTCC reviewed the NOC and supporting documentation on April 24, 2008 and May 5, 2008.

The NERC BOTCC affirmed Texas Regional Entity's determination to exercise enforcement discretion to impose a zero dollar (\$0) penalty against Bandera Electric Cooperative, based upon the NERC BOTCC's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations at issue.

In reaching this determination, NERC BOTCC considered the following: (1) As to the instant violation, Bandera Electric Cooperative had a protection maintenance and testing program in place. In an internal memorandum and in its self-certification both dated September 25, 2007 in which it identified the violation of PRC-005-1 R.2.1, Bandera Electric Cooperative stated that it had fallen behind in its scheduled maintenance beyond the defined intervals. As of the time of the self-certification report, Bandera Electric Cooperative had completed the required testing and maintenance, in all but one case. Bandera Electric Cooperative explained that it had not been able to receive a clearance to take a transmission breaker in that one case; (2) No system disturbance occurred as a result of the violations, and the violations were deemed not to be violations that put bulk power system reliability at serious or substantial risk; (3) The violation occurred prior to January 2008 (during the period the Commission stated NERC and the Regional Entities should focus their enforcement resources on the most serious violations and

⁷ Order No. 693 at PP 222-224 (emphasis added).

those that involved a significant disturbance); (4) The violation is the first incidence of violation of the Requirement at issue by Bandera Electric Cooperative; (5) Bandera Electric Cooperative worked cooperatively with Texas Regional Entity; (6) Bandera Electric Cooperative acted immediately to mitigate and/or correct the violations; (7) The violation was mitigated in accordance with the approved Mitigation Plan and Texas Regional Entity has verified Bandera Electric Cooperative's Certification of Completion; and (8) The actions taken by Bandera Electric Cooperative ensure that reliability is maintained.

Therefore, NERC believes that the proposed zero dollar penalty is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

Pursuant to Order No. 693, the penalty will be effective upon expiration of the thirty (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.

The Record of the Proceeding⁸

The record of the proceeding includes the following documents and material, which are set forth in the Attachments below:

- a) Bandera Electric Cooperative Self-Certification;
- b) Bandera Electric Cooperative Internal Memorandum;
- c) Notice of Alleged Violation and Penalty or Sanction. Bandera Electric Cooperative's response thereto;
- d) Notice of Confirmed Violation and Penalty or Sanction;
- e) Mitigation Plan designated as MIT-07-0201;
- f) Bandera Electric Cooperative's certification of completion of the Mitigation Plan (included in Attachment *c supra*);
- g) Texas Regional Entity's statement of verification that the Mitigation Plan has been completed; and
- h) NERC BOTCC Decision.

A Form of Notice Suitable for Publication⁹

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

⁸ See 18 C.F.R § 39.7(d)(5).

⁹ 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:

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*Persons to be included on the
Commission's service list are indicated with
an asterisk.

Conclusion

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

Respectfully submitted,

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cc: Bandera Electric Cooperative
Texas Regional Entity

Attachment(s)

Attachment a

Bandera Electric Cooperative Self-Certification

TRE 2007 Self-Certification for Transmission Owner/Planner

INSTRUCTIONS: This form is intended for entities that are NERC registered as a Transmission Owner and a Transmission Planner. Please fill in General Information in Part 1. In Part 2, respond YES, NO, or N/A for each item under column D , "Full Compliance for 2007?". If "NO", please attach a short explanation separately; if "YES" or "N/A", no further explanation is required. Additional documentation to validate responses is not required with the form submittal but may be requested in the future. Email completed forms to: treselfcert@ercot.com, by 10/1/07, after approval by a company executive officer (named on the form in Part 1).

Part 1- GENERAL INFORMATION

Date:		25-Sep-07
Entity Name:	Bandera Electric Cooperative, Inc.	
Contact Name:	Brian D. Bartos	
Contact Phone:	830-796-6074	
Contact E-mail:	b.bartos@banderaelectric.com	
Officer name:	Robert D. Waid	
Officer title:	General Manager/CEO	

Part 2- NERC Reliability Standards Self-Certification

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
FAC-003-1	R1.	The Transmission owner shall prepare, and keep current, a formal transmission vegetation management (TVM). The TVMP shall include the Transmission Owner's objectives, practices, approved procedures, and work Specifications. 1.(ANSI A300, Tree Care Operations - Tree Shrub, and Other Woody Plant Maintenance - Standard Practices, while not a requirement of this standard, is considered to be an industry best practice.)	N/A
FAC-003-1	R1.1.	The TVMP shall define a schedule for and the type (aerial, ground) of ROW vegetation inspections. This schedule should be flexible enough to adjust for changing conditions. The inspection schedule shall be based on the anticipated growth of vegetation and any other environmental or operational factors that could impact the relationship of vegetation to the Transmission Owner's transmission lines.	N/A
FAC-003-1	R1.2.	The Transmission Owner, in the TVMP, shall identify and document clearances between vegetation and any overhead, ungrounded supply conductors, taking into consideration transmission line voltage, the effects of ambient temperature on conductor sag under maximum design loading, and the effects of wind velocities on conductor sway. Specifically the Transmission Owner shall establish clearances to be achieved at the time of vegetation management work identified herein as Clearance 1, and shall also establish and maintain a set of clearances identified herein as Clearance 2 to prevent flashover between vegetation and overhead ungrounded supply conductors.	N/A

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
FAC-003-1	R1.2.1.	Clearance 1 — The Transmission Owner shall determine and document appropriate clearance distances to be achieved at the time of transmission vegetation management work based upon local conditions and the expected time frame in which the Transmission Owner plans to return for future vegetation management work. Local conditions may include, but are not limited to: operating voltage, appropriate vegetation management techniques, fire risk, reasonably anticipated tree and conductor movement, species types and growth rates, species failure characteristics, local climate and rainfall patterns, line terrain and elevation, location of the vegetation within the span, and worker approach distance requirements. Clearance 1 distances shall be greater than those defined by Clearance 2 below.	N/A
FAC-003-1	R1.2.2.	Clearance 2 — The Transmission Owner shall determine and document specific radial clearances to be maintained between vegetation and conductors under all rated electrical operating conditions. These minimum clearance distances are necessary to prevent flashover between vegetation and conductors and will vary due to such factors as altitude and operating voltage. These Transmission Owner-Specific minimum clearance distances shall be no less than those set forth in the Institute of Electrical and Electronic Engineers (IEEE) Standard 516-2003 (Guide for Maintenance Methods on Energized Power Lines) and as specified in its Section 4.2.2.3, Minimum Air Insulation Distances without Tools in Air Gap.	N/A
FAC-003-1	R1.2.2.1.	Where transmission system transient overvoltage factors are not known, clearances shall be derived from Table 5, IEEE 516-2003, phase-to-ground distances, with appropriate altitude correction factors applied.	N/A
FAC-003-1	R1.2.2.2.	Where transmission system transient overvoltage factors are known, clearances shall be derived from Table 7, IEEE 516-2003, phase-to-phase voltages, with appropriate altitude correction factors applied.	N/A
FAC-003-1	R1.3	All personnel directly involved in the design and implementation of the TVMP shall hold appropriate qualifications and training, as defined by the Transmission Owner, to perform their duties.	N/A

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
FAC-003-1	R1.4	Each Transmission Owner shall develop mitigation measures to achieve sufficient clearances for the protection of the transmission facilities when it identifies locations on the ROW where the Transmission Owner is restricted from attaining the clearances specified in Requirement 1.2.1.	N/A
FAC-003-1	R1.5	Each Transmission Owner shall establish and document a process for the immediate communication of vegetation conditions that present an imminent threat of a transmission line outage. This is so that action (temporary reduction in line rating, switching line out of service, etc. may be taken until the threat is relieved.	N/A
FAC-003-1	R2.	The Transmission Owner shall create and implement an annual plan for vegetation management work to ensure the reliability of the system. The plan shall describe the methods used, such as manual clearing, mechanical clearing, herbicide treatment, or other actions. The plan should be flexible enough to adjust to changing conditions, taking into consideration anticipated growth of vegetation and all other environmental factors that may have an impact on the reliability of the transmission systems. Adjustments to the plan shall be documented as they occur. The plan should take into consideration the time required to obtain permissions or permits from land owners or regulatory authorities. each Transmission Owner shall have systems and procedures for documenting and tracking the planned vegetation management work and ensuring that the vegetation management work was completed according to work specifications.	N/A
FAC-003-1	R3.	The Transmission Owner shall report quarterly to its RRO, or the RRO's designee, sustained transmission line outages determined by the Transmission Owner to have been caused by vegetation.	N/A
FAC-003-1	R3.1.	Multiple sustained outages on an individual line, if caused by the same vegetation, shall be reported as one outage regardless of the actual number of outages within a 24-hour period.	N/A

