



Regulatory/Policy Committee

W E D N E S D A Y , D E C E M B E R 1 3 , 2 0 2 3





Call Meeting To Order



Public Comments

Discussions and Presentations

1. Presentation and Discussion of Revisions to the Brownsville Public Utilities Board Personnel Policies & Procedure, Policy No. 14 Worker's Compensation Policy-Dr. Emilia Guerra
2. Presentation and Discussion of Revisions to the Brownsville Public Utilities Board Personnel Policies & Procedures, Policy No. 8 Sick Leave-Dr. Emilia Guerra
3. Presentation and Discussion of Revisions to the Brownsville Public Utilities Board Personnel Policies & Procedures, Policy No. 9 Vacation Leave-Dr. Emilia Guerra
4. Presentation and Discussion of Revisions to the Brownsville Public Utilities Board Personnel Policies & Procedures, Policy No. 25 Harassment-Dr. Emilia Guerra
5. Presentation and Discussion of Texas Regulatory Framework for the Electric Market-Mark Dombroski





Policy No. 14 – Workers’ Compensation Policy

PRESENTATION AND DISCUSSION OF REVISIONS TO THE BROWNSVILLE PUBLIC
UTILITIES BOARD PERSONNEL POLICIES & PROCEDURES – DR. EMILIA GUERRA

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Current Policy

Last revised & approved by the Board on December 8, 2003.

Outlines BPUB's policy for compliance with the Texas Workers' Compensation Act.



Proposed Policy Changes

General Changes:

Policy was revised to remove any procedural language

- A section was included as referencing the administration process to be found in the Workers' Compensation Instruction Manual.

Added provisions for continuation of BPUB health benefits, and employees' responsibility for supplemental benefits.

Added an anti-retaliation section for raising safety or health concerns, for reporting work-related injuries/illnesses or for filing a workers' compensation claim.

Policy return to work provisions were rewritten to simplify and streamline language.





Policy No. No. 8 Sick Leave

PRESENTATION AND DISCUSSION OF REVISIONS TO THE BROWNSVILLE PUBLIC UTILITIES BOARD PERSONNEL POLICIES & PROCEDURES – DR. EMILIA GUERRA

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Current Policy

Last revised & approved by the Board on June 15, 2023.

Establishes sick leave for eligible employees and defines the rate of pay, payout, and rules under which employees accrue and may use this benefit.

Proposed Policy Changes

Changes:

Added language under general provisions to establish payment of accrued leave to the estate in the event of the death of an employee.



Policy No. No. 9 Vacation Leave

PRESENTATION AND DISCUSSION OF REVISIONS TO THE BROWNSVILLE PUBLIC UTILITIES BOARD PERSONNEL POLICIES & PROCEDURES – DR. EMILIA GUERRA

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Current Policy

Last revised & approved by the Board on September 14, 2021.

Establishes vacation leave for eligible employees and defines the rate of pay, payout, and rules under which employees accrue and may use this benefit.

Proposed Policy Changes

General Changes:

Policy sections were updated and reorganized to align with the most recently updated leave policies.

Accrual of Vacation Leave section was simplified to facilitate understanding of the rules for leave accrual.

Added language to clarify that use of leave may only happen after the accrual date.

Added language under general provisions to establish the requirement for employees to follow departmental procedures to request leave.

Added language under general provisions to establish payment of accrued leave to the estate in the event of the death of an employee.





Policy No. 25 – Harassment Policy

PRESENTATION AND DISCUSSION OF REVISIONS TO THE BROWNSVILLE PUBLIC UTILITIES BOARD PERSONNEL POLICIES & PROCEDURES – DR. EMILIA GUERRA

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

Current Policy

Last revised & approved by the Board on December 8, 2003.

Establishes the provisions to address and prevent situations that violate the dignity of employees.

Proposed Policy Changes

Name Change:

- Current Name: Harassment
- Proposed Name: Non-Discrimination and Anti-Harassment Policy

General Changes:

- Language was added to include all protected classes, including gender expression and genetic information. Extended the term “sex” as a protected class to include pregnancy, sexual orientation, or gender identity.
- Added language prohibiting retaliation against anyone who reports discrimination or harassment.
- Added language to clearly identify behaviors that constitute harassment and hostile work environment.
- Language on reporting procedures was simplified.
 - Language is clear and straightforward on how to report the conduct.
 - Time expectations for reporting the conduct are included.



