

CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS.

Subchapter Q. SYSTEM BENEFIT FUND.

§25.457. Implementation of the System Benefit Fee by the Municipally Owned Utilities and Electric Cooperatives.

- (a) **Purpose.** The purpose of this section is to implement the system benefit fee and associated programs as they relate to the service areas of municipally owned utilities (MOUs) and electric cooperatives (Coops).
- (b) **Applicability.** This section applies to an MOU and Coop, no sooner than six months preceding the date on which an MOU or Coop implements customer choice in its certificated service area.
- (c) **Implementation of fee collection.** Not earlier than six months before customer choice begins, and not later than the day of implementation of customer choice in its service territory, an MOU or a Coop shall impose on its customers, including its transmission and distribution customers who choose to receive a single bill from the MOU or Coop, a system benefit fee, as determined by the commission pursuant to §25.451(d) of this title (relating to the Administration of the System Benefit Fund).
- (d) **Billing requirements.** Each retail electric provider (REP), MOU, and Coop that provides rate reduction discounts or one-time bill payment assistance in the service area of an MOU or a Coop shall comply with the billing requirements in §25.451(h) of this title.
- (e) **Remittance of funds.** The system benefit fee collected by an MOU or a Coop shall be remitted to the Texas Comptroller of Public Accounts (Comptroller) pursuant to §25.451(g) of this title.
- (f) **Service area revenue requirements.** The commission staff shall calculate the amount available for low-income discounts or one-time bill payment assistance for the service area of each MOU and Coop based on the projected system benefit fee revenue from the service area of the MOU or Coop and any reduction in the fee for education or low-income programs approved by the commission. The commission shall, on a request by an MOU or a Coop, reduce the system benefit fee, imposed on the requesting entity's retail customers, by the amount expended by the requesting MOU or Coop, or their retail customers, for local, low-income programs and local programs that educate customers about the retail electric market in a neutral and non-promotional manner. The qualifying low-income programs must reduce the cost of electricity to the recipients of such programs and be targeted at customers whose total household income does not exceed 125% of federal poverty guidelines. The amount available for low-income discounts and one-time bill payment assistance shall be established and may be revised by the commission in the following manner:
 - (1) By calculating a share of the total revenue in the System Benefit Fund that is spent on each of the programs as described in Public Utility Regulatory Act (PURA) §39.903(e) in the preceding 12 months for all service areas; and
 - (2) By applying the share of total spending on programs pursuant to PURA §39.903(e)(1) to the projected payments of each MOU or Coop into the System Benefit Fund, reduced by any adjustment for authorized education or low-income programs.
- (g) **Annual reports.** Upon request by the commission and annually on a schedule established by the commission, an MOU or a Coop shall provide to the commission the following:
 - (1) The total in kWh of electric power sold to its retail customers in a recent 12-month period specified by the commission;

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- (2) The total amount spent on qualifying, local, low-income programs, for which the reduction is being sought, in such a recent 12-month period;
 - (3) The total amount spent on qualifying, local, educational programs, for which the reduction is being sought, in such a recent 12-month period;
 - (4) The total amount projected to be spent on qualifying, local, low-income programs, for which reduction is being sought, in a future 12-month period specified by the commission; and
 - (5) The total amount projected to be spent on local, qualifying, educational programs, for which reduction is being sought, in such a future 12-month period.
- (h) **Allocation of revenue requirement.** An MOU or Coop shall allocate its service area revenue requirement established by the commission staff under subsection (f) of this section among those programs provided by PURA §39.903(e) for which funds have been authorized. The MOU or Coop shall be responsible for determining such allocation.
- (i) **Discount factor and rate reduction.** An MOU or a Coop shall establish a discount factor, consistent with the amount of its service area revenue requirement allocated by the MOU or Coop by the rate reduction for low-income customers in its service area. Each REP, MOU, or Coop that bills retail customers for electric power and energy shall apply a rate reduction to the bills of eligible low-income customers based on the discount factor established by the MOU or Coop in effect during the billing cycle in which the bill is rendered, multiplied by the customer's total consumption (kWh) for the billing period. If an eligible customer is rebilled, the discount that was in effect during the affected billing cycle will be applied. The rate reduction will be clearly identified as a line item on the electric portion of the customer's bill. An MOU or Coop may permit the rate reduction to be identified for a pre-pay customer in accordance with §25.454 of this title (relating to the Rate Reduction Program).
- (j) **Reimbursement.** Each REP, and MOU or Coop that provides rate reduction discounts or one-time bill payment assistance in the service area of an MOU or Coop is entitled to reimbursement under §25.451(j) of this title for the rate reductions and one-time bill payment assistance it has provided to eligible customers and shall file a monthly activity report in order to request reimbursement.
- (k) **Monthly reporting requirements.** If an MOU or a Coop continues to bill customers pursuant to PURA §40.057(c) or §41.057(b), as appropriate, then the MOU or Coop shall file with the commission two reports. One report will identify the amount of system benefit fee collected and paid by the reporting entity's retail customers; the other report shall identify the amount of system benefit fee paid by the transmission and distribution only customers. Both reports shall be filed with the commission at the time the system benefit fee is paid pursuant to §25.451(g) of this title.