



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 Denton Municipal Electric, FERC Docket No. NP08-_-000

Dear Ms. Bose:

The North American Electric Reliability Corporation (NERC) hereby provides this Notice of Penalty regarding Denton Municipal Electric,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, Denton Municipal Electric does not dispute the violations of PRC-008-1 Requirements (R.) 1 and 2 and the proposed penalty of \$0 to be assessed to Denton Municipal Electric at issue in this Notice of Penalty. Accordingly, the violations identified as NERC Violation Tracking Identification Numbers TRE200700001 and TRE200700002 are Confirmed Violations, 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 each Reliability Standard violated by Denton Municipal Electric.

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-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

In summary, PRC-008-1 R.1 requires an entity such as Denton Municipal Electric that has a UFLS program to have a UFLS equipment maintenance and testing program in place. PRC-008-1 R. 2 requires Denton Municipal Electric to implement that program and to provide the results of the UFLS equipment maintenance and testing program to Texas Regional Entity and NERC upon request (within 30 calendar days). A Texas Regional Entity Compliance Audit Team conducted an audit on July 10, 2007 and discovered the violations at issue finding that Denton Municipal Electric had under frequency relays and that maintenance is performed from time to time; however, Denton Municipal Electric was unable to provide to Texas Regional Entity, as required, a scheduled maintenance or log documented to show that scheduled maintenance is performed. The Final Audit Report stated that Denton Municipal Electric submitted a written response that did not contest the violations discovered in the audit.³

PRC-008-0 R.1 and R. 2 both have a “Medium” Violation Risk Factor (VRF). In its NOC, the Texas Regional Entity did not assess a Violation Severity Level (VSL), because the standard as approved utilizes Levels of Non-Compliance. Based on the NERC Sanction Guidelines Base Penalty Table, the possible penalty range is \$2,000 to \$335,000.

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\$).⁴

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-A⁵); 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 See Attachment at 6.

⁴ *Id.* (emphasis added).

⁵ See n.1 *supra*.

Status of the Mitigation Plan⁶

Denton Municipal Electric's Mitigation Plan to address the referenced violations was accepted by Texas Regional Entity on December 6, 2007 and approved by NERC on December 11, 2007. The Mitigation Plan for the violations listed in Table 1 is designated as MIT-07-0200 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. Denton Municipal Electric certified on April 4, 2008 to Texas Regional Entity that its Mitigation Plan was completed as of January 2, 2008, and Texas Regional Entity verified that the Mitigation Plan was completed.

Statement Describing the Proposed Penalty, Sanction or Enforcement Action Imposed⁷

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 notification process and the amount of resources to dedicate to this effort.

⁶ See 18 C.F.R § 39.7(d)(7).

⁷ See 18 C.F.R § 39.7(d)(4).

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.*⁸

Basis for Determination

Taking into consideration the Commission's direction in Order No. 693 and the NERC Sanction Guidelines, the NERC Board of Trustees Board of Compliance Committee (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 Denton Municipal Electric, 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 violations, the Compliance Audit Team determined that maintenance was being performed but that Denton Municipal Electric was unable to produce a maintenance log; (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 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 and those that involved a significant disturbance); (4) The violations are the first incidence of violations of the Requirements at issue by Denton Municipal Electric; (5) Denton Municipal Electric worked cooperatively with Texas Regional Entity; (6) Denton Municipal Electric 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 Denton

⁸ Order No. 693 at PP 222-224 (emphasis added).

Municipal Electric's Certification of Completion; and (8) The actions taken by Denton Municipal Electric 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 Proceeding⁹

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

- a) Texas Regional Entity, Final Audit Report of Denton Municipal Electric;
- b) Notice of Alleged Violation and Penalty or Sanction and Denton Municipal Electric's response thereto;
- c) Notice of Confirmed Violation and Proposed Penalty or Sanction. Denton Municipal Electric did not provide a response thereto;
- d) Mitigation Plan designated as designated as MIT-07-0200;
- e) Denton Municipal Electric's certification of completion of the Mitigation Plan;
- f) Texas Regional Entity's statement of verification that the Mitigation Plan has been completed; and
- g) NERC BOTCC Decision.

A Form of Notice Suitable for Publication¹⁰

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

⁹ See 18 C.F.R § 39.7(d)(5).