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
FAC-003-1	R3.2.	The Transmission Owner is not required to report to the RRO, or the RRO's designee, certain sustained transmission line outages caused by vegetation: (1) Vegetation-related outages that result from vegetation falling into lines from outside the ROW that result from natural disasters shall not be considered reportable (examples of disasters that could create non-reportable outages include, but are not limited to, earthquakes, fires, tornados, hurricanes, landslides, windshear, major storms as defined either by the Transmission Owner or an applicable regulatory body, ice storms, and floods), and (2) Vegetation-related outages due to human or animal activity shall not be considered reportable (examples of human or animal activity that could cause a non-reportable outage include, but are not limited to, logging, animal severing tree, vehicle contact with tree, arboricultural activities or horticultural or agricultural activities, or removal or digging of vegetation).	N/A
FAC-003-1	R3.3.	The outage information provided by the Transmission Owner to the RRO, or the RRO's designee, shall include at a minimum: the name of the circuit(s) outaged, the date, time and duration of the outage; a description of the cause of the outage; other pertinent comments; and any countermeasures taken by the Transmission Owner.	N/A
FAC-003-1	R3.4.	An outage shall be categorized as one of the following:	N/A
FAC-003-1	R3.4.1.	Category 1 — Grow-ins: Outages caused by vegetation growing into lines from vegetation inside and/or outside of the ROW;	N/A
FAC-003-1	R3.4.2.	Category 2 — Fall-ins: Outages caused by vegetation falling into lines from inside the ROW;	N/A
FAC-003-1	R3.4.3.	Category 3 — Fall-ins: Outages caused by vegetation falling into lines from outside the ROW.	N/A
FAC-008-1	R1.	The Transmission Owner and Generator Owner shall each document its current methodology used for developing Facility Ratings (Facility Ratings Methodology) of its solely and jointly owned Facilities. The methodology shall include all of the following:	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
FAC-008-1	R1.1.	A statement that a Facility Rating shall equal the most limiting applicable Equipment Rating of the individual equipment that comprises that Facility.	Yes
FAC-008-1	R1.2.	The method by which the Rating (of major BES equipment that comprises a Facility) is determined.	Yes
FAC-008-1	R1.2.1.	The scope of equipment addressed shall include, but not be limited to, generators, transmission conductors, transformers, relay protective devices, terminal equipment, and series and shunt compensation devices.	Yes
FAC-008-1	R1.2.2.	The scope of Ratings addressed shall include, as a minimum, both Normal and Emergency Ratings.	Yes
FAC-008-1	R1.3.	Consideration of the following:	Yes
FAC-008-1	R1.3.1.	Ratings provided by equipment manufacturers.	Yes
FAC-008-1	R1.3.2.	Design criteria (e.g., including applicable references to industry Rating practices such as manufacturer's warranty, IEEE, ANSI or other standards).	Yes
FAC-008-1	R1.3.3.	Ambient conditions.	Yes
FAC-008-1	R1.3.4.	Operating limitations.	Yes
FAC-008-1	R1.3.5.	Other assumptions.	Yes
FAC-008-1	R2.	The Transmission Owner and Generator Owner shall each make its Facility Ratings Methodology available for inspection and technical review by those Reliability Coordinators, Transmission Operators, Transmission Planners, and Planning Authorities that have responsibility for the area in which the associated Facilities are located, within 15 business days of the receipt of a request.	Yes
FAC-008-1	R3.	If a Reliability Coordinator, Transmission Operator, Transmission Planner, or Planning Authority provides written comments on its technical review of a Transmission Owner's or Generator Owner's Facility Ratings Methodology, the Transmission Owner or Generator owner shall provide a written response to that commenting entity within 45 calendar days of the receipt of those comments. The response shall indicate whether a change will be made to the Facility Ratings Methodology and, if no change will be made to that Facility Ratings Methodology, the reason why.	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
FAC-009-1	R1.	The Transmission Owner and Generator Owner shall each establish Facility Ratings for its solely and jointly owned Facilities that are consistent with the associated Facility Ratings Methodology.	Yes
FAC-009-1	R2.	The Transmission Owner and Generator Owner shall each provide Facility Ratings for its solely and jointly owned Facilities that are existing Facilities, new Facilities, modifications to existing Facilities and re-ratings of existing Facilities to its associated Reliability Coordinator(s), Planning Authority(ies), Transmission Planner(s), and Transmission Operator(s) as scheduled by such requesting entities.	Yes
IRO-004-1	R4.	Each Transmission Operator, Balancing Authority, Transmission Owner, Generator Owner, Generator Operator, and Load-Serving Entity in the Reliability Coordinator Area shall provide information required for system studies, such as critical facility status, Load, generation, operating reserve projections, and known Interchange transactions. This information shall be available by 1200 Central Standard Time for the Eastern Interconnection and 1200 Pacific Time for the Western Interconnection.	Yes
PRC-004-1	R1.	The Transmission Owner and any Distribution Provider that owns a transmission Protection System shall each analyze its transmission Protection System Misoperations and shall develop and implement a Corrective Action Plan to avoid future Misoperations of a similar nature according to the Regional Reliability Organization's procedures developed for reliability Standard PRC-003 Requirement 1.	Yes
PRC-004-1	R3.	The Transmission Owner, any Distribution Provider that owns a transmission Protection System, and the Generator Owner shall each provide to its Regional Reliability Organization, documentation of its Misoperations analyses and Corrective Action Plans according to the Regional Reliability Organization's procedures developed for PRC-003 R1.	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
PRC-005-1	R1.	Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:	Yes
PRC-005-1	R1.1.	Maintenance and testing intervals and their basis.	Yes
PRC-005-1	R1.2.	Summary of maintenance and testing procedures.	Yes
PRC-005-1	R2.	Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:	Yes
PRC-005-1	R2.1.	Evidence Protection System devices were maintained and tested within the defined intervals.	No
PRC-005-1	R2.2.	Date each Protection System device was last tested/maintained.	Yes
PRC-008-0	R1.	The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall have a UFLS equipment maintenance and testing program in place. This UFLS equipment maintenance and testing program shall include UFLS equipment identification, the schedule for UFLS equipment testing, and the schedule for UFLS equipment maintenance.	Yes
PRC-008-0	R2.	The Transmission Owner and Distribution Provider with a UFLS program (as required by its Regional Reliability Organization) shall implement its UFLS equipment maintenance and testing program and shall provide UFLS maintenance and testing program results to its Regional Reliability Organization and NERC on request (within 30 calendar days).	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
PRC-010-0	R1.	The Load-Serving Entity, Transmission Owner, Transmission Operator, and Distribution Provider that owns or operates a UVLS program shall periodically (at least every five years or as required by changes in system conditions) conduct and document an assessment of the effectiveness of the UVLS program. This assessment shall be conducted with the associated Transmission Planner(s) and Planning Authority(ies).	N/A
PRC-010-0	R1.1.	This assessment shall include, but is not limited to:	N/A
PRC-010-0	R1.1.1.	Coordination of the UVLS programs with other protection and control systems in the Region and with other Regional Reliability Organizations, as appropriate.	N/A
PRC-010-0	R1.1.2.	Simulations that demonstrate that the UVLS programs performance is consistent with Reliability Standards TPL-001-0, TPL-002-0, TPL-003-0 and TPL-004-0.	N/A
PRC-010-0	R1.1.3.	A review of the voltage set points and timing.	N/A
PRC-010-0	R2.	The Load-Serving Entity, Transmission Owner, Transmission Operator, and Distribution Provider that owns or operates a UVLS program shall provide documentation of its current UVLS program assessment to its Regional Reliability Organization and NERC on request (within 30 calendar days).	N/A
PRC-011-0	R1.	The Transmission Owner and Distribution Provider that owns a UVLS system shall have a UVLS equipment maintenance and testing program in place. This program shall include:	N/A
PRC-011-0	R1.1.	The UVLS system identification which shall include but is not limited to:	N/A
PRC-011-0	R1.1.1.	Relays.	N/A
PRC-011-0	R1.1.2.	Instrument transformers.	N/A
PRC-011-0	R1.1.3.	Communications systems, where appropriate.	N/A
PRC-011-0	R1.1.4.	Batteries.	N/A
PRC-011-0	R1.2.	Documentation of maintenance and testing intervals and their basis.	N/A
PRC-011-0	R1.3.	Summary of testing procedure.	N/A
PRC-011-0	R1.4.	Schedule for system testing.	N/A
PRC-011-0	R1.5.	Schedule for system maintenance.	N/A
PRC-011-0	R1.6.	Date last tested/maintained.	N/A

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
PRC-011-0	R2.	The Transmission Owner and Distribution Provider that owns a UVLS system shall provide documentation of its UVLS equipment maintenance and testing program and the implementation of that UVLS equipment maintenance and testing program to its Regional Reliability Organization and NERC on request (within 30 calendar days).	N/A
PRC-016-0	R1.	The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall analyze its SPS operations and maintain a record of all misoperations in accordance with the Regional SPS review procedure specified in Reliability Standard PRC-012-0_R1.	N/A
PRC-016-0	R2.	The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall take corrective actions to avoid future misoperations.	N/A
PRC-016-0	R3.	The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall provide documentation of the misoperation analyses and the corrective action plans to its Regional Reliability Organization and NERC on request (within 90 calendar days).	N/A
PRC-017-0	R1.	The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall have a system maintenance and testing program(s) in place. The program(s) shall include:	N/A
PRC-017-0	R1.1.	SPS identification shall include but is not limited to:	N/A
PRC-017-0	R1.1.1.	Relays.	N/A
PRC-017-0	R1.1.2.	Instrument transformers.	N/A
PRC-017-0	R1.1.3.	Communications systems, where appropriate.	N/A
PRC-017-0	R1.1.4.	Batteries.	N/A
PRC-017-0	R1.2.	Documentation of maintenance and testing intervals and their basis.	N/A
PRC-017-0	R1.3.	Summary of testing procedure.	N/A
PRC-017-0	R1.4.	Schedule for system testing.	N/A
PRC-017-0	R1.5.	Schedule for system maintenance.	N/A
PRC-017-0	R1.6.	Date last tested/maintained.	N/A