Policies under review

Planned to be presented for review and discussion at the next Regulatory and Policy Committee Meeting to take to the Board for approval in February 2023

No.	Policy	Status
1	Policy, Business Ethics & Conduct	First draft completed
12	Military Leave	Received legal feedback, working on 2 nd draft
18	Discipline Policy	Completed legal compliance review. Working on progressive discipline analysis
TBD	BPUB Employees Debt Collection	Received legal feedback
TBD	Confidentiality and Non-Disclosure Policy	First draft completed

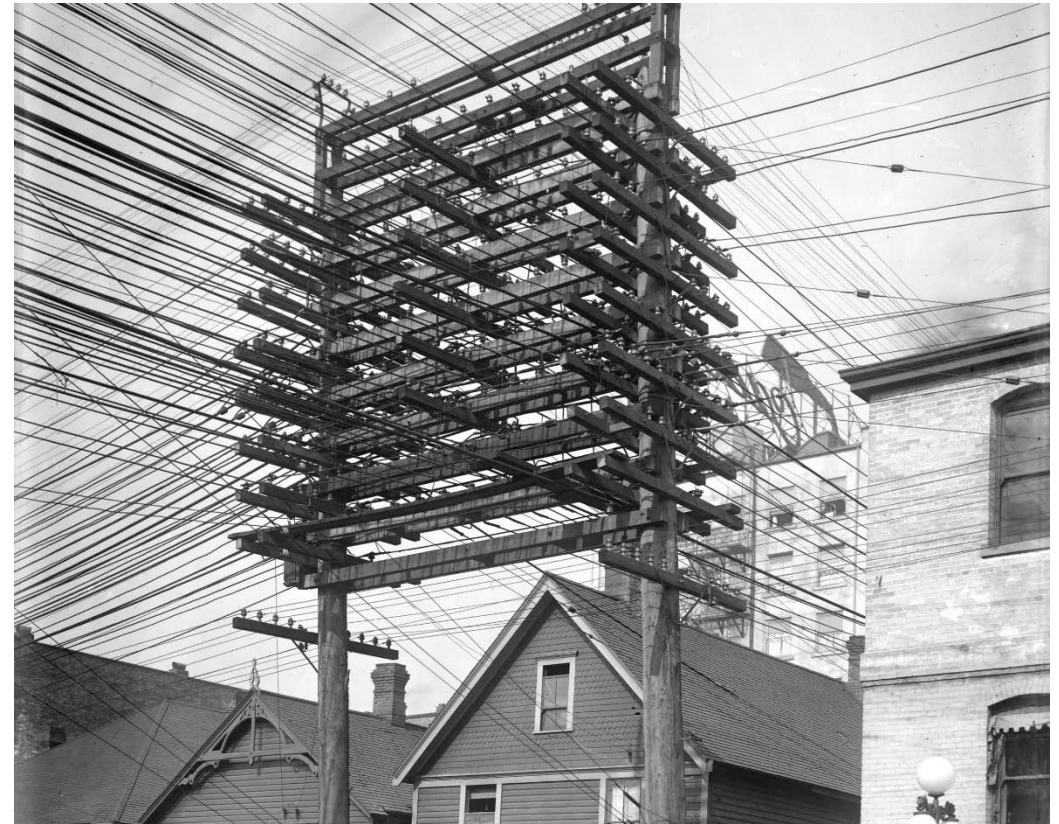
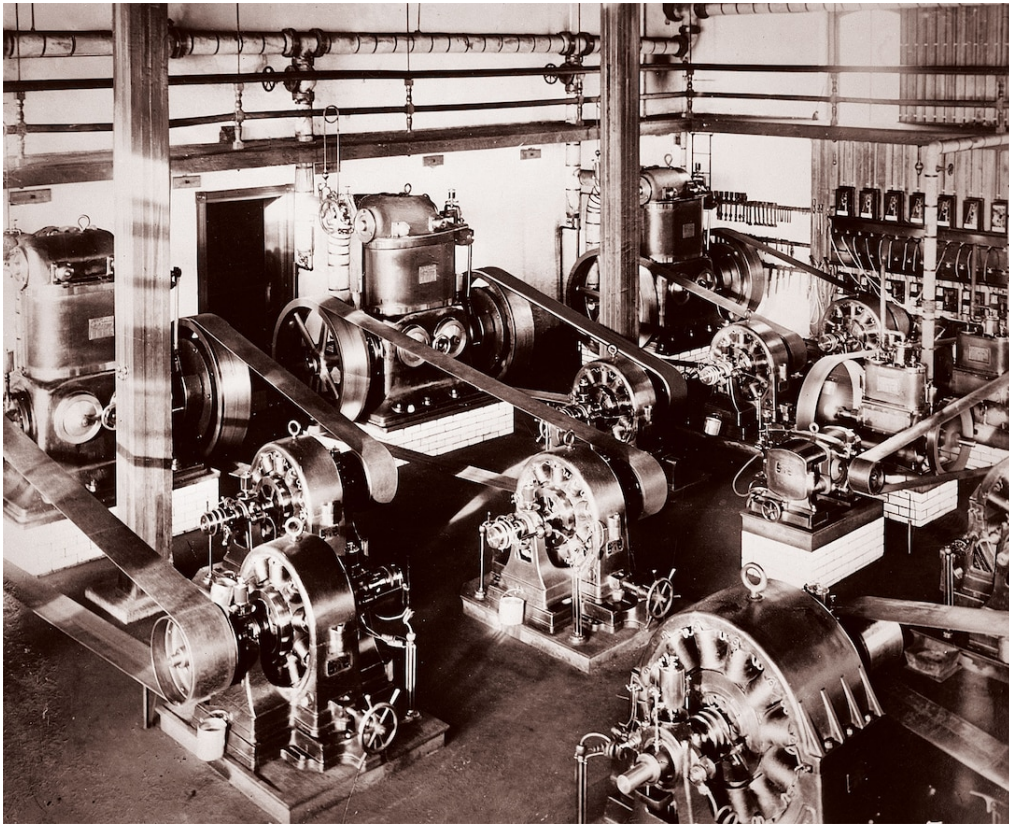