¹⁰ 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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David N. Cook*
Vice President and General Counsel
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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: Denton Municipal Electric
Texas Regional Entity

Attachment(s)

Attachment a

**Texas Regional Entity
Final Audit Report of Denton Municipal
Electric**

Denton Municipal Electric

Final Audit Report
For Compliance with NERC Reliability Standards

Audit Date: July 10, 2007

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Executive Summary

Denton Municipal Electric (Denton) is registered as a Distribution Provider (DP) within the Texas Regional Entity (Texas RE). Only one 2007 Actively Monitored NERC Standard is applicable to Denton because Denton has no transmission voltages higher than 69 kV and has no Undervoltage Load Shedding. Denton was found non-compliant with NERC Reliability Standard PRC-008-0, Requirement 1 and Requirement 2.

The possible compliance violation will be processed through the Texas RE's NERC Compliance Monitoring and Enforcement Program. Any further actions related to possible compliance violations will be through that process.

Audit Process (NERC)

The compliance audit process steps are detailed in the [NERC CMEP](#).

Audit Objectives

The criteria for this audit is based on the premise that a three year (minimum) compliance audit be conducted. The audit is designed to verify that all NERC Criteria are met and documented as appropriate for the entities registration.

Scope

The scope of this compliance audit is inclusive of all requirements of the NERC Standards that are actively monitored for 2007 that apply to this entity. The audit was performed by members of the Texas RE.

Methodology

The list of actively monitored NERC Standards for 2007 was sent to Denton Municipal Electric in advance. There were also Reliability Standards Audit Worksheets (RSAW) documents sent to help provide a structure of what the audit team would be looking for during the site audit. During the on site audit, management personnel were interviewed to answer or clarify questions that the audit team had regarding the responses to the questionnaire. The Texas RE audit team interviewed additional appropriate personnel to substantiate that operations personnel are trained and capable of following the criteria to ensure reliable operations from the entity.

An exit briefing was conducted as a forum for the audit team to offer informational recommendations for consideration in future audits. These recommendations are not included in this audit report. The audit team shared its preliminary results verbally with the entity during the exit briefing.

Company Profile

Denton Municipal Electric is a customer owned electric utility, providing full electrical service to more than 43,247 electric meters through over 324 miles of overhead power lines, 340 miles of underground cables, and over 8,100 transformers. Seven citizens make up the public utility board that sets policies for operation of the City's electric utility.

The majority of Denton's energy comes from the Texas Municipal Power Agency (TMPA) near Bryan, Texas. The City has a contractual partnership in TMPA along with the cities of Garland, Greenville and Bryan.

In June 2001, Denton sold its obsolete generating assets and replaced the energy to serve their customers with capacity and energy through a power supply and management contract. The agreement, being served by Constellation Energy Commodities Group, will provide a stable, cost effective source of energy for customers.

Denton Municipal Electric has no transmission voltage greater than 69 kV. The City of Garland acts as a dispatcher for some of Denton's transmission duties. This is covered under the authority of the ERCOT ISO as the NERC Transmission Operator.

Audit Specifics

The audit was conducted on **July 10, 2007** at the Denton Municipal Electric operations office in Denton, Texas. The attendance list was as follows:

Audit Team:

Audit Team Role	Name	Title	Company
Lead	Robert Potts	Sr. Reliability Analyst	Texas RE
Member	Frank Vick	Reliability Analyst	Texas RE
Member	Rashida Williams	Compliance Engr./Analyst	Texas RE

Denton Municipal Electric Audit Participants:

Name	Title
J.R. Richardson	Meter Superintendent
Terry Jones	Dispatch Superintendent
Jeff Morris	Operations Division Manager

Audit Results

Findings

The Compliance Audit Team found that Denton was not compliant with one of the following 2007 actively monitored NERC Standard at the time of the audit.

Reliability Standard	Auditor Notes	Finding
PRC-004-1	No transmission voltages greater than 69kV	N/A
PRC-005-1	No transmission voltages greater than 69kV	N/A
PRC-008-0	The City of Denton does have under frequency relays and maintenance is performed from time to time, but there is no scheduled maintenance or log documented to see that the scheduled maintenance is performed as required.	Possible Violation
PRC-010-0	The City of Denton does not have Undervoltage Load Shedding	N/A
PRC-011-0	The City of Denton does not have Undervoltage Load Shedding	N/A
PRC-016-0	Owens no Special Protection Systems	N/A
PRC-017-0	Owens no Special Protection Systems	N/A
PRC-021-1	The City of Denton does not have Undervoltage Load Shedding	N/A

Conclusions

The audit team found a possible violation with two requirements found in one standard. A penalty determination will be provided separately.