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
PRC-017-0	R2.	The Transmission Owner, Generator Owner, and Distribution Provider that owns an SPS shall provide documentation of the program and its implementation to the appropriate Regional Reliability Organizations and NERC on request (within 30 calendar days).	N/A
PRC-021-1	R1.	Each Transmission Owner and Distribution Provider that owns a UVLS program to mitigate the risk of voltage collapse or voltage instability in the BES shall annually update its UVLS data to support the Regional UVLS program database. The following data shall be provided to the Regional reliability Organization for each installed UVLS system:	N/A
PRC-021-1	R1.1.	Size and location of customer load, or percent of connected load, to be interrupted.	N/A
PRC-021-1	R1.2.	Corresponding voltage set points and overall scheme clearing times.	N/A
PRC-021-1	R1.3.	Time delay from initiation to trip signal.	N/A
PRC-021-1	R1.4.	Breaker operating times.	N/A
PRC-021-1	R1.5.	Any other schemes that are part of or impact the UVLS programs such as related generation protection, islanding schemes, automatic load restoration schemes, UFLS and Special Protection Systems.	N/A
PRC-021-1	R2.	Each Transmission Owner and Distribution Provider that owns a UVLS program shall provide its UVLS program data to the Regional Reliability Organization within 30 calendar days of a request.	N/A
TPL-001-0	R1.	The Planning Authority and Transmission Planner shall each demonstrate through a valid assessment that its portion of the interconnected transmission system is planned such that, with all transmission facilities in service and with normal (pre-contingency) operating procedures in effect, the Network can be operated to supply projected customer demands and projected forecast system demands, under the conditions defined in Category A of table I. To be considered valid, the Planning Authority and Transmission Planner assessments shall:	N/A
TPL-001-0	R1.1.	Be made annually.	Yes
TPL-001-0	R1.2.	Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons.	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
TPL-001-0	R1.3.	Be supported by a current or past study and/or system simulation testing that addresses each of the following categories, showing system performance following Category A of Table 1 (no contingencies). The specific elements selected (from each of the following categories) shall be acceptable to the associated Regional Reliability Organization(s).	Yes
TPL-001-0	R1.3.1.	Cover critical system conditions and study years as deemed appropriate by the entity performing the study.	Yes
TPL-001-0	R1.3.2.	Be conducted annually unless changes to system conditions do not warrant such analyses.	Yes
TPL-001-0	R1.3.3.	Be conducted beyond the five-year horizon only as needed to address identified marginal conditions that may have longer lead-time solutions.	Yes
TPL-001-0	R1.3.4.	Have established normal (pre-contingency) operating procedures in place.	Yes
TPL-001-0	R1.3.5.	Have all projected firm transfers modeled.	Yes
TPL-001-0	R1.3.6.	Be performed for selected demand levels over the range of forecast system demands.	Yes
TPL-001-0	R1.3.7.	Demonstrate that system performance meets Table 1 for Category A (no contingencies).	Yes
TPL-001-0	R1.3.8.	Include existing and planned facilities.	Yes
TPL-001-0	R1.3.9.	Include Reactive Power resources to ensure that adequate reactive resources are available to meet system performance.	Yes
TPL-001-0	R1.4.	Address any planned upgrades needed to meet the performance requirements of Category A.	Yes
TPL-001-0	R2.	When system simulations indicate an inability of the systems to respond as prescribed in Reliability Standard TPL-001-0_R1, the Planning Authority and Transmission Planner shall each:	Yes
TPL-001-0	R2.1.	Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon.	Yes
TPL-001-0	R2.1.1.	Including a schedule for implementation.	Yes
TPL-001-0	R2.1.2.	Including a discussion of expected required in-service dates of facilities.	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
TPL-001-0	R2.1.3.	Consider lead times necessary to implement plans.	Yes
TPL-001-0	R2.2.	Review, in subsequent annual assessments, (where sufficient lead time exists), the continuing need for identified system facilities. Detailed implementation plans are not needed.	Yes
TPL-001-0	R3.	The Planning Authority and Transmission Planner shall each document the results of these reliability assessments and corrective plans and shall annually provide these to its respective NERC Regional Reliability Organization(s), as required by the Regional Reliability Organization.	Yes
TPL-002-0	R1.	The Planning Authority and Transmission Planner shall each demonstrate through a valid assessment that its portion of the interconnected transmission system is planned such that the Network can be operated to supply projected customer demands and projected Firm (non-recallable reserved) Transmission Services, at all demand levels over the range of forecast system demands, under the conditions defined in Category B of table I. To be considered valid, the Planning Authority and Transmission Planner assessments shall:	Yes
TPL-002-0	R1.1.	Be made annually.	Yes
TPL-002-0	R1.2.	Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons.	Yes
TPL-002-0	R1.3.	Be supported by a current or past study and/or system simulation testing that addresses each of the following categories, showing system performance following Category B of Table 1 (single contingencies). The specific elements selected (from each of the following categories) for inclusion in these studies and simulations shall be acceptable to the associated Regional Reliability Organization(s).	Yes
TPL-002-0	R1.3.1.	Be performed and evaluated only for those Category B contingencies that would produce the more severe System results or impacts. The rationale for the contingencies selected for evaluation shall be available as supporting information. An explanation of why the remaining simulations would produce less severe system results shall be available as supporting information.	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
TPL-002-0	R1.3.2.	Cover critical system conditions and study years as deemed appropriate by the responsible entity.	Yes
TPL-002-0	R1.3.3.	Be conducted annually unless changes to system conditions do not warrant such analyses.	Yes
TPL-002-0	R1.3.4.	Be conducted beyond the five-year horizon only as needed to address identified marginal conditions that may have longer lead-time solutions.	Yes
TPL-002-0	R1.3.5.	Have all projected firm transfers modeled.	Yes
TPL-002-0	R1.3.6.	Be performed and evaluated for selected demand levels over the range of forecast system Demands.	Yes
TPL-002-0	R1.3.7.	Demonstrate that system performance meets Category B contingencies.	Yes
TPL-002-0	R1.3.8.	Include existing and planned facilities.	Yes
TPL-002-0	R1.3.9.	Include Reactive Power resources to ensure that adequate reactive resources are available to meet system performance.	Yes
TPL-002-0	R1.3.10.	Include the effects of existing and planned protection systems, including any backup or redundant systems.	Yes
TPL-002-0	R1.3.11.	Include the effects of existing and planned control devices.	Yes
TPL-002-0	R1.3.12.	Include the planned (including maintenance) outage of any bulk electric equipment (including protection systems or their components) at those demand levels for which planned (including maintenance) outages are performed.	Yes
TPL-002-0	R1.4.	Address any planned upgrades needed to meet the performance requirements of Category B of Table I.	Yes
TPL-002-0	R1.5.	Consider all contingencies applicable to Category B.	Yes
TPL-002-0	R2.	When System simulations indicate an inability of the systems to respond as prescribed in Reliability Standard TPL-002-0_R1, the Planning Authority and Transmission Planner shall each:	Yes
TPL-002-0	R2.1.	Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon:	Yes
TPL-002-0	R2.1.1.	Including a schedule for implementation.	Yes
TPL-002-0	R2.1.2.	Including a discussion of expected required in-service dates of facilities.	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
TPL-002-0	R2.1.3.	Consider lead times necessary to implement plans.	Yes
TPL-002-0	R2.2.	Review, in subsequent annual assessments, (where sufficient lead time exists), the continuing need for identified system facilities. Detailed implementation plans are not needed.	Yes
TPL-002-0	R3.	The Planning Authority and Transmission Planner shall each document the results of its Reliability Assessments and corrective plans and shall annually provide the results to its respective Regional Reliability Organization(s), as required by the Regional Reliability Organization.	Yes
TPL-003-0	R1.	The Planning Authority and Transmission Planner shall each demonstrate through a valid assessment that its portion of the interconnected transmission systems is planned such that the network can be operated to supply projected customer demands and projected Firm (non-recallable reserved) Transmission Services, at all demand levels over the range of forecast system demands, under the contingency conditions as defined in Category C of table I. The controlled interruption of customer Demand, the planned removal of generators, or the curtailment of firm (non-recallable reserved) power transfers may be necessary to meet this standard. To be considered valid, the Planning Authority and Transmission Planner assessments shall:	Yes
TPL-003-0	R1.1.	Be made annually.	Yes
TPL-003-0	R1.2.	Be conducted for near-term (years one through five) and longer-term (years six through ten) planning horizons.	Yes
TPL-003-0	R1.3.	Be supported by a current or past study and/or system simulation testing that addresses each of the following categories, showing system performance following Category C of Table 1 (multiple contingencies). The specific elements selected (from each of the following categories) for inclusion in these studies and simulations shall be acceptable to the associated Regional Reliability Organization(s).	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
TPL-003-0	R1.3.1.	Be performed and evaluated only for those Category C contingencies that would produce the more severe system results or impacts. The rationale for the contingencies selected for evaluation shall be available as supporting information. An explanation of why the remaining simulations would produce less severe system results shall be available as supporting information.	Yes
TPL-003-0	R1.3.2.	Cover critical system conditions and study years as deemed appropriate by the responsible entity.	Yes
TPL-003-0	R1.3.3.	Be conducted annually unless changes to system conditions do not warrant such analyses.	Yes
TPL-003-0	R1.3.4.	Be conducted beyond the five-year horizon only as needed to address identified marginal conditions that may have longer lead-time solutions.	Yes
TPL-003-0	R1.3.5.	Have all projected firm transfers modeled.	Yes
TPL-003-0	R1.3.6.	Be performed and evaluated for selected demand levels over the range of forecast system demands.	Yes
TPL-003-0	R1.3.7.	Demonstrate that System performance meets Table 1 for Category C contingencies.	Yes
TPL-003-0	R1.3.8.	Include existing and planned facilities.	Yes
TPL-003-0	R1.3.9.	Include Reactive Power resources to ensure that adequate reactive resources are available to meet System performance.	Yes
TPL-003-0	R1.3.10.	Include the effects of existing and planned protection systems, including any backup or redundant systems.	Yes
TPL-003-0	R1.3.11.	Include the effects of existing and planned control devices.	Yes
TPL-003-0	R1.3.12.	Include the planned (including maintenance) outage of any bulk electric equipment (including protection systems or their components) at those Demand levels for which planned (including maintenance) outages are performed.	Yes
TPL-003-0	R1.4.	Address any planned upgrades needed to meet the performance requirements of Category C.	Yes
TPL-003-0	R1.5.	Consider all contingencies applicable to Category C.	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
TPL-003-0	R2.	When system simulations indicate an inability of the systems to respond as prescribed in Reliability Standard TPL-003-0_R1, the Planning Authority and Transmission Planner shall each:	Yes
TPL-003-0	R2.1.	Provide a written summary of its plans to achieve the required system performance as described above throughout the planning horizon:	Yes
TPL-003-0	R2.1.1.	Including a schedule for implementation.	Yes
TPL-003-0	R2.1.2.	Including a discussion of expected required in-service dates of facilities.	Yes
TPL-003-0	R2.1.3.	Consider lead times necessary to implement plans.	Yes
TPL-003-0	R2.2.	Review, in subsequent annual assessments, (where sufficient lead time exists), the continuing need for identified system facilities. Detailed implementation plans are not needed.	Yes
TPL-003-0	R3.	The Planning Authority and Transmission Planner shall each document the results of these Reliability Assessments and corrective plans and shall annually provide these to its respective NERC Regional Reliability Organization(s), as required by the Regional Reliability Organization.	Yes
TPL-004-0	R1.	The Planning Authority and Transmission Planner shall each demonstrate through a valid assessment that its portion of the interconnected transmission system is evaluated for the risks and consequences of a number of each of the extreme contingencies that are listed under Category D of Table I. To be valid, the Planning Authority's and Transmission Planner's assessment shall:	Yes
TPL-004-0	R1.1.	Be made annually.	Yes
TPL-004-0	R1.2.	Be conducted for near-term (years one through five).	Yes
TPL-004-0	R1.3.	Be supported by a current or past study and/or system simulation testing that addresses each of the following categories, showing system performance following Category D contingencies of Table I. The specific elements selected (from within each of the following categories) for inclusion in these studies and simulations shall be acceptable to the associated Regional Reliability Organization(s).	Yes

