

1 PROJECT NO. 27711

2 RULEMAKING ON  
MODIFICATIONS TO THE LOW-  
INCOME DISCOUNT RULES

§  
§  
§  
§  
§

PUBLIC UTILITY COMMISSION  
OF TEXAS

3  
4 STRAWMAN PROPOSAL FOR ADOPTION OF AMENDMENTS TO §25.451,  
5 §25.454 AND §25.457  
6

7  
8 **§25.451. Administration of the System Benefit Fund.**

9 (a) **Purpose.** The purpose of this section is to implement the system benefit fund,  
10 including its administration, establishment of a revenue requirement, fee  
11 collection, reporting procedures, and review and approval of the fund pursuant to  
12 the Public Utility Regulatory Act (PURA) §39.901 and §39.903.

13 (b) **Application.** Except as provided in PURA §39.102(c), this subchapter applies to  
14 electric utilities, retail electric providers (REPs), REPs pursuant to PURA  
15 §39.352(g), and transmission and distribution utilities (TDUs). This section  
16 applies to municipally owned electric utilities and electric cooperatives no sooner  
17 than six months preceding the date on which a municipally owned electric utility  
18 or an electric cooperative implements customer choice in its certificated service  
19 area.

20 (c) **Definitions.** The following words and terms when used in this subchapter, shall  
21 have the following meaning, unless the context clearly indicates otherwise.

22 (1) **Fiscal year** – The State of Texas fiscal year, beginning September 1 of one  
23 calendar year, and ending on August 31 of the subsequent calendar year.

1           (2) **System Benefit Fund** – A fund with the Texas Comptroller of Public  
2           Accounts (Comptroller) to be administered by the commission, into which  
3           all fee collections are deposited and from which all disbursements of the  
4           fund are withdrawn.

5           (3) **System benefit fee** – A nonbypassable fee set by the commission to finance  
6           the System Benefit Fund. The fee shall be charged to electric retail  
7           customers based on the amount of kilowatt hours (kWh) of electric energy  
8           used, as measured at the meter and adjusted for voltage level losses.

9           (d) **System benefit fee.**

10           (1) The commission shall set the amount of the system benefit fee for the next  
11           fiscal year at or before the last open meeting scheduled for July of each year.

12           (2) The amount of the fee shall be based on the total revenue requirement as  
13           determined in subsection (e) of this section and the projected retail sales of  
14           electricity in megawatt hours (MWh) in the state as determined in  
15           subsection (f) of this section.

16           (3) The commission may, at any time during the fiscal year, review the revenue  
17           and the statutory program disbursements requirement, revise the system  
18           benefit fee amount, and issue an order for the remainder of the year to  
19           accomplish the purposes of PURA §39.901 and §39.903. The TDUs shall  
20           implement the new fee in billings to the REPs within 30 calendar days of the  
21           date such order is issued. Whenever the fee is changed, ~~or at least once~~

1 | ~~annually,~~ the TDUs will file with the commission an updated tariff sheet,  
2 | reflecting the new fee.

3 | (4) The fee may not exceed \$0.65 per MWh.

4 | (e) **Revenue requirement.** The revenue requirement shall be an amount of revenue  
5 | necessary to fund the purposes outlined in PURA §39.903 consistent with  
6 | legislative appropriations, all operating costs of the Rate Reduction Program, a  
7 | reserve balance to be determined by the commission, and any other purpose  
8 | required by statute or legislative appropriations.

9 | (f) **Electric sales estimate.** The TDUs, and when applicable, the municipally owned  
10 | utilities (MOUs) and Coops, upon request by the commission, shall supply an  
11 | aggregate number of the amount of retail electric sales in their service areas for  
12 | the preceding calendar year, by April 1 of each year. Upon receipt of such  
13 | information, the commission will file the aggregated retail electric sales in the  
14 | relevant areas, after adjusting for projected growth. The commission shall  
15 | determine the most reasonable estimate when it sets the system benefit fee.

16 | (g) **Remittance of fees after January 1, 2002.**

17 | (1) Beginning in January 2002, each TDU, MOU, or Coop collecting the system  
18 | benefit fee from the REP, MOUs or Coops in its service area, shall remit the  
19 | fees to the Comptroller on the 20th day of each month.

20 | (2) Remittance of funds to the Comptroller shall comply with the Comptroller's  
21 | rules governing any such deposits and the method in which they are sent to  
22 | the Comptroller.

1           (3) Deposits due to the System Benefit Fund pursuant to PURA §39.352(g)  
2           shall be transferred to the Comptroller at the time of the filing of the annual  
3           report pursuant to §25.107 of this title (relating to Certification of Retail  
4           Electric Providers (REPs)) in a form prescribed by the Comptroller.

