

## CHAPTER 25. SUBSTANTIVE RULES APPLICABLE TO ELECTRIC SERVICE PROVIDERS

### Subchapter O. UNBUNDLING AND MARKET POWER.

#### DIVISION 2. INDEPENDENT ORGANIZATIONS.

##### §25.364. Decertification of an Independent Organization.

- (a) **Purpose.** This section establishes the procedures for the decertification of an independent organization and the transfer of assets to a successor organization pursuant to Public Utility Regulatory Act (PURA) §39.151(d).
- (b) **Applicability.** This section applies to any organization that the commission has certified as an independent organization pursuant to PURA §39.151.
- (c) **Initiation of proceeding to decertify.** The commission may initiate a proceeding to revoke an independent organization's certification. Prior to initiating a proceeding to revoke a certification, the commission may conduct an audit or study of the performance of an independent organization with respect to its efficiency and effectiveness in carrying out the duties of an independent organization under PURA and this title. Any such audit or study may be conducted or supervised by the commission and shall be funded by the independent organization.
- (d) **Standard for decertification.** The commission may issue an order decertifying an independent organization if it finds that the organization has committed significant violations of PURA or commission rules or failed to efficiently and effectively carry out the duties of an independent organization.
- (e) **Order revoking certification.** The commission's order revoking certification shall ensure continuity of operations of the independent organization and shall designate the successor organization that will assume the functions of the independent organization. The commission order revoking certification will provide for the independent organization to transfer its assets and liabilities to the successor independent organization designated by the commission.
- (f) **Selection of successor organization.** Prior to the decertification of an independent organization, the commission shall designate, and certify pursuant to PURA §39.151(c), a successor independent organization from among persons that have submitted proposals in response to the commission's request. To the extent that there are duties performed by the current independent organization that are not required by statute, organizations other than a successor independent organization may be designated to assume those functions.
- (g) **Transfer of assets.** The transfer of assets and liabilities from a decertified independent organization to its successor organization shall be made in a way that ensures that the functions of the independent organization continue to be provided reliably and without interruption. The commission may impose specific conditions or requirements upon the transfer of assets and liabilities.
- (h) **Continuity of operations.** To ensure that all of the required functions of the independent organization continue to be carried out during the decertification and transfer process, the commission, upon its own initiative, may order the independent organization or its successor organization, or both, to perform or continue certain acts related to the organization's operation. These include, but are not limited to, capital investment projects, financing, meeting or renegotiating contractual obligations, and employment of essential personnel.