Standard Number	Requirement Number	Text of Requirement	Full Compliance for 2007?
TPL-004-0	R1.3.1.	Be performed and evaluated only for those Category D contingencies that would produce the more severe system results or impacts. The rationale for the contingencies selected for evaluation shall be available as supporting information. An explanation of why the remaining simulations would produce less severe system results shall be available as supporting information.	Yes
TPL-004-0	R1.3.2.	Cover critical system conditions and study years as deemed appropriate by the responsible entity.	Yes
TPL-004-0	R1.3.3.	Be conducted annually unless changes to system conditions do not warrant such analyses.	Yes
TPL-004-0	R1.3.4.	Have all projected firm transfers modeled.	Yes
TPL-004-0	R1.3.5.	Include existing and planned facilities.	Yes
TPL-004-0	R1.3.6.	Include Reactive Power resources to ensure that adequate reactive resources are available to meet system performance.	Yes
TPL-004-0	R1.3.7.	Include the effects of existing and planned protection systems, including any backup or redundant systems.	Yes
TPL-004-0	R1.3.8.	Include the effects of existing and planned control devices.	Yes
TPL-004-0	R1.3.9.	Include the planned (including maintenance) outage of any bulk electric equipment (including protection systems or their components) at those demand levels for which planned (including maintenance) outages are performed.	Yes
TPL-004-0	R1.4.	Consider all contingencies applicable to Category D.	Yes
TPL-004-0	R2.	The Planning Authority and Transmission Planner shall each document the results of its reliability assessments and shall annually provide the results to its entities' respective NERC Regional Reliability Organization(s), as required by the Regional Reliability Organization.	Yes

Attachment b

**Bandera Electric Cooperative Internal
Memorandum**

BEC Interoffice Memo

Date: September 25, 2007

Re: NERC Reliability Standard

PRC-005-1: Transmission and Generation Protection System Maintenance and Testing

I have reviewed the applicability and requirements of the above NERC Reliability Standard and have determined that Bandera Electric Cooperative, Inc. is not in compliance with this standard due to not meeting the requirements set forth in R2.1.

REQUIREMENTS/RESPONSE

R1: Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall have a Protection System maintenance and testing program for Protection Systems that affect the reliability of the BES. The program shall include:

R1.1: Maintenance and testing intervals and their basis.

R1.2: Summary of maintenance and testing procedures.

BEC has adopted as its maintenance and testing guide the provisions of the "Standards for Inspection and Maintenance of Leased Equipment & Facilities" which was prepared by a committee consisting of LCRA and the Association of Wholesale Customers (AWC). This document was approved by LCRA and AWC and went into effect on October 1, 1996. The document describes the maintenance and testing intervals and the types of testing and test procedures required. BEC has adopted this program because it considers the minimum requirements of the program representative of Good Utility Practice as well as a requirement for participation in the LCRA lease.

R2: Each Transmission Owner and any Distribution Provider that owns a transmission Protection System and each Generator Owner that owns a generation Protection System shall provide documentation of its Protection System maintenance and testing program and the implementation of that program to its Regional Reliability Organization on request (within 30 calendar days). The documentation of the program implementation shall include:

R2.1: Evidence Protection System devices were maintained and tested within the defined intervals.

In some cases, BEC has fallen behind in its scheduled maintenance beyond the defined intervals. In all but one case, BEC has completed the required testing and maintenance since identifying the maintenance was behind schedule. In the one case, BEC has not been able to receive a clearance to take a transmission breaker out of service. BEC is continuing to work with LCRA operations to remedy this deficiency.

R2.2: Date each Protection System device was last tested/maintained.

BEC has an electronic data base, in addition to maintaining hard copy files, of its protection system testing program.

A handwritten signature in black ink, appearing to read 'B. Bartos', is centered on the page.

Brian D. Bartos, P.E.
Manager, Engineering
Bandera Electric Cooperative, Inc.

Attachment c

**Notice of Alleged Violation and Penalty or
Sanction**

and

Bandera Electric Cooperative's response

Notice of Alleged Violation and Proposed Penalty or Sanction

To: Bandera Electric Cooperative, Inc
Robert D. Waid
3172 State Highway 16 North
Bandera, TX 78003

From: Texas Regional Entity

Date: November 14, 2007

Re: Notice of Alleged Violation and Proposed Penalty or Sanction

NERC Violation Tracking Identification Number(s):**TRE200700003**

In accordance with the NERC Rules of Procedure including Appendix 4C thereto, which contains the NERC Compliance Monitoring and Enforcement Program (CMEP), Texas Regional Entity (Texas RE) hereby notifies Bandera Electric Cooperative, Inc of an Alleged Violation of the NERC Reliability Standards and the Proposed Penalty or Sanction. In support hereof, the Texas RE states as follows:

Bandera Electric Cooperative, Inc is registered on the NERC Compliance Registry as a Transmission Owner. As discussed herein, Texas RE has determined to charge Bandera Electric Cooperative, Inc with a violation based upon information available to it that Bandera Electric Cooperative, Inc did not comply or was not in compliance with the following NERC Reliability Standards, **PRC-005-1**. However, as discussed further below, Texas RE has determined to exercise its discretion to assess no penalty against Bandera Electric Cooperative, Inc for that violation at this time, unless Bandera Electric Cooperative, Inc fails to complete and implement its Mitigation Plan as discussed in greater detail below.

The Reliability Standard(s) allegedly violated, the Requirement(s) allegedly violated and Discovery Details are included in Table A hereto.