Texas Regulatory Framework

ELECTRIC MARKETS

● ● ● R E G U L A T O R Y / P O L I C Y C O M M I T T E E

The Need for Regulation



Key Regulatory Events for Texas

- Public Utility Holding Company Act of 1935 – Securities and Exchange Commission regulation of electric holding companies
- Rural Electrification Act of 1936 – Created electric cooperatives to provide service to rural areas of the US
- Texas Interconnection 1940's – Utilities in Texas interconnected their systems to provide greater reliability to the defense industry during WW II – created north and south power pools – mostly disconnected from outside Texas systems by late 1940's
- ERCOT 1970 – the Texas Interconnected Systems formed the Electric Reliability Council of Texas to comply with North American Electric Reliability Corporation (NERC) requirements
- Texas Public Utility Regulatory Act of 1975 – created the Public Utility Commission of Texas (PUC) to provide statewide regulation of the rates and services of electric and telecommunications utilities
 - Distinguishes between investor-owned, municipally-owned and cooperatives
- Energy Policy Act of 1992 – Created another exemption from the PUHCA 1935 requirements for independent electricity generators serving the wholesale electricity market, commonly referred to as "Exempt Wholesale Generators" - Led the way for the deregulation of wholesale markets
- Texas Senate Bill 373 of 1995 – Deregulated the wholesale electric market (generation) paving the way for the energy-only market
- Texas Senate Bill 7 of 1999 – Deregulated the retail electric market allowing customers to shop for their electric providers
 - Municipally-owned and Cooperatives allowed to "opt in" to deregulation but not required
- ERCOT Nodal Market January 1, 2002 – Retail customers in deregulated markets chose who provides them electricity
- Energy Policy Act of 2005 – Repealed the PUHCA of 1935 and granted state utility commissions greater oversight

