

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS.

Subchapter J. COSTS, RATES, AND TARIFFS.

DIVISION 1. RETAIL RATES.

§25.244. Billing Demand for Certain Utility Customers.

- (a) **Application.** This section applies to a transmission and distribution utility (TDU) that provides retail distribution service.
- (b) **Definitions.** The following terms, when used in this section, have the following meanings, unless the context indicates otherwise.
- (1) **Demand ratchet --** A provision in a TDU's tariff for retail distribution service that allows a customer to be billed based on the greater of the peak demand by that customer in the current month or some fixed percentage of the peak demand for that customer during previous months.
- (2) **Nonresidential secondary voltage service customer --** A nonresidential customer that is billed demand charges for retail distribution service and that receives retail distribution service at secondary voltage through one point of delivery and that is measured using one meter.
- (c) **Rates.** In a proceeding in which base rates are set for nonresidential secondary voltage service customers, the base rates set for nonresidential secondary voltage service customers shall provide that these customers shall be billed on a kilowatt-hour (kWh), kilowatt (kW), or kilovolt-amperes (kVA) basis, and that if a demand ratchet is utilized, the demand ratchet shall not apply to a nonresidential secondary voltage service customer that has an annual load factor less than or equal to 25 percent. This subsection does not require the use of demand ratchets for any customers. This subsection shall not be applied in a manner that would shift costs to other customer classes.
- (d) **Annual Verification.** Upon the implementation of base rates consistent with subsection (c) of this section, a TDU shall determine annually for each of its nonresidential secondary service customers whether to apply a demand ratchet. In addition, by January 15 of each year following the commission's final order in a proceeding described by subsection (c) of this section, a TDU shall file an affidavit certifying that it has accurately identified and billed nonresidential secondary service customers who under subsection (c) of this section cannot be charged a demand ratchet. In addition, the TDU shall attach to the affidavit a thorough description of the procedures that it uses to ensure that these customers are accurately identified and billed.