Proposed Penalty or Sanction

As authorized and in accordance with the orders of the applicable governmental entity, in this case, the Federal Energy Regulatory Commission (FERC), Texas RE has elected to exercise its discretion and will not assess a penalty on Bandera Electric Cooperative, Inc at this time for this Alleged Violation. If, however, Bandera Electric Cooperative, Inc fails to complete all or part of

the approved mitigation plan for the Alleged Violation in accordance with the terms and time established by the mitigation plan, Texas RE may take action to assess and collect a penalty from Bandera Electric Cooperative, Inc which penalty will be determined pursuant to the NERC Rules of Procedure and the NERC Sanction Guidelines considering the period beginning on June 18, 2007; or until the violation is fully mitigated. The terms of the mitigation plan and time line for completion may be modified only upon express written approval by Texas RE and NERC.

Procedures for Response by Registered Entity to this Notice

As required by Section 5.1 of the NERC CMEP, within thirty (30) days of the date of this notification, Bandera Electric Cooperative, Inc must notify Texas RE in writing of its decision to elect one of the following options:

1. Bandera Electric Cooperative, Inc agrees with or does not contest the Alleged Violation(s) and proposed penalty or sanction, and agrees to submit and implement a mitigation plan to correct the violation and its underlying causes;
2. Bandera Electric Cooperative, Inc agrees to or does not contest the Alleged Violation(s) and agrees to submit and implement a mitigation plan to eliminate the violation and its underlying causes, but contests the proposed penalty or sanction; or
3. Bandera Electric Cooperative, Inc contests both the Alleged Violation(s) and the proposed penalty or sanction for the Alleged Violation(s).

With respect to election options 1-3, Bandera Electric Cooperative, Inc may submit a response in accordance with CMEP Section 5.2. The Registered Entity's statement must be on company letterhead and must include the name, title, and signature of an officer of the Registered Entity. The mitigation plan and time line for completion must be accepted by both the Texas RE and NERC.

Upon acceptance of the Alleged Violation and proposed penalty or sanction, the final notice of the violation, penalty and sanction will then be processed and issued to the Registered Entity.

CMEP Section 5.4 governs the settlement process and provides that settlement negotiations may occur at any time including prior to the issuance of a notice of Alleged Violation and Penalty or Sanction until a Notice of Penalty, Sanction, or Other Enforcement Action is filed with FERC or other Applicable Governmental Authority.

Mitigation Plan Procedures and Requirements

If Bandera Electric Cooperative, Inc does not contest or does not respond to the notice of violation within thirty (30) days, it shall be deemed to have accepted Texas RE's preliminary determination of violation and proposed penalty or sanction (as applicable), in which case Texas RE shall issue to Bandera Electric Cooperative, Inc and NERC a report of Confirmed Violation.

After two (2) business days, NERC will provide a Notice of Penalty, Sanction, or Other Enforcement Action to FERC.

If Bandera Electric Cooperative, Inc contests the Alleged Violation or the proposed sanction, Bandera Electric Cooperative, Inc shall submit to Texas RE a response explaining its position, signed by an officer or equivalent, together with any supporting information and documents within thirty (30) days. Bandera Electric Cooperative, Inc shall provide a primary contact name who will be the responsible party to respond to questions regarding the above Alleged Violation(s). Texas RE shall schedule a conference with Bandera Electric Cooperative, Inc within ten (10) business days after receipt of the response. If Texas RE and Bandera Electric Cooperative, Inc are unable to resolve all issues within forty (40) days after Bandera Electric Cooperative, Inc's response, Texas RE may request a hearing. If no hearing request is made, the violation will become a Confirmed Violation when filed by NERC with FERC or the Applicable Governmental Authority.

Attachment 2 to the CMEP governs the hearing process. A Registered Entity may appeal the hearing body's decision in accordance with the CMEP and the NERC Rules of Procedure.

CMEP Section 6.0 sets forth the provisions regarding the submittal of a mitigation plan. A Registered Entity found to be in violation of a Reliability Standard shall file with the applicable Regional Entity (i) a proposed Mitigation Plan to correct the violation, or (ii) a description of how the violation has been mitigated, and any requests for extensions of Mitigation Plans or a report of completed mitigation. CMEP Section 6.2 requires that a Mitigation Plan include the following information:

- (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
- (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
- (3) The cause of the Alleged or Confirmed Violation(s).
- (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
- (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed Violation(s).
- (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.

- (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
- (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
- (9) Any other information deemed necessary or appropriate.

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.

CMEP Section 6.4 provides that a Mitigation Plan may be submitted at any time but shall have been submitted by the Registered Entity within thirty (30) days after being served the notice of Alleged Violation and Penalty or Sanction, if the Registered Entity does not contest the violation and penalty or sanction. If the Registered Entity disputes the notice of Alleged Violation or penalty or sanction, the Registered Entity shall submit its Mitigation Plan within ten (10) business days following issuance of the written decision of the hearing body, unless the Registered Entity elects to appeal the hearing body's determination to NERC. The Registered Entity may choose to submit a Mitigation Plan while it contests an Alleged Violation or penalty or sanction; such submission shall not be deemed an admission of a violation or the appropriateness of a penalty or sanction. If the Registered Entity has not yet submitted a Mitigation Plan, or the Registered Entity submits a Mitigation Plan but it is rejected by the Compliance Enforcement Agency or the hearing body in accordance with section 6.5, any subsequent violations of the Reliability Standard identified by the Compliance Enforcement Authority before the hearing body renders its decision will not be held in abeyance and will be considered as repeat violations of the Reliability Standard.

Conclusion

Please direct any questions in response to this Notice of Alleged Violation and Proposed Penalty or Sanction to the undersigned. In your reply correspondence to this notice, please provide the name and contact information of Bandera Electric Cooperative, Inc representative who is authorized to respond to questions regarding the above-listed Alleged Violation and who is responsible for providing the required Mitigation Plan. Please also provide the relevant NERC Violation Tracking Identification Number(s) in any correspondence.

Respectfully submitted,
Lane Robinson
Texas RE Performance Analysis &
Assessment Manager

Texas RE Contact Name:

Notice of Alleged Violation and Proposed Penalty or Sanction
Bandera Electric Cooperative, Inc
November 14, 2007
Page 5

CONFIDENTIAL
For Public Release Dated June 3, 2008.

Rashida Williams
512-225-7056
rwilliams@ercot.com

cc: Tim Kucey - NERC Manager of Enforcement and Mitigation
Larry Grimm – Texas RE Chief Compliance Officer
Mark Henry – Texas RE Compliance Review & Verification Manager
Brian Bartos – Bandera Electric Cooperative Compliance Contact

Attachment(s):
Table A

Table A

Bandera Electric Cooperative, Inc

Registered on the NERC Compliance Registry as: Transmission Owner (TO)

NERC Compliance Registry ID #: NCR04008

Reliability Standard(s) Allegedly Violated and Reference #'s	Requirement(s) Allegedly Violated	Discovery Method of Alleged Violation	Date or Period of Occurrence of Alleged Violation /Date Discovered	Facts and Evidence of Alleged Violation
PRC-005-1 NERC Violation #: TRE200700003 Texas RE Violation#: ERCOTBANDERA0001	R2	Self-Certification	September 26, 2007	It was discovered that Bandera does have Protection maintenance and testing program but the Protection System devices were not maintained and tested within the defined intervals.

**BEC****BANDERA ELECTRIC COOPERATIVE, INC.**3172 State Hwy 16 North
P.O. Box 667
Bandera, Texas 78003LOCAL: 830-796-3741
TOLL FREE: 1-866-226-3372
FAX: 830-460-3030

November 27, 2007

Mr. Lane Robinson
Texas RE Performance Analysis & Assessment Manager
Texas Regional Entity
7620 Metro Center Drive
Austin, Texas 78744

RE: NERC Violation Tracking Identification Number: TRE200700003

Dear Mr. Lane:

Bandera Electric Cooperative, Inc. (BEC) is in receipt of your Notice of Alleged Violation and Proposed Penalty or Sanction letter dated November 14, 2007. In this notice, The Texas Regional Entity (TRE) has determined that BEC is in violation of NERC Reliability Standard PRC-005-1 and has further exercised its discretion to assess no penalty against BEC for that violation at this time, unless BEC fails to complete and implement its Mitigation Plan.

Bandera Electric Cooperative, Inc. agrees with or does not contest its alleged violation of PRC-005-1 and the proposed penalty or sanction. BEC further agrees to submit and implement a Mitigation Plan to correct the violation and underlying causes.

Mr. Brian Bartos is authorized to be BEC's contact person regarding this violation and subsequent Mitigation Plan. Mr. Bartos can be reached directly at (830) 796-6074 or at b.bartos@banderaelectric.com.

BEC has completed its mitigation plan for the alleged violation on October 24, 2007 as further described in BEC's Mitigation Plan submittal which Mr. Bartos sent via email as instructed.

Should you have any questions, please contact Mr. Bartos at the telephone number listed above.

Mr. Lane Robinson

November 27, 2007

Page: 2

Sincerely,

A handwritten signature in black ink, appearing to read "Robert D. Waid". The signature is written in a cursive style with a large, sweeping initial "R".

Robert D. (Bobby) Waid
General Manager/CEO
Bandera Electric Cooperative, Inc.