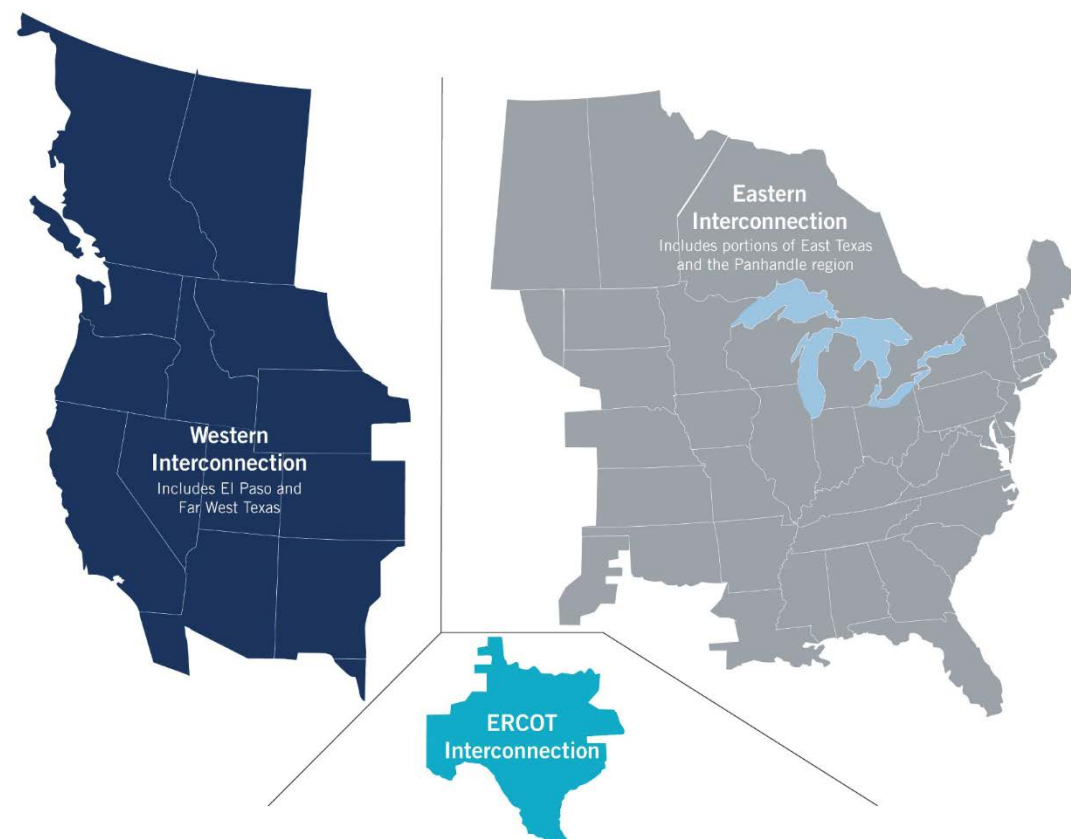
History of Electrification in Brownsville

- Electrification in Brownsville began in the early 1900's when City leaders voted and approved to build, own and operate a utility system
- As the City and utility system grew, it gained the attention of private companies that made offers to purchase it
- After several attempts from larger corporations to acquire the system, Brownsville's City Commission authorized a charter amendment election proposing the creation of a public utilities board in 1960
- Under the charter, management, operation and control of the city's combined water, wastewater and electric utility systems were delegated to the BPUB Board of Directors
- The Board is composed of seven members: six appointed by the City Commission to four-year terms and the city's mayor serving as the seventh member (ex-officio)