The possible compliance violation will be processed through the Texas RE's NERC Compliance Monitoring and Enforcement Program. Any further actions related to possible compliance violations will be through that process.

Summary of Response to the Audit Findings

Denton Municipal Electric submitted a written response that did not contest the violations discovered during the audit.

Sincerely,

A handwritten signature in cursive script that reads "Robert Potts". The signature is written in a dark ink and is positioned below the word "Sincerely,".

Robert Potts
Texas Regional Entity
7620 Metro Center Drive
Austin, Texas 78744

Appendix 1 — 2007 Actively Monitored Applicable Reliability Standards

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to Denton? Yes or No
BAL-001-0	All	Real Power Balancing Control Performance	BA	To maintain Interconnection steady-state frequency within defined limits by balancing real power demand and supply in real-time.	The data that supports the calculation of CPS1 and CPS2 (Attachment 1-BAL-001-0) are to be retained in electronic form for at least a one-year period. If the CPS1 and CPS2 data for a Balancing Authority Area are undergoing a review to address a question that has been raised regarding the data, the data are to be saved beyond the normal retention period until the question is formally resolved. Each Balancing Authority shall retain for a rolling 12-month period the values of: one-minute average ACE (ACEi), one-minute average Frequency Error, and, if using variable bias, one-minute average Frequency Bias.	N
BAL-002-0	All	Disturbance Control Performance	BA, RSG, RRO	To ensure the Balancing Authority is able to utilize its Contingency Reserve to balance resources and demand and return Interconnection frequency within defined limits.	Compliance for DCS will be evaluated for each reporting period. Reset is one calendar quarter without a violation. The data that support the calculation of DCS are to be retained in electronic form for at least a one-year period.	N
BAL-003-0	All	Frequency Response and Bias	BA	This standard provides a consistent method for calculating the Frequency Bias component of ACE.	Yearly or by request.	N

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to Denton? Yes or No
CIP-001-1	All	Sabotage Reporting	RC, BA, TOP, GOP, LSE	Disturbances or unusual occurrences, suspected or determined to be caused by sabotage, shall be reported to the appropriate systems, governmental agencies, and regulatory bodies.	By request and any events in the last year.	N
CIP-002-1 through CIP-009-1	All	Critical Infrastructure Protection Standards	BA, GO, GOP, IA, LSE, NERC, RC, RRO, TO, TOP, TSP	Cyber Security Standards- Follow revised Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1	By request.	N
COM-001-1	R2 and R5	Telecommunications	TO, BA, RC, NERCNet User Organizations.	Each Reliability Coordinator, Transmission Operator and Balancing Authority needs adequate and reliable telecommunications facilities internally and with others for the exchange of Interconnection and operating information necessary to maintain reliability.	By request.	N
EOP-001-0	All	Emergency Operations Planning	BA, TOP	Each Transmission Operator and Balancing Authority needs to develop, maintain, and implement a set of plans to mitigate operating emergencies. These plans need to be coordinated with other Transmission Operators and Balancing Authorities, and the Reliability Coordinator.	By request.	N
EOP-003-1	All	Load Shedding Plans	BA, TOP	A Balancing Authority and Transmission Operator operating with insufficient generation or transmission capacity must have the capability and authority to shed load rather than risk an uncontrolled failure of the Interconnection.	R1, R5, R6 - Event Driven. Has an event occurred in the past year? R2, R3, R4, R7, R8 – By request	N

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to Denton? Yes or No
EOP-005-1	All	System Restoration Plans	BA, TOP	To ensure plans, procedures, and resources are available to restore the electric system to a normal condition in the event of a partial or total shut down of the system	By request. Note: entity must follow the timelines specified in the standard: show that the plan is reviewed annually; simulation or testing must be done every 5 years.	N
EOP-006-1	All	Reliability Coordination – System Restoration	RC	The Reliability Coordinator must have a coordinating role in system restoration to ensure reliability is maintained during restoration and priority is placed on restoring the Interconnection.	By request.	N
EOP-008-0	All	Plans for Loss of Control Center Functionality	BA, RC, TOP	Each reliability entity must have a plan to continue reliability operations in the event its control center becomes inoperable.	By request.	N
EOP-009-0	All	Documentation of Blackstart Generating Unit Test Results	GO, GOP	To ensure that the quantity and location of system blackstart generators are sufficient and that they can perform their expected functions.	By request. Note entity must meet testing frequency specified in EOP-007-0.	N
FAC-003-1	All	Vegetation Management	RRO, TO	To improve the reliability of the electric transmission systems by preventing outages from vegetation located on transmission rights-of-way (ROW) and minimizing outages from vegetation located adjacent to ROW, maintaining clearances between transmission lines	By request – program documentation and last 4 quarterly outage reports.	N
FAC-008-1	All	Facility Ratings Methodology	GO, TO	To ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology	By request the current methodology and any superseded portions of the methodology within the past 12 months.	N

