

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS.

Subchapter I. TRANSMISSION AND DISTRIBUTION.

DIVISION 2. TRANSMISSION AND DISTRIBUTION APPLICABLE TO ALL ELECTRIC UTILITIES.

§25.227. Electric Utility Service for Public Retail Customers.

- (a) **Purpose.** The purpose of this section is to establish the terms under which the General Land Office may take utility service, including transmission, distribution, and customer services, in order to convey power to public retail customers purchased under the Public Utility Regulatory Act (PURA) §35.102. This section also allows public retail customers the option to purchase power from the General Land Office. This section requires electric utilities, and municipally owned utilities and electric cooperatives that have adopted customer choice, to file tariffs to specify the terms and conditions under which the General Land Office may take utility service from an affected utility pursuant to PURA §35.103(b). These tariffs must include any stranded costs associated with providing the service.
- (b) **Application.** This section shall apply to electric utilities that provide retail electric service in Texas, and municipally owned electric utilities and electric cooperatives that have adopted customer choice. This section shall not apply to either municipally owned electric utilities or to electric cooperatives that have not adopted customer choice. In a certificated area of an electric utility in which customer choice has not been introduced, the General Land Office may not engage in retail transactions that exceed 2.5% of a retail electric utility's total retail load, calculated based on the system peak for the calendar year 1998.
- (c) **Definitions.** As used in this section, the following terms have the following meanings unless the context clearly indicates otherwise:
- (1) **Affected utilities** – shall refer to all utilities as defined in subsection (b) of this section.
 - (2) **Customer service** – As defined in §25.221 of this title (relating to Electric Cost Separation).
 - (3) **Distribution service** – As defined in §25.221 of this title (relating to Electric Cost Separation)
 - (4) **Transmission service** – As defined in §25.221 of this title (relating to Electric Cost Separation).
 - (5) **Public retail customer** – A retail customer that is an agency of this state as defined in §25.78 of this title (relating to State Agency Utility Account Information), a state institution of higher education, a public school district, or a political subdivision of this state. Under Texas Government Code §447.008(d), a state agency or institution of higher education may request assistance from the Office of the Attorney General in the negotiating rates and terms of electric service .
 - (6) **Stranded cost** – The amount estimated by the commission in the scenario which assumes retail access beginning in the year 2002, "base" market prices, and including the effects of cost benchmarking and transition plans where applicable, in the "Potentially Strandable Investment (ECOM) Report: 1998 Update," as described in PURA §39.262(i).
 - (7) **Functional percentage** – The ratio of each of the transmission, distribution, and customer service costs to total costs for each rate class of each utility, as identified in Appendix F of the Staff Report filed in Project Number 20749, *Functional Cost Separation of Electric Utilities in Texas*.
- (d) **Obligations of affected utilities.**
- (1) Each affected utility is obligated to provide the services prescribed by this section on a comparable and non-discriminatory basis, and under the same terms and conditions for service to similarly situated customers.

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- (2) Each affected utility's obligations shall include, but are not limited to, the obligation to extend electric service to new locations.

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- (3) The affected utility shall provide to the General Land Office within three business days of collection all demand and/or energy consumption readings applicable to each public retail customer to which the General Land Office conveys power. This information is subject to any protections of the Public Information Act, Texas Government Code, Chapter 552.
- (e) **Filing requirements.**
- (1) Upon a request for service pursuant to this section by the General Land Office, an affected utility shall file a tariff to implement the provisions of this section not later than 15 days from the date of the request. The proposed tariffs of electric utilities shall comply with subsection (f) of this section, and with the commission's standard tariff format for this section. As part of this filing, electric utilities shall provide all supporting workpapers and documents used in the calculation of the power delivery charge and the competition transition charge.
- (2) The commission shall approve or deny a proposed tariff filed by an electric utility under this section within 30 days of filing. A proposed tariff may be approved on an interim basis, subject to refund or surcharge, prior to final approval.
- (f) **Tariff requirements.** Each tariff of an electric utility shall contain the following provisions listed in paragraphs (1) through (8) of this subsection. Paragraph (8) of this subsection shall apply to all affected utilities as defined in subsection (b) of this section.
- (1) **Power delivery charge.** The sum of the transmission, distribution, and customer services charges established under this section. No credits shall be made to the power delivery charge, except for credits related to transmission-level service and billing and customer service, as provided in paragraphs (5) and (6) of this subsection.
- (2) **Transmission charge.** A charge for transmission service as established in subsection (h) of this section. A separate charge shall be listed for each rate class.
- (3) **Distribution charge.** A charge for distribution service as established in subsection (h) of this section. A separate charge shall be listed for each rate class.
- (4) **Customer service charge.** A charge for retail customer service equal to the sum of the metering and billing and the tariff administration, energy services, and other customer service charges as established in subsection (h) of this section. A separate charge shall be listed for each rate class.
- (5) **Transmission-level service credit.** A credit equal to the distribution charge, to be applied to the power delivery charge for public retail customers that take electric service at transmission voltage. This credit shall apply only in the event an affected utility does not have a commission-approved tariff for electric service at transmission voltage.
- (6) **Billing and customer service credit.** A credit equal to the tariff administration, energy services, and other customer services portion of the customer service rate, which shall be applied to the power delivery charge if the affected utility does not bill the public retail customer directly on behalf of the General Land Office.
- (7) **Competition transition charge.** A charge as established in subsection (g) of this section for the recovery of stranded costs associated with providing the service.
- (8) **Terms and conditions.** Terms and conditions shall be consistent with the existing bundled rate tariffs.

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(g) Competition transition charge (CTC)

- (1) The competition transition charge for an electric utility shall be calculated as follows:
 - (A) The stranded costs for each utility shall be amortized over the average remaining life of the generation asset(s) underlying the stranded costs, and shall be allocated to each class pursuant to the method prescribed by PURA §39.253;
 - (B) The rate design of the CTC for each class shall be consistent with the rate design used to recover the costs of the generation assets underlying the stranded costs in the utility's last rate proceeding, calculated to reflect billing determinants for the year ending April 30, 1999, adjusted for normal weather.
- (2) The CTC calculated pursuant to this section shall remain in effect until replaced by the CTC established pursuant to PURA §39.201. The CTC shall include a reasonable return for the years 2000 and 2001 on the unrecovered balance of stranded costs. The year 2000 balance shall be its January 1, 2002 balance discounted at 8.5% per year for each of the years 2000 and 2001. Such return shall be as identified in PURA §39.258(7).
- (3) The CTC calculated pursuant to this section shall be subject to PURA §39.262, True-Up Proceeding.

(h) Rate design for electric utilities.

- (1) The functional percentages determined for each rate class for each electric utility in Project Number 20749, *Functional Cost Separation of Electric Utilities in Texas*, shall be applied to each component of the existing bundled rate. The existing rate structure shall be maintained.
- (2) The rate design required by this section for electric utilities shall remain in effect until replaced by the rate design established pursuant to PURA §39.201.
- (3) An affected utility that is not subject to PURA Chapter 39, pursuant to §39.102(c), may request and the commission may grant, a one-time revision of the functional percentages determined for each rate class of that utility in Project Number 20749. The revision shall be based on actual cost data for the year ending December 31, 2001.