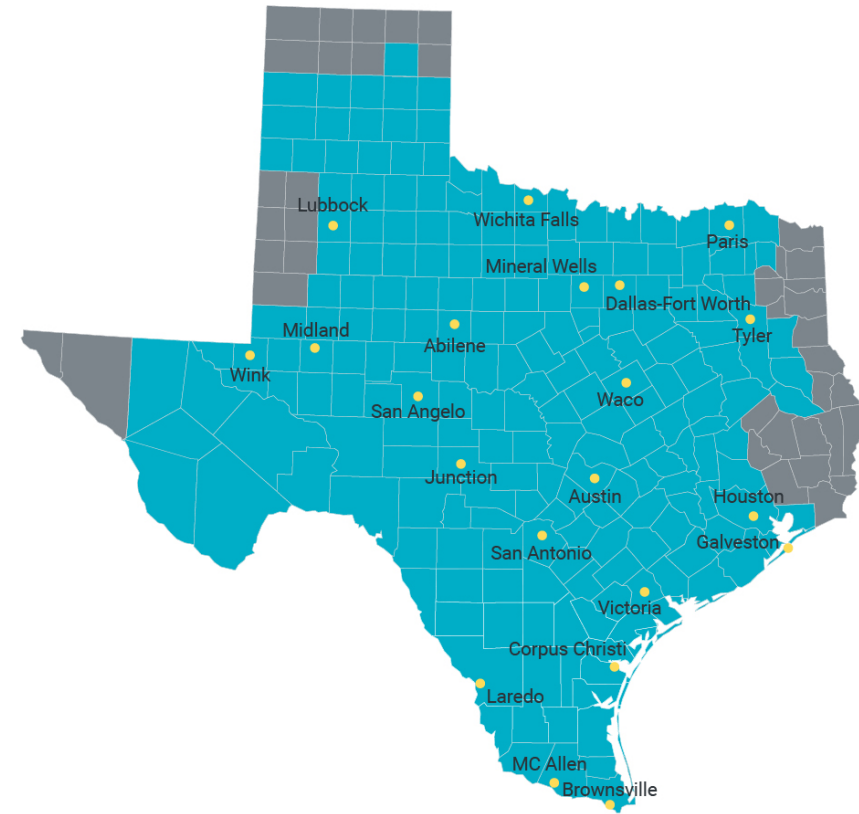
Interconnection Systems

- Three separate systems in the US but all must comply with NERC
- FERC regulation in Western and Eastern
- ERCOT exempt for FERC
- Multiple balancing authorities in Western and Eastern
- ERCOT is the single balancing authority
 - Upside is less regulation and technically easier to manage system
 - Downside – remember Winter Storm Uri?



The ERCOT Market

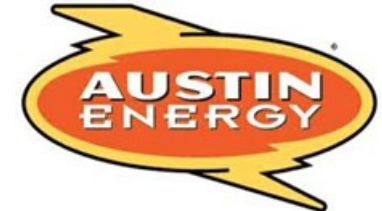
- Manages the flow of power to 26 million customers – about 90% of Texas
- Schedules power on a grid that connects 1,100 generator units with 52,700 miles of transmission lines
- Performs financial settlement for the competitive wholesale market
- Members of the market include consumers, cooperatives, generators, power marketers, retail electric providers, investor-owned electric utilities, transmission and distribution providers, and municipally owned electric utilities



Municipally-Owned Utilities

Characteristics:

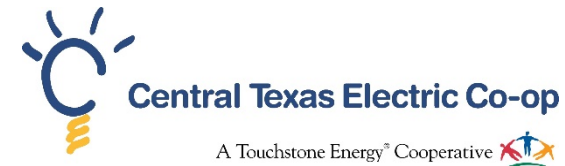
- Owned by the community they serve, and benefits produced with a General Fund Transfer
- MOUs are not-for-profit — earnings go back to improving the overall system infrastructure growth and operations and community
- Board meetings are open to the public
- Voters can influence the membership of publicly owned utility governing boards
- Publicly owned utilities, which are not focused on generating profits for shareholders, are better equipped to prioritize the public interest



Electric Cooperatives

Characteristics:

- Private, independent electric utilities that serve rural areas of Texas
- Owned by the members they serve
- Earnings are invested into the system or returned to the paying members through Capital Credits
- Operate under the Seven Cooperative Principles as Distribution Coops or Generation & Transmission Coops



Investor-Owned Utilities

Characteristics:

- Provide transmission and distribution services within ERCOT and rates set PUCT
- Vertically integrated outside of ERCOT and regulated by PUCT
- Generally owned by corporations with shareholders
- Profits IOUs earn from mainly infrastructure investments, with an allowable return on the investment (typically 8-10%) to attract shareholders and reduce reliance on debt
- Customers have little say over the governance of the company



Retail Energy Providers

Characteristics:

- Competes for retail customers within ERCOT for the sale of electricity
- Buys wholesale power, pays for transmission and distribution services, and bills the customer
- Residential customers purchase from <https://www.choosetexaspower.org/>
- Commercial customers negotiate contracts
- Customers can file complaints with PUCT
- 136 providers as of December 2023, most are for profit entities



Regulatory Framework

BPUB operates within a highly regulated environment across multiple jurisdictions

Federal

Federal Energy Regulatory Commission (FERC)

- Reliability of Bulk Electric System

North American Electric Reliability Council (NERC)

- Reliability Standards
- Bulk Electric System Protection Standards
- Transmission Operations Standards

Department of Energy (DOE)

- Bulk Electric System Event Reporting

Commodities & Futures Trading Commission (CFTC)