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to Denton? Yes or No
FAC-009-1	All	Establish and Communicate Facility Ratings	GO, TO	To ensure that Facility Ratings used in the reliable planning and operation of the Bulk Electric System (BES) are determined based on an established methodology or methodologies.	By request.	N
IRO-001-1	All	Reliability Coordination – Responsibilities and Authorities	BA, GOP, LSE, PSE, RC, RRO, TOP, TSP	Reliability Coordinators must have the authority, plans, and agreements in place to immediately direct reliability entities within their Reliability Coordinator Areas to re-dispatch generation, reconfigure transmission, or reduce load to mitigate critical conditions to return the system to a reliable state. If a Reliability Coordinator delegates tasks to others, the Reliability Coordinator retains its responsibilities for complying with NERC and regional standards. Standards of conduct are necessary to ensure the Reliability Coordinator does not act in a manner that favors one market participant over another.	By request.	N
IRO-004-1	All	Reliability Coordination — Operations Planning	BA, GO, GOP, LSE, RC, TO, TOP, TSP	Each Reliability Coordinator must conduct next-day reliability analyses for its Reliability Coordinator Area to ensure the Bulk Electric System can be operated reliably in anticipated normal and Contingency conditions.	By request.	N

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to Denton? Yes or No
IRO-014-1	All	Procedures, Processes, or Plans to Support Coordination Between Reliability Coordinators	RC	To ensure that each Reliability Coordinator's operations are coordinated such that they will not have an Adverse Reliability Impact on other Reliability Coordinator Areas and to preserve the reliability benefits of interconnected operations.	By request.	N
IRO-015-1	All	Notifications and Information Exchange Between Reliability Coordinators	RC	To ensure that each Reliability Coordinator's operations are coordinated such that they will not have an Adverse Reliability Impact on other Reliability Coordinator Areas and to preserve the reliability benefits of interconnected operations.	Rolling 12 months of information provided on request.	N
IRO-016-1	All	Coordination of Real-time Activities Between Reliability Coordinators	RC	that they will not have an Adverse Reliability Impact on other Reliability Coordinator Areas	Rolling 12 months of information provided on request.	N
PER-002-0	All	Operating Personnel Training	BA, TOP	Each Transmission Operator and Balancing Authority must provide their personnel with a coordinated training program that will ensure reliable system operation.	By request training program and training records.	N
PER-003-0	All	Operating Personnel Credentials	BA, RC, TOP	Certification of operating personnel is necessary to ensure minimum competencies for operating a reliable Bulk Electric System.	By request latest certification information and present calendar year plus previous calendar year staffing plan.	N
PER-004-1	All	Reliability Coordination — Staffing	RC	Reliability Coordinators must have sufficient, competent staff to perform the Reliability Coordinator functions.	By request - Each Reliability Coordinator shall keep evidence of compliance for the previous two calendar years plus the current year.	N