5           (4) The collecting utility shall account for all system benefit fees received from  
6           the REPs, MOUs, or Coops in its service area separately from any other  
7           account in its records.

8           (h) **Billing requirements.**

9           (1) A TDU, an MOU, or a Coop shall send billing statements to the REPs  
10           indicating the amount of system benefit fee owed for the specified period.  
11           The billing and payments between the TDU and the REPs shall be governed  
12           by §25.214 of this title (relating to Terms and Conditions of Retail  
13           Distribution Service Provided by Investor Owned Transmission and  
14           Distribution Utilities), and between MOUs and Coops and the REPs by  
15           §25.215 of this title (relating to Terms and Conditions of Retail Distribution  
16           Service Provided by MOUs and Coops).

17           (2) The REP shall remit to the TDU, an MOU, or a Coop an amount equal to  
18           the kWh of electric energy consumed by its customers in the utility's service  
19           area times the fee approved by the commission for that period.

20           (3) For those retail customers who switch to on-site generation pursuant to  
21           PURA §39.262(k), the system benefit fee shall be based on the amount of  
22           actual power delivered to them by a TDU. The TDU will calculate and bill

1           any such fee, and will forward the payment, once received, to the  
2           Comptroller on the next fee payment due date. The TDUs will separately  
3           identify these sales when submitting the aggregate number of electric retail  
4           sales.

5           **(i) Reporting and auditing requirements.**

6           (1) Each REP offering rate reductions to eligible customers shall keep records  
7           of such rate reductions to enable an audit by the commission or its agent for  
8           at least three years from the date the rate reduction is first given to the  
9           customer. Reports filed under subsection (j) of this section will also be used  
10          for auditing purposes, and shall be filed by all REPs, MOUs or Coops who  
11          provide rate reductions in accordance with §25.454 or §25.457 of this title.

12          Records kept in accordance with §25.454(f)(3)(B) of this title (relating to  
13          Rate Reduction Program) shall be subject to audit upon commission request.

14          (2) Each TDU, MOU, or Coop collecting and forwarding the system benefit fee  
15          to the Comptroller shall file with the commission at the time the money is  
16          sent a report, on a commission-prescribed form, stating for each service  
17          territory the amount of the system benefit fee billed, the amount forwarded  
18          to the Comptroller, and the number of MWh of electric energy sold. The  
19          report shall contain monthly amounts and year-to-date totals.

20          **(j) Reimbursement for rate reductions.** Each REP, or MOU or Coop, when  
21          applicable, shall submit to the commission a monthly activity report on a form  
22          prescribed by the commission, including but not limited to, information in

1 paragraphs (1)-(5) of this subsection. The commission shall, within five business  
2 days of receipt of the monthly report, prepare and deliver to the comptroller an  
3 authorization for reimbursement to the REP, MOU, or Coop in a form prescribed  
4 by the commission and the Comptroller. The Comptroller shall transfer the funds  
5 by the close of the next business day, following receipt of an authorization from  
6 the commission. The monthly activity report submitted by the REPs, MOUs, or  
7 Coops shall be due on the 20th day following the reporting month and contain the  
8 following:

9 (1) The number of low-income customers enrolled in the rate reduction  
10 program;

11 (2) The amount of reimbursement requested;

12 (3) The aggregate electric energy consumption in kWh for all low-income  
13 customers enrolled in the program for the previous month;

14 (4) The total amount of rate reductions provided to the low-income customers in  
15 the previous month; and

16 (5) The amount of the system benefit fee billed by and remitted to the TDU.

17 (k) **Transfer of funds to other state agencies.** Payment transfers to other state  
18 agencies pursuant to this rule shall be governed by statute, the Appropriations  
19 Act, or the Comptroller.

20

21

22

1 **§25.454. Rate Reduction Program.**

2 (a) **Purpose.** The purpose of this section is to define the low-income electric rate  
3 reduction program, establish the rate reduction calculation, and specify enrollment  
4 options and processes.

5 (b) **Application.** This section applies to retail electric providers (REPs) and  
6 providers of last resort (POLR), as defined in PURA §39.106, that provide  
7 electric service in an area that has been opened to retail competition; this section  
8 shall apply, ~~and~~ to municipally owned electric utilities and electric cooperatives  
9 on a date determined by the commission, but no sooner than six months preceding  
10 the date on which a municipally owned utility or an electric cooperative  
11 implements customer choice in its certificated area.

12 (c) **Definitions.** The following words and terms when used in this subchapter, shall  
13 have the following meanings, unless the context clearly indicates otherwise.

14 (1) **Discount ~~factor~~credit** – The amount of discount an eligible low-income  
15 customer will be provided ~~is entitled to receive~~ from any REP in the  
16 customer's area, expressed as cents per kilowatt-hour (kWh).