- Derivatives Trading Standards

Environmental Protection Agency (EPA)

- Climate Policy
- Pollutant Standards
- Waste Disposal Standards
- Water Quality Standards

State

Public Utility Commission of Texas (PUCT)

- Wholesale Market Design
- Transmission Ratemaking
- Retail Rate Appeal
- Certificate of Convenience and Necessity

Electric Reliability Council of Texas (ERCOT)

- Wholesale Market Rules
- Wholesale Market Operations
- Transmission Planning

Texas Reliability Entity (TRE)

- Regulatory Enforcement of NERC, PUCT, and ERCOT rules

Texas Commission on Environmental Quality (TCEQ)

- Environmental Regulation
- Operating Permits

Local

Brownsville City Commission

- Appoint Board Members
- Retail Rates and Fees
- Debt Issuance
- Permits and Land Use

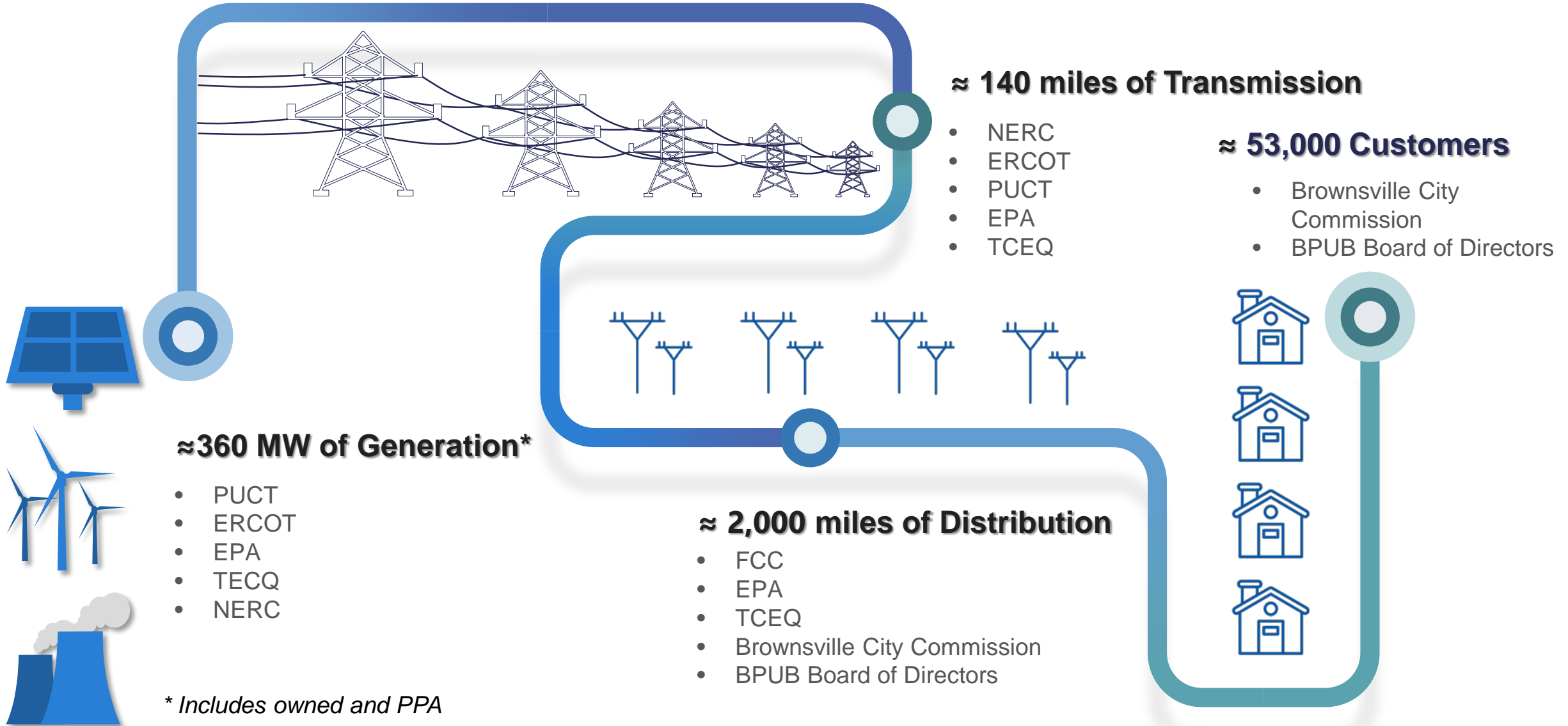
Brownsville Public Utilities Board – Board of Directors