Cc: Brian D. Bartos, P.E. - BEC

Attachment d

Notice of Confirmed Violation and Penalty or Sanction

Notice of Confirmed Violation and Proposed Penalty or Sanction

Date: February 15, 2008

To: Bandera Electric Cooperative, Inc

Re: Texas Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction regarding Bandera Electric Cooperative, NERC Violation Tracking Identification Number(s):
TRE200700003

Dear Bandera Electric Cooperative:

Texas Regional Entity (Texas RE) hereby provides this Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction regarding Bandera Electric Cooperative,¹ in accordance with the Federal Energy Regulatory Commission's (Commission or FERC) rules, regulations and orders, and the NERC Rules of Procedure including Appendix 4C (NERC Compliance Monitoring and Enforcement Program (CMEP)).²

Texas RE is issuing this Notice of Confirmed Violation and Proposed Penalty or Sanction, because Bandera Electric Cooperative does not dispute the Alleged Violation and the proposed penalty or sanction set forth in the previously issued Notice of Alleged Violation and Proposed Penalty or Sanction, or Bandera Electric Cooperative did not respond to the previously issued Notice of Alleged Violation and Proposed Penalty or Sanction within thirty (30) days of its receipt, or a settlement has been reached with Bandera Electric Cooperative,³ or a decision has been entered finding a violation and all appeals have been concluded]. Accordingly, the violations identified by the above NERC Tracking Number(s) and listed below are Confirmed Violations, as that term is defined in the NERC Rules of Procedure and the CMEP.

In accordance with Section 39.7 of the Commission's regulations, 18 C.F.R. § 39.7 (2007), Texas RE provides the following table identifying each Reliability Standard violated by Bandera Electric Cooperative and including a statement by Texas RE setting forth the findings of fact with respect to the act or practice resulting in the violation of each Reliability Standard. (See Table 1.)

¹ See 18 C.F.R § 39.7(d)(1).

² See 18 C.F.R § 39.7(c)(2).

³ A copy of this notice shall be appended to any settlement agreement documents.



Notice of Confirmed Violation and Proposed Penalty or Sanction

For Public Release Dated June 3, 2008.

NERC Process

Texas RE is providing a copy of this Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction to NERC for its review and consideration. Upon acceptance by the NERC Board of Trustees Compliance Committee, in its current form or as modified, NERC will provide the Notice of Proposed Penalty or Sanction to FERC or any other Applicable Governmental Authority, with a copy to Bandera Electric Cooperative and Texas RE. Following NERC action, FERC and any other Applicable Governmental Authority may act to accept, reject, or modify the findings and/or penalties or sanctions set forth herein.

Table 1

Table 1	
Bandera Electric Cooperative	
Registered on the NERC Compliance Registry as: Transmission Owner (TO)	
NERC Compliance Registry ID #: NCR04008	
NERC Violation #: TRE200700003	
Texas RE Violation #: ERCOTBANDERA0001	
Reliability Standard Violated ⁴	PRC-005-1
Requirement(s) Violated⁵	R2
Date of Discovery	September 26, 2007
Discovery Method	Self-Certification
Date or Period of Violation	September 26, 2007
Facts and Evidence of the Act or Practice Resulting in the Violation⁶	
It was discovered that Bandera Electric Cooperative does have a Protection maintenance and testing program but the Protection System devices were not maintained and tested within the defined intervals.	
Proposed Penalty or Sanction	
Texas RE has determined to exercise its discretion to assess no penalty, sanction, or other enforcement action against Bandera Electric Cooperative for this violation.	

Statement Describing Any Proposed Penalty or Sanction Imposed⁷

Texas RE has determined to exercise its discretion to assess no penalty, sanction, or other enforcement action against Bandera Electric Cooperative for the violations listed in Table 1 at this time, unless Bandera Electric Cooperative fails to complete and implement its Mitigation Plan in accordance with the terms of the Mitigation Plan.

⁴ See 18 C.F.R § 39.7(d)(2).

⁵ See 18 C.F.R § 39.7(d)(2).

⁶ See 18 C.F.R § 39.7(d)(3).

⁷ See 18 C.F.R § 39.7(d)(4).



Notice of Confirmed Violation and Proposed Penalty or Sanction

For Public Release Dated June 3, 2008.

This proposed penalty or sanction is subject to review and possible revision by NERC and FERC. NERC will include its determination of the proposed penalty or sanction in a Notice of Proposed Penalty or Sanction to be filed with FERC.

The proposed penalty or sanction will be effective upon expiration of the thirty (30) day period following the acceptance and the filing of the Notice of Proposed Penalty or Sanction with FERC by NERC, or, if FERC decides to review the proposed penalty, or sanction, upon final determination by FERC.

Other Matters of Relevance⁸

Bandera Electric Cooperative's mitigation plan was accepted by Texas RE on December 5, 2007 and by NERC on December 11, 2007. The Mitigation Plan(s) for the violations listed in Table 1 are designated as NERC MIT-07-0201 and were submitted as non-public information to FERC on December 12, 2007 in accordance with applicable statutes, regulations and FERC orders.

In accordance with the NERC Rules of Procedure, Appendix 4C, no additional proposed penalties, or sanctions will be assessed by Texas RE unless the mitigation is not successfully completed in accordance with the timetable set forth in the mitigation plan or an agreed upon extension. An extension of time for completion of the mitigation plan requires prior express written approval by the Texas RE and NERC as set forth in the CMEP.

Statement Provided by the Registered Entity as set forth in CMEP Sections 5.6 and 8.0

In accordance with CMEP Section 8.0, the Regional Entity must report to NERC and the affected Registered Entity all Confirmed Violations of Reliability Standards including all penalties, sanctions, Mitigation Plans and schedules, and settlements, within ten (10) business days of each determination. Texas RE hereby provides notice that Bandera Electric Cooperative may provide a statement to NERC, with a copy to Texas RE, within five (5) business days after the date of this Notice of Confirmed Violation and Proposed Penalty or Sanction, to accompany the report when posted by NERC. Bandera Electric Cooperative's statement may be the same statement provided by Bandera Electric Cooperative in response to the Notice of Alleged Violation and Proposed Penalty or Sanction. Bandera Electric Cooperative's statement must be on Bandera Electric Cooperative letterhead and must include the name, title, and signature of an officer, employee, attorney or other authorized representative of Bandera Electric Cooperative.

NERC will publicly post each report of a Confirmed Violation, together with any statement submitted by Bandera Electric Cooperative, no sooner than five (5) business

⁸ See 18 C.F.R § 39.7(d)(7).



Notice of Confirmed Violation and Proposed Penalty or Sanction

For Public Release Dated June 3, 2008.

days after the report is provided by Texas RE to NERC and Bandera Electric Cooperative. NERC will include, with the Notice of Penalty filed with FERC, the statement provided by Bandera Electric Cooperative.

The Record of the Proceeding⁹

The record of the proceeding includes this Texas RE Notice of Confirmed Violation and Proposed Penalty or Sanction and any Bandera Electric Cooperative statement or response thereto, as well as the following documents and material (to the extent applicable), attached hereto:

- a) Compliance monitoring document(s) that identified the alleged violation (audit report, investigation report, exception report, *etc.*), as well as supporting record evidence;
2007-09-26 2007 TRE Self Certification Form TO BEC 092007
2007-09-25 PRC005_Finding_092007
- b) Notice of Alleged Violation and Proposed Penalty or Sanction, as well as any Registered Entity's statement/response thereto;
2007-11-14 Notice of Alleged Violation Bandera Electric Cooperative
2007-11-27 NERC Violation Letter – Bandera Electric Coop 2007-09-27

⁹ See 18 C.F.R § 39.7(d)(5).



Notice of Confirmed Violation and Proposed Penalty or Sanction

For Public Release Dated June 3, 2008.

Conclusion

Any questions regarding this Notice of Confirmed Violation and Proposed Penalty or Sanction issued by Texas RE should be directed to the undersigned.

Respectfully submitted,

Lane Robinson
Texas RE Manager, Performance Analysis & Assessment Verification

cc: David Hilt, NERC
Tim Kucey, NERC
Larry Grimm, Texas RE
Mark Henry, Texas RE

Attachment(s):

2007 TRE Self Certification Form TO BEC 092007
PRC005_Finding_092007
Notice of Alleged Violation Bandera Electric Cooperative
NERC Violation Letter – Bandera Electric Coop 2007-09-27



Notice of Confirmed Violation and Proposed Penalty or Sanction

For Public Release Dated June 3, 2008.

[Registered Entity Letterhead]

Statement of Bandera Electric Cooperative
(Date)

1.

2.

3.

[etc.]