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to Denton? Yes or No
PRC-004-1	All	Analysis and Mitigation of Transmission and Generation Protection System Misoperations	DP*, GO, TO	Provide trip operation / misoperation information per regional process.	By request – last 12 months of protection system Misoperation analysis.	N
PRC-005-1	All	Transmission and Generation Protection System Maintenance and Testing	DP*, GO, TO	Document/implement transmission protection system maintenance/testing/monitoring PROGRAM	By request - maintenance and testing program and testing records to show that testing intervals are on schedule.	N
PRC-008-0	All	Implementation and Documentation of Underfrequency Load Shedding Equipment Maintenance Program	DP, TO	Document/implement UFLS maintenance/testing PROGRAM	By request - maintenance and testing program and testing records to show that testing intervals are on schedule.	Y
PRC-010-0	All	Technical Assessment of the Design and Effectiveness of Undervoltage Load Shedding Program.	DP, LSE, TO, TOP	ASSESS design and effectiveness of UVLS programs	By request – current assessment.	N
PRC-011-0	All	UVLS System Maintenance and Testing	DP, TO	Document/implement UVLS maintenance/testing PROGRAM	By request - maintenance and testing program and testing records to show that testing intervals are on schedule.	N
PRC-016-0	All	Special Protection System Misoperations	DP, GO, TO	DOCUMENT/analyze misoperations	By request – last 12 months of special protection system Misoperation analysis.	N
PRC-017-0	All	Special Protection System Maintenance and Testing	DP, GO, TO	Document/implement SPS maintenance/testing PROGRAM	By request - maintenance and testing program and testing records to show that testing intervals are on schedule.	N
PRC-021-1	All	Under-Voltage Load Shedding Program Data	DP, TO	DOCUMENTATION of undervoltage load shedding program	By request – latest UVLS data.	N

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to Denton? Yes or No
TOP-003-0	All	Planned Outage Coordination	BA, GOP, RC, TOP	Scheduled generator and transmission outages that may affect the reliability of interconnected operations must be planned and coordinated among Balancing Authorities, Transmission Operators, and Reliability Coordinators.	By request.	N
TOP-004-1	R6	Transmission Operations	TOP	To ensure that the transmission system is operated so that instability, uncontrolled separation, or cascading outages will not occur as a result of the most severe single Contingency and specified multiple Contingencies.	By request - Each Transmission Operator shall keep 90 days of historical data for Measure 1. Each Transmission Operator shall have current, in-force policies and procedures, as evidence of compliance to Measure 2.	N
TOP-005-1	All	Operational Reliability Information	BA, PSE, RC, TOP	To ensure reliability entities have the operating data needed to monitor system conditions within their areas.	By request.	N
TOP-007-0	All	Reporting System Operating Limit (SOL) and Interconnection Reliability	RC, TOP	Ensure SOL and IROL violations are being reported to the Reliability Coordinator so that the Reliability Coordinator may evaluate actions being taken and direct additional corrective actions as needed.	Event driven.	N
TPL-001-0	All	System Performance Under Normal (No Contingency) Conditions	PA, TPL	System performance under normal conditions	By request – latest annual assessment.	N
TPL-002-0	All	System Performance Following Loss of a Single Bulk Electric System Element	PA, TPL	System performance under single contingency	By request – latest annual assessment.	N
TPL-003-0	All	System Performance Following Loss of Two or More Bulk Electric System Elements	PA, TPL	System performance under multiple contingencies	By request – latest annual assessment.	N

Std #	Requirements	Standard	Who	Purpose	Monitoring Timeframe	Applicable to Denton? Yes or No
TPL-004-0	All	System Performance Following Extreme Events Resulting in the Loss of Two or More Bulk Electric System Elements	PA, TPL	System performance under extreme contingencies	By request – latest annual assessment.	N
VAR-001-1	All	Voltage and Reactive Control	PSE, TOP	To ensure voltage levels, reactive flows, and reactive resources are monitored, controlled, and maintained within limits in real time to protect equipment and the reliable operation of the Interconnection.	By request – last 12 months of data.	N

Appendix 2 — Confidential: Security Sensitive Information

No confidential security sensitive information is included with this report.

Attachment b

**Notice of Alleged Violation and Penalty or
Sanction
and
Denton Municipal Electric's response**



Energizing tomorrow's community today!

*1701 C Spencer
Denton, Texas 76205*

To: Rashida Williams
Texas Regional Entity

From: Jeff Morris
Denton Municipal Electric

Date: 11/27/2007

Re: Notice of Alleged Violation Denton Municipal Electric

NERC Violation Tracking Identification Number(s):

TRE200700001

TRE200700002

Denton Municipal Electric elects the following:

Denton Municipal Electric agrees with or does not contest the Alleged Violations and proposed penalty or sanction, and agrees to submit and implement a mitigation plan to correct violation and its underlying causes.

Denton Municipal Electric will, as required by CMEP Section 6.4, provide a Mitigation Plan within thirty (30) days after being served the notice of Alleged Violation and Penalty or Sanction.