- Select General Manager / CEO
- Retail Terms of Service
- Budget Adoption
- Spending Authorization
- Operating Policies
- Approve Resource Plan
- Approve Strategic Plan
- Internal Audit

Brownsville Public Utilities Board

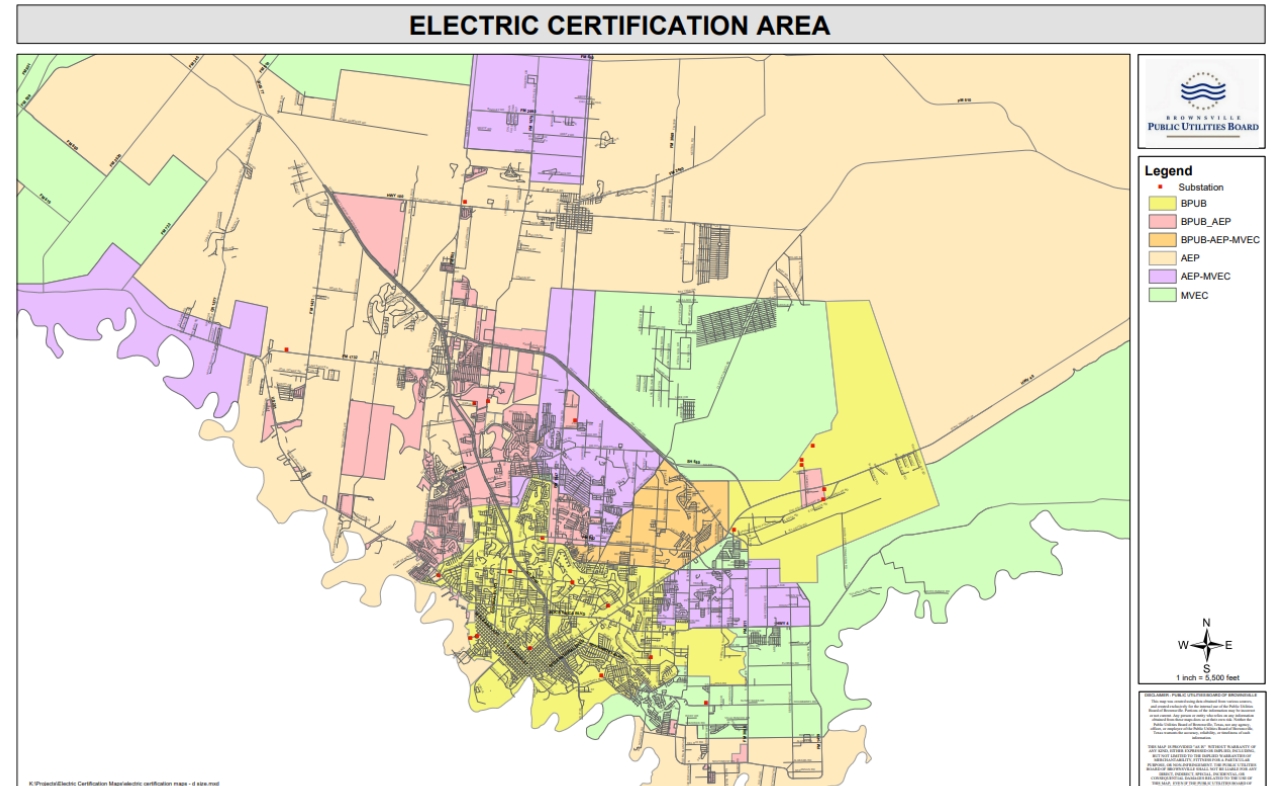
- Operate Electric Utility in Compliance with Regulatory Framework

BPUB Operations in the Regulatory Framework



Electric Certification in Brownsville Area

- BPUB is one of the few municipally-owned utilities in Texas that shares its service territory with other providers
- Customers in different service areas of Brownsville have different choices
- Many customers can choose between MVEC, BPUB, and REPs (AEP distribution system)



Questions



Discussion and/or Requests for Future Agenda Items



Adjournment