[Name]

[Title of officer, employee, attorney, or
other representative of the Registered
Entity]

cc: David Hilt, NERC
Tim Kucey, NERC
Texas Regional Entity

Attachment e

Mitigation Plan designated as MIT-07-0201

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: November 27, 2007

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan: October 25, 2007

Section A: Compliance Notices

- Section 6.2 of the CMEP¹ sets forth the information that must be included in a Mitigation Plan. The Mitigation Plan must include:
 - (1) The Registered Entity's point of contact for the Mitigation Plan, who shall be a person (i) responsible for filing the Mitigation Plan, (ii) technically knowledgeable regarding the Mitigation Plan, and (iii) authorized and competent to respond to questions regarding the status of the Mitigation Plan. This person may be the Registered Entity's point of contact described in Section 2.0.
 - (2) The Alleged or Confirmed Violation(s) of Reliability Standard(s) the Mitigation Plan will correct.
 - (3) The cause of the Alleged or Confirmed Violation(s).
 - (4) The Registered Entity's action plan to correct the Alleged or Confirmed Violation(s).
 - (5) The Registered Entity's action plan to prevent recurrence of the Alleged or Confirmed violation(s).
 - (6) The anticipated impact of the Mitigation Plan on the bulk power system reliability and an action plan to mitigate any increased risk to the reliability of the bulk power-system while the Mitigation Plan is being implemented.
 - (7) A timetable for completion of the Mitigation Plan including the completion date by which the Mitigation Plan will be fully implemented and the Alleged or Confirmed Violation(s) corrected.
 - (8) Implementation milestones no more than three (3) months apart for Mitigation Plans with expected completion dates more than three (3) months from the date of submission. Additional violations could be determined for not completing work associated with accepted milestones.
 - (9) Any other information deemed necessary or appropriate.
 - (10) The Mitigation Plan shall be signed by an officer, employee, attorney or other authorized representative of the Registered Entity, which if applicable, shall be the person that signed the Self-Certification or Self Reporting submittals.

¹ "Uniform Compliance Monitoring and Enforcement Program of the North American Electric Reliability Corporation;" a copy of the current version approved by the Federal Energy Regulatory Commission is posted on NERC's website.

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- This submittal form may be used to provide a required Mitigation Plan for review and approval by Texas Regional Entity (Texas RE) and NERC.
- The Mitigation Plan shall be submitted to the Texas RE 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 Texas RE 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.
- Texas RE 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: Bandera Electric Cooperative, Inc.
Company Address: 3172 State Highway 16 North; Bandera, TX 78003
NERC Compliance Registry ID *[if known]*: NCR04008

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

Name: Brian D. Bartos, P.E.
Title: Manager, Engineering
Email: b.bartos@banderaelectric.com
Phone: 830-796-6074

Section C: Identity of Reliability Standard Violations Associated with this Mitigation Plan

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

C.1 Standard: PRC-005-1
[Identify by Standard Acronym (e.g. FAC-001-1)]

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

NERC Violation ID # [if known]	Texas RE Violation ID # [if known]	Requirement Violated (e.g. R3.2)	Violation Date ^(*)
TRE200700003	ERCOTBANDERA0001	R2.1	09/26/2007

(*) Note: The Violation Date shall be: (i) 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 Texas RE. Questions regarding the date to use should be directed to the Texas RE.

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

In several cases, Bandera Electric Cooperative (BEC) had fallen behind in its scheduled maintenance of transmission protection systems beyond defined intervals. In all but one case, BEC had completed the required testing and maintenance since identifying the maintenance was behind schedule.

[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:

In the instance above, BEC had not been able to receive a clearance to take the transmission breaker out of service to perform the necessary work.

[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

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Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

BEC was granted its clearance request and the transmission protection system in question was tested and maintained according to BEC's program on October 24, 2007.

[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:

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NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

[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:

Our maintenance personnel have developed a new more proactive schedule in terms of transmission system protection system testing and maintenance.

[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:

Management will periodically review with maintenance personnel the schedule for transmission protection system maintenance and the work accomplished according to that schedule.

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NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

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

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, Texas RE for acceptance by Texas RE 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 of Engineering of Bandera Electric Cooperative, Inc.
 2. I am qualified to sign this Mitigation Plan on behalf of Bandera Electric Cooperative, Inc.
 3. I have read and understand Bandera Electric Cooperative'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, 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. Bandera Electric Cooperative, Inc. agrees to be bound by, and comply with, the Mitigation Plan, including the timetable completion date, as approved by Texas RE and approved by NERC.

Authorized Individual Signature _____

(Electronic signatures are acceptable; *see* CMEP)

Name (Print): Brian D. Bartos, P.E.

Title: Manager, Engineering

Date: November 27, 2007

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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]

Submit completed and signed forms to tremitigation@ercot.com.

Please direct any questions regarding completion of this form to:

Texas Regional Entity
Rashida Williams
512-225-7056
rwilliams@ercot.com

Attachment f

**Bandera Electric Cooperative's certification of
completion of the Mitigation Plan
(included in Attachment c *supra*)**

Attachment g

**Texas Regional Entity's statement of
verification that the Mitigation Plan has been
completed**

May 30, 2008

Re: Texas Regional Entity (Texas RE) Mitigation Plan Verification of Completion

Registered Entity: Bandera Electric Cooperative, Inc. (Bandera)

Violation Number(s): TRE200700003

It was discovered during a self-certification that Bandera had not tested some of their Protection System devices within the defined intervals.

Texas RE reviewed evidence, on May 30, 2008, of completion and compliance provided by Bandera for mitigation plans addressing the above violations. Bandera provided a protective device testing spreadsheet that showed the device identification, testing intervals, date of last test and expected next test date. The protective devices were identified by serial number and a description of testing done. Bandera identified the protective devices (2 out of 25 devices that protect their entire 138KV transmission facilities) that were not tested at the time of the violation. A review by Texas RE determines that Bandera's devices were tested by the mitigation plan completion date.

The evidence submitted did meet the requirements of NERC Reliability Standard PRC-005, R2.1.

Attachment h

NERC BOTCC Decision

**Board of Trustees Compliance Committee
Decision on Notices of Penalty
(Issued May 21, 2008)**

The North American Electric Reliability Corporation (NERC) Board of Trustees Compliance Committee approves for filing with the Federal Energy Regulatory Commission (Commission) the following Notices of Penalty in accordance with the NERC *Rules of Procedure* and the Commission's orders and regulations.¹

In each of the Notices identified below, the Board of Trustees Compliance Committee affirms the Regional Entity's determination to exercise its enforcement discretion, in accordance with Order No. 693, to impose a zero dollar penalty against the respective registered entities, based on the Committee's review of the applicable requirements of the Commission-approved Reliability Standards and the underlying facts and circumstances of the violations represented below.²

While certain of the Reliability Standards associated with the violations below have "Medium" or "High" Violation Risk Factors, and the non-compliance level could reach a "Severe" level based on the duration of the violation, most of these violations involved situations where processes, procedures or plans were in place but documentation of one or more elements was lacking. In the case of NOC-16 below, where an entity failed to perform relay maintenance and testing of certain of its facilities due to an administrative oversight, the entity self-reported the violation and expedited completion of the work. In all cases, there was no actual impact on the reliability of the bulk power system.

In reaching this determination, NERC and the Regional Entities considered the following: (1) The violations occurred prior to January 2008 (during the period the Commission stated NERC and the Regional Entities should focus their enforcement resources on the most serious violations); (2) The registered entities worked cooperatively with the Regional Entities; (3) The registered entities acted immediately to mitigate and/or correct the violations; (4) The violations were mitigated in accordance with the approved Mitigation Plans and have been verified as mitigated by the respective Regional Entities; and (5) The actions taken by the registered entities ensure that reliability is maintained.

Therefore, the NERC Board of Trustees Compliance Committee finds that the proposed zero dollar penalty is appropriate and consistent with NERC's goal to ensure reliability of the bulk power system.

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).

² *Mandatory Reliability Standards for the Bulk-Power System*, FERC Stats. & Regs. ¶ 31,242 (2007) (Order No. 693).

NOP ID ³	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-01	TRE	Denton Municipal Electric (TDSP)	NOC-01	TRE200700001	PRC-008-0	1	Medium	0
	TRE	Denton Municipal Electric (TDSP)	NOC-01	TRE200700002	PRC-008-0	2	Medium	0
NOP-02	TRE	Bandera Electric Cooperative, Inc	NOC-02	TRE200700003	PRC-005-1	2	Lower/High ⁴	0
NOP-03	TRE	Exelon Generation Company, LLC	NOC-03	TRE200700004	PRC-005-1	2	Lower/High	0
NOP-05	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700011	CIP-001-1	1	Medium	0
	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700012	CIP-001-1	2	Medium	0
	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700013	CIP-001-1	3	Medium	0
	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700014	CIP-001-1	4	Medium	0
	TRE	Suez Energy Marketing NA Inc	NOC-05	TRE200700015	IRO-004-1	4	High	0
NOP-06	TRE	Wise County Power Company, LP	NOC-06	TRE200700016	FAC-008-1	1	Lower/Medium	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700017	FAC-008-1	2	Lower	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700018	FAC-008-1	3	Lower	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700019	FAC-009-1	1	Medium	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700020	FAC-009-1	2	Medium	0
	TRE	Wise County Power Company, LP	NOC-06	TRE200700021	IRO-004-1	4	High	0

³ Document numbers for each of these notices will be assigned by the Commission as NP08-_-000.

⁴ All VRFs for requirements and sub-requirements are identified in this table for the violations at issue.