Thank you

Jeff Morris
Division Manager
Denton Municipal Electric
940-349-7544 office
940-390-5878 cell
william.morris@cityofdenton.com

Notice of Alleged Violation and Proposed Penalty or Sanction

To: Denton Municipal Electric
Sharon Mays
901A Texas St.
Denton, TX 76209

From: Texas Regional Entity

Date: November 14, 2007

Re: Notice of Alleged Violation and Proposed Penalty or Sanction

NERC Violation Tracking Identification Number(s):

TRE200700001
TRE200700002

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 Denton Municipal Electric of an Alleged Violation of the NERC Reliability Standards and the Proposed Penalty or Sanction. In support hereof, the Texas RE states as follows:

Denton Municipal Electric is registered on the NERC Compliance Registry as a Distribution Provider. As discussed herein, Texas RE has determined to charge Denton Municipal Electric with a violation based upon information available to it that Denton Municipal Electric did not comply or was not in compliance with the following NERC Reliability Standards, **PRC-008-1**. However, as discussed further below, Texas RE has determined to exercise its discretion to assess no penalty against Denton Municipal Electric for that violation at this time, unless Denton Municipal Electric 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 Denton Municipal Electric at this time for this Alleged Violation. If, however, Denton Municipal Electric 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 Denton Municipal Electric 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, Denton Municipal Electric must notify Texas RE in writing of its decision to elect one of the following options:

1. Denton Municipal Electric 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. Denton Municipal Electric 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. Denton Municipal Electric contests both the Alleged Violation(s) and the proposed penalty or sanction for the Alleged Violation(s).

With respect to election options 1-3, Denton Municipal Electric 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 Denton Municipal Electric 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 Denton Municipal Electric 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 Denton Municipal Electric contests the Alleged Violation or the proposed sanction, Denton Municipal Electric 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. Denton Municipal Electric 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 Denton Municipal Electric within ten (10) business days after receipt of the response. If Texas RE and Denton Municipal Electric are unable to resolve all issues within forty (40) days after Denton Municipal Electric'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.

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 Denton Municipal Electric 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

Notice of Alleged Violation and Proposed Penalty or Sanction
Denton Municipal Electric
November 14, 2007
Page 5

CONFIDENTIAL
For Public Release Dated June 3, 2008.

Texas RE Contact Name:
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
Robert Potts – Texas RE Audit Team Lead
Frank Vick – Texas RE Audit Team Member
Rashida Williams - Texas RE Audit Team Member
Terry Jones – Denton Municipal Electric Compliance Contact

Attachment(s):
Table A

Table A

Denton Municipal Electric

Registered on the NERC Compliance Registry as: Distribution Provider (DP)

NERC Compliance Registry ID #: NCR04049

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-008-1 NERC Violation #: TRE200700001 Texas RE Violation#: ERCOTDENTON0001	R1	Audit	July 10, 2007	It was discovered that Denton does perform UFLS equipment maintenance; however, the auditors could not verify that maintenance was performed for UFLS equipment as required.
PRC-008-1 NERC Violation #: TRE200700002 Texas RE Violation#: ERCOTDENTON0002	R2	Audit	July 10, 2007	Documentation of a maintenance and testing schedule was not provided at the time of the audit nor were records of performed maintenance available to the auditors.

Attachment c

Notice of Confirmed Violation and Penalty or Sanction

Notice of Confirmed Violation and Proposed Penalty or Sanction

Date: February 15, 2008

To: Denton Municipal Electric

Re: Texas Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction regarding Denton Municipal Electric, NERC Violation Tracking Identification Number(s):
TRE200700001
TRE200700002

Dear Denton Municipal Electric:

Texas Regional Entity (Texas RE) hereby provides this Regional Entity Notice of Confirmed Violation and Proposed Penalty or Sanction regarding Denton Municipal Electric,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 Denton Municipal Electric 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 Denton Municipal Electric 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 Denton Municipal Electric,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 Denton Municipal Electric 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 Denton Municipal Electric 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	
Denton Municipal Electric	
Registered on the NERC Compliance Registry as: Distribution Provider (DP)	
NERC Compliance Registry ID #: NCR04049	
NERC Violation #: TRE200700001	
Texas RE Violation #: ERCOTDENTON0001	
Reliability Standard Violated ⁴	PRC-008
Requirement(s) Violated⁵	R1
Date of Discovery	July 10, 2007
Discovery Method	Audit
Date or Period of Violation	July 10, 2007
Facts and Evidence of the Act or Practice Resulting in the Violation⁶	
It was discovered that Denton Municipal Electric does perform UFLS equipment maintenance; however, the auditors could not verify that maintenance was performed for UFLS equipment as required.	
Proposed Penalty or Sanction	
Texas RE has determined to exercise its discretion to assess no penalty, sanction, or other enforcement action against Denton Municipal Electric for this violation.	
NERC Violation #: TRE200700002	
Texas RE Violation #: ERCOTDENTON0002	
Reliability Standard Violated	PRC-008
Requirement(s) Violated	R2
Date of Discovery	July 10, 2007

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).