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-07	SERC	City of Columbia, MO	NOC-07	SERC200700002	PER-002-0	3	High/ Medium	0
	SERC	City of Columbia, MO	NOC-07	SERC200700003	TPL-001-0	1	High/ Medium	0
	SERC	City of Columbia, MO	NOC-07	SERC200700004	TPL-002-0	1	High/ Medium	0
	SERC	City of Columbia, MO	NOC-07	SERC200700005	TPL-003-0	1	High/ Medium	0
	SERC	City of Columbia, MO	NOC-07	SERC200700006	TPL-004-0	1	Medium	0
NOP-08	SERC	Old Dominion Electric Cooperative	NOC-08	SERC200700010	FAC-008-1	1	Lower/ Medium	0
	SERC	Old Dominion Electric Cooperative	NOC-08	SERC200700011	PRC-005-1	1	High	0
NOP-09	SERC	Doyle I, LLC	NOC-09	SERC200700012	CIP-001-1	4	Medium	0
NOP-10	SERC	Illinois Municipal Electric Agency	NOC-11	SERC200700058	CIP-001-1	1	Medium	0
	SERC	Illinois Municipal Electric Agency	NOC-11	SERC200700059	CIP-001-1	2	Medium	0
	SERC	Illinois Municipal Electric Agency	NOC-11	SERC200700060	CIP-001-1	3	Medium	0
	SERC	Illinois Municipal Electric Agency	NOC-11	SERC200700061	CIP-001-1	4	Medium	0
NOP-11	MRO	Northern States Power	NOC-13	MRO200700004	CIP-001-1	2	Medium	0
NOP-12	MRO	Rochester Public Utilities	NOC-14	MRO200700005	PER-002-0	3	High/ Medium	0
	MRO	Rochester Public Utilities	NOC-14	MRO200700006	PRC-004-1	2	High	0
	MRO	Rochester Public Utilities	NOC-14	MRO200700007	VAR-001-1	6	Medium	0
NOP-13	MRO	Tri-State G&T – Merchant	NOC-15	MRO200700008	INT-004-1	2	Lower	0
NOP-14	MRO	American Transmission Co., LLC	NOC-16	MRO200700009	PRC-005-1	2	Lower/ High	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-15	NPCC	The City of Holyoke Gas and Electric Department	NOC-19	NPCC200700011	CIP-001-1	1	Medium	0
	NPCC	The City of Holyoke Gas and Electric Department	NOC-19	NPCC200700012	CIP-001-1	2	Medium	0
	NPCC	The City of Holyoke Gas and Electric Department	NOC-19	NPCC200700013	CIP-001-1	3	Medium	0
	NPCC	The City of Holyoke Gas and Electric Department	NOC-19	NPCC200700014	CIP-001-1	4	Medium	0
NOP-16	NPCC	Peabody Municipal Light Plant	NOC-22	NPCC200700015	CIP-001-1	1	Medium	0
	NPCC	Peabody Municipal Light Plant	NOC-22	NPCC200700016	CIP-001-1	2	Medium	0
	NPCC	Peabody Municipal Light Plant	NOC-22	NPCC200700017	CIP-001-1	3	Medium	0
	NPCC	Peabody Municipal Light Plant	NOC-22	NPCC200700018	CIP-001-1	4	Medium	0
NOP-17	NPCC	Norwich Public Utilities	NOC-23	NPCC200700019	CIP-001-1	1	Medium	0
	NPCC	Norwich Public Utilities	NOC-23	NPCC200700020	CIP-001-1	2	Medium	0
	NPCC	Norwich Public Utilities	NOC-23	NPCC200700021	CIP-001-1	3	Medium	0
	NPCC	Norwich Public Utilities	NOC-23	NPCC200700022	CIP-001-1	4	Medium	0
NOP-18	SERC	City of Orangeburg Department of Public Utilities	NOC-26	SERC200700016	PRC-005-1	1	High	0
NOP-19	SERC	West Georgia Generating Company, LLC	NOC-27	SERC200700048	PRC-005-1	2	Lower/High	0
	SERC	West Georgia Generating Company, LLC	NOC-27	SERC200700064	PRC-005-1	1	High	0
	SERC	West Georgia Generating Company, LLC	NOC-27	SERC200700065	CIP-001-1	4	Medium	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-20	SERC	Caledonia Generating, LLC	NOC-28	SERC200700052	FAC-008-1	1	Lower/ Medium	0
NOP-21	SERC	City of Orangeburg Department of Public Utilities	NOC-29	SERC200700054	CIP-001-1	1	Medium	0
	SERC	City of Orangeburg Department of Public Utilities	NOC-29	SERC200700055	CIP-001-1	2	Medium	0
	SERC	City of Orangeburg Department of Public Utilities	NOC-29	SERC200700056	CIP-001-1	3	Medium	0
	SERC	City of Orangeburg Department of Public Utilities	NOC-29	SERC200700057	CIP-001-1	4	Medium	0
NOP-22	SPP	Southwestern Public Service Co. (SPS- XCEL)	NOC-30	SPP200700002	EOP-001-0	3.4	Medium	0
	SPP	Southwestern Public Service Co. (SPS- XCEL)	NOC-30	SPP200700003	EOP-001-0	4.4	Medium	0
	SPP	Southwestern Public Service Co. (SPS- XCEL)	NOC-30	SPP200700004	EOP-001-0	5	Medium	0
	SPP	Southwestern Public Service Co. (SPS- XCEL)	NOC-30	SPP200700005	EOP-005-1	1	Medium	0
	SPP	Southwestern Public Service Co. (SPS- XCEL)	NOC-30	SPP200700006	CIP-001-1	2	Medium	0
NOP-23	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700017	PRC-005-1	1	High	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700025	FAC-008-1	1	Lower/ Medium	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700031	CIP-001-1	1	Medium	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700032	CIP-001-1	2	Medium	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700033	CIP-001-1	3	Medium	0
	SERC	East Texas Electric Cooperative, Inc.	NOC-31	SERC200700034	CIP-001-1	4	Medium	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-24	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700018	PRC-005-1	1	High	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700024	FAC-008-1	1	Lower/Medium	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700027	CIP-001-1	1	Medium	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700028	CIP-001-1	2	Medium	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700029	CIP-001-1	3	Medium	0
	SERC	Sam Rayburn G&T Electric Cooperative, Inc.	NOC-32	SERC200700030	CIP-001-1	4	Medium	0
NOP-25	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700020	PRC-005-1	1	High	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700026	FAC-008-1	1	Lower/Medium	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700035	CIP-001-1	1	Medium	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700036	CIP-001-1	2	Medium	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700037	CIP-001-1	3	Medium	0
	SERC	Tex-LA Electric Coop of Texas, Inc.	NOC-33	SERC200700038	CIP-001-1	4	Medium	0
NOP-26	SERC	The Dow Chemical Company	NOC-35	SERC200700022	IRO-004-1	4	High	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700023	TOP-003-0	1	Medium	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700053	PRC-005-1	2	Lower/High	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700069	FAC-009-1	1	Medium	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700070	FAC-009-1	2	Medium	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700072	PRC-004-1	2	High	0
	SERC	The Dow Chemical Company	NOC-35	SERC200700073	PRC-004-1	3	Lower	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-27	SERC	City of North Little Rock, AR (DENL)	NOC-37	SERC200700041	PER-002-0	3.1	Medium	0
NOP-28	SERC	Cottonwood Energy, LP	NOC-42	SERC200700047	PRC-005-1	1	High	0
NOP-29	SERC	Reliant Energy Wholesale Generation, LLC	NOC-43	SERC200700049	PRC-005-1	1	High	0
NOP-30	SERC	Prairie Power, Inc.	NOC-44	SERC200700050	FAC-008-1	1	Lower/Medium	0
NOP-31	SERC	Mt. Carmel Public Utility Co.	NOC-45	SERC200700062	CIP-001-1	4	Medium	0
NOP-32	SERC	Craven County Wood Energy, LP	NOC-46	SERC200700063	PRC-005-1	1	High	0
NOP-33	SERC	City of Benton	NOC-47	SERC200700066	PER-002-0	3.1	Medium	0
NOP-34	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700067	IRO-004-1	4	High	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700074	CIP-001-1	1	Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700075	CIP-001-1	2	Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700076	CIP-001-1	3	Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700077	CIP-001-1	4	Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700078	PRC-005-1	1	High	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700084	FAC-008-1	1	Lower/Medium	0
	SERC	Elizabethtown Power, LLC	NOC-48	SERC200700085	FAC-009-1	1	Medium	0
NOP-35	SERC	Lumberton Power, LLC	NOC-49	SERC200700068	IRO-004-1	4	High	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700079	CIP-001-1	1	Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700080	CIP-001-1	2	Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700081	CIP-001-1	3	Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700082	CIP-001-1	4	Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700083	PRC-005-1	1	High	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700086	FAC-008-1	1	Lower/Medium	0
	SERC	Lumberton Power, LLC	NOC-49	SERC200700087	FAC-009-1	1	Medium	0

NOP ID	Region	Registered Entity	NOC ID	NERC Violation ID	Reliability Std.	Req. (R)	VRF	Total Penalty (\$)
NOP-36	TRE	TOPAZ POWER MANAGEMENT LP (QSE)	NOC-53	TRE200800028	CIP-001-1	1	Medium	0
NOP-37	SERC	Associated Electric Cooperative Inc.	NOC-24	SERC200700001	FAC-003-1	2	High	0

By the Board of Trustees Compliance Committee

Attachment i

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Bandera Electric Cooperative, Inc.

Docket No. NP08-____-000

NOTICE OF FILING
(DATE)

Take notice that on [DATE], the North American Electric Reliability Corporation (NERC) filed a Notice of Penalty regarding Bandera Electric Cooperative, Inc. in the Texas Regional Entity 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