Notice of Confirmed Violation and Proposed Penalty or Sanction
For Public Release Dated June 3, 2008.

Discovery Method	Audit
Date or Period of Violation	July 10, 2007
Facts and Evidence of the Act or Practice Resulting in the Violation	
Documentation of a maintenance and testing schedule was not provided at the time of the audit nor were records of performed maintenance available to the auditors.	
Proposed Penalty or Sanction	
Texas RE has determined to exercise its discretion to assess no penalty, sanction, or other enforcement action against Denton Municipal Electric 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 Denton Municipal Electric for the violations listed in Table 1 at this time, unless Denton Municipal Electric fails to complete and implement its Mitigation Plan in accordance with the terms of the Mitigation Plan.

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

Denton Municipal Electric's mitigation plan was accepted by Texas RE on December 6, 2007 and by NERC on December 11, 2007. The Mitigation Plan(s) for the violations listed in Table 1 are designated as NERC MIT-07-0200 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

⁷ See 18 C.F.R § 39.7(d)(4).

⁸ See 18 C.F.R § 39.7(d)(7).

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 Denton Municipal Electric 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. Denton Municipal Electric's statement may be the same statement provided by Denton Municipal Electric in response to the Notice of Alleged Violation and Proposed Penalty or Sanction. Denton Municipal Electric's statement must be on Denton Municipal Electric letterhead and must include the name, title, and signature of an officer, employee, attorney or other authorized representative of Denton Municipal Electric.

NERC will publicly post each report of a Confirmed Violation, together with any statement submitted by Denton Municipal Electric, no sooner than five (5) business days after the report is provided by Texas RE to NERC and Denton Municipal Electric. NERC will include, with the Notice of Penalty filed with FERC, the statement provided by Denton Municipal Electric.

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 Denton Municipal Electric 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;
2008-01-14 Final NERC Audit Report City of Denton
- 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 Denton
2007-11-28 TREmemo

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):
2008-01-14 Final NERC Audit Report City of Denton
Notice of Alleged Violation Denton
TREmemo



Notice of Confirmed Violation and Proposed Penalty or Sanction
For Public Release Dated June 3, 2008.

[Registered Entity Letterhead]

Statement of Denton Municipal Electric
(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 d

**Mitigation Plan designated as designated as
MIT-07-0200**

Mitigation Plan Submittal Form

Date this Mitigation Plan is being submitted: 11/30/2007

If this Mitigation Plan has already been completed:

- Check this box and
- Provide the Date of Completion of the Mitigation Plan: 1/2/08

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.
- This submittal form may be used to provide a required Mitigation Plan for review and approval by Texas Regional Entity (Texas RE) and NERC.

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.

- 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: Denton Municipal Electric
Company Address: 1701 C Spencer Rd, Denton, Texas 76205
NERC Compliance Registry ID: NRC04048, NRC04049

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: Jeff Morris
Title: Operations Division Manager
Email: william.morris@cityofdenton.com
Phone: 940-349-7544

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-008-1

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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 ^(*)
TRE200700001	ERCOTDENTON0001	R1	07/10/07
TRE200700002	ERCOTDENTON0002	R2	07/10/07

(*) 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:

It was discovered that Denton does perform UFLS equipment maintenance; however, the auditors could not verify that maintenance was performed for UFLS equipment as required.

Documentation of a maintenance and testing schedule was not provided at the time of the audit nor were records of performed maintenance available to the auditors.

C.4 **[Optional]** Provide any relevant additional information regarding the violations associated with this Mitigation Plan:

Section D: Details of Proposed Mitigation Plan

Mitigation Plan Contents

D.1 Identify and describe the action plan, including specific tasks and actions that your organization is proposing to undertake, or which it undertook if this Mitigation Plan has been completed, to correct the violations identified above in Part C.2 of this form:

All UF relays belonging to Denton Municipal Electric were tested and documented by the last day of August, 2007.

DME has brought an individual on staff in Mid-October, whose job is to maintain the testing records for all of DME equipment and to ensure testing is

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NERC

NORTH AMERICAN ELECTRIC
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completed on schedule. Tech Services has purchased laptop computers and installed the Advantica software, and training for employees on the software is complete. Field testing will continue through December with full implementation scheduled 1/2/2008.

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: All UF Relays have been tested and documented by August, 2007. Denton Municipal Electric will go live with full implementation of new software package including test dates and schedules of future testing on January 2, 2008.

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)
Staff Employee hired	10/22/07
Software Employee Training completed	10/31/07
Field Test	Through December, 2007
Go Live	01/02/08

(*) 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.

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:

The functions of the new staff employee include:

*Coordinates scheduling of the maintenance of the Distribution, Transmission, and Substations equipment.

*Coordinates with the Superintendents to set up daily inspections and maintenance of Distribution, Transmission, and Substation equipment.

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*Data entry for Software maintenance program and Crew Manager.

*Over sees day to day operations of the Advantica Maintenance Software.

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:

There is no risk to the Bulk power system while the Mitigation Plan is being implemented. All Denton Municipal Electric UF Relays have been tested and documented.

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:


All Denton Municipal Electric UF Relays shall be tested, recorded and scheduled for future testing at precise and predetermined intervals. With this new program, all Denton Municipal Electric equipment, both transmission and distribution, will be included in this new maintenance program.

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:

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 the Division Manager of Denton Municipal Electric.
 2. I am qualified to sign this Mitigation Plan on behalf of Denton Municipal Electric.
 3. I have read and understand Denton Municipal Electric 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. Denton Municipal Electric 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): Jeff Morris

Title: Denton Municipal Electric Division Manager

Date: 11/30/2007

TEXAS REGIONAL ENTITY

AN INDEPENDENT DIVISION OF ERCOT



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.

Attached is a copy of the UF testing dates and results.

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 e

Denton Municipal Electric's certification of completion of the Mitigation Plan



Energizing tomorrow's community today!

*1701 C Spencer Rd
Denton, Texas 76205*

To: Texas Regional Entity

From: Jeff Morris, Denton Municipal Electric
NRC04048, NRC04049

Subject: TRE200700001 ERCOTDENTON0001
TRE200700002 ERCOTDENTON0002

Denton Municipal Electric submitted a Mitigation Plan to the Texas RE on 11/30/2007 with a date of completion of 1/2/2008. The Mitigation Plan was approved by the Texas RE and approved by NERC. As of January 2, 2008, the Denton Municipal Electric's Mitigation Plan has been completed. All Denton Municipal Electric's Under-Frequency Relays have been tested and documented. A new Staff employee has been hired whose job responsibility is to ensure inspection, testing and recording of testing of all Denton Municipal Electric's facilities. New Explorer laptop computers have been purchased and Advantica Software is installed, field tested, and implemented in the Operations/Distribution and Transmission/Substations departments at Denton Municipal Electric.

Thank you,

A handwritten signature in black ink that reads "Jeff Morris".

Jeff Morris
Division Manager
Denton Municipal Electric
940-349-7544 Office
940-390-5878 Cell
william.morris@cityofdenton.com

Attachment f

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

May 29, 2008

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

Registered Entity: Denton Municipal Electric (Denton)

Violation Number(s): TRE200700001
TRE200700002

It was discovered during a compliance audit that Denton did not have documentation of a maintenance and testing schedule, for UFLS relays, available to the auditors. The auditors could not verify that maintenance was performed.

Texas RE reviewed evidence, on December 6, 2007, of completion and compliance provided by Denton for mitigation plans addressing the above violations. Denton provided, with their mitigation plan, an Under Frequency Load Shedding (UFLS) relay testing spreadsheet that showed the feeder identification, relay settings, test date and the result of the test. The relays were identified by type and feeder location. Denton chose to retest all of their relays after the audit. A review by Texas RE determines that all tested relays tripped at or close to the set frequency. Denton, furthermore, updated Texas RE on relay maintenance software to document their program and maintenance activities to prevent recurrence.

The evidence submitted did meet the requirements of NERC Reliability Standard PRC-008, R1 and R2.

Attachment g
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 h

Notice of Filing

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Denton Municipal Electric

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 Denton Municipal Electric 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