17 (2) **Discount percentage** – The percentage of discount established by the  
18 commission and applied to the lower of the price to beat or POLR rate in a  
19 particular service territory.

20 (3) **Low-income customer** - An electric customer, whose household income is  
21 not more than 125% of the federal poverty guidelines, or who receives food  
22 stamps from the Texas Department of Human Services (TDHS) or medical

1 assistance from a state agency administering a part of the medical assistance  
2 program.

3 (4) **Low-Income Discount Administrator (LIDA)** – A third-party vendor  
4 contracted by the commission to administer the rate reduction program.

5 (5) **Low-Income Discount Procedural Guide** – A written reference guide  
6 which compiles the regulatory and statutory requirements for and roles of  
7 participants in the rate reduction program, including the LIDA~~working~~  
8 ~~guide detailing the exact roles and requirements of the Low-Income~~  
9 ~~Discount Administrator (LIDA), REPs, and the Electric Reliability Council~~  
10 ~~of Texas (ERCOT), the Texas Department of Human Services (TDHS), and~~  
11 ~~customers, and which sets forth solely administrative information, including~~  
12 ~~but not limited to the required data formats for transmitting customer~~  
13 ~~information. Instructions in the guide shall be deemed directives of the~~  
14 ~~commission.~~ All versions of the guide will be approved by the Executive  
15 Director.

16 (6) **Rate reduction** – The total discount to be deducted from a customer's  
17 electric bill. This reduction is derived from the discount ~~factor~~~~redit~~ and  
18 total consumption in accordance with subsection (d)(3) of this section.

19 (d) **Rate reduction program.** All eligible low-income customers as defined in  
20 subsection (c) of this section shall be entitled to receive a rate reduction, as  
21 determined by the commission pursuant to this section, on their electric bills from  
22 their retail electric providers.



1           (1) **Discount percentage.** The commission shall periodically establish a  
2           discount percentage. The discount percentage shall not be less than 10%  
3           and may, if there are funds sufficient to support a higher level, be set as high  
4           as 20%.

5           (2) **Discount ~~factor~~ credit.** The commission shall set the discount ~~factor~~ credit  
6           for an eligible low-income customer in accordance with this subsection.

7           (A) The discount ~~factor~~ credit shall be separately calculated for each  
8           transmission and distribution utility service area.

9           (B) The discount ~~factor~~ credit shall be calculated by applying the discount  
10          percentage to the lower of the POLR rate ~~and~~ the standard residential  
11          price to beat rate. ~~More details concerning the calculation of the~~  
12          ~~discount credit will be set out in the Low-Income Discount Procedural~~  
13          ~~Guide.~~

14          (C) If the discount ~~factor~~ credit changes for any area, because of a change to  
15          the discount percentage or a change to the baseline rate for any area,  
16          REPs shall implement the resulting change in the discount ~~factor~~ credit  
17          in their billings to customers within 30 calendar days of the date the  
18          commission issues an order changing the discount ~~factor~~ credit.

19          (3) **Rate reduction.** Each eligible low-income customer shall be entitled to  
20          receive a rate reduction from any REP in the customer's service area.

21          (A) REPs ~~shall~~ will maintain a current record of the commission-posted  
22          discount ~~factor~~ credits per area, per season. REPs ~~shall~~ will use the  
23          ~~posted~~ discount ~~factor~~ credits posted on the commission's website

1 | [www.puc.state.tx.us](http://www.puc.state.tx.us)) to calculate the rate reduction for each eligible low-  
2 | income customer's bill.

3 | (B) ~~REPs shall calculate the~~The rate reduction ~~will be calculated~~ by  
4 | multiplying the customer's total consumption (kWh) for the billing  
5 | period by the current discount ~~factor~~credit (cents/kWh) in effect during  
6 | the month in which the bill is rendered.

7 | (C) REPs will clearly identify the customer's discount ~~factor~~credit and  
8 | resulting rate reduction as a line item on the electric portion of the  
9 | customer's bill. The discount ~~factor~~credit will be detailed on the left  
10 | side of the billing section, opposite the rate reduction, with the language:  
11 | "LITE-UP Discount - \_\_\_ kWh Total @ \_\_\_ cents/kWh."

12 | (D) REPs are entitled to reimbursement under §25.451(j) of this title  
13 | (relating to Administration of the System Benefit Fund) for amounts  
14 | equal to the documented rate reductions they have provided to eligible  
15 | low-income customers.

16 | (e) **Terms of customer enrollment.** Eligible customers will be enrolled in the rate  
17 | reduction program through automatic enrollment or self enrollment~~self-~~  
18 | ~~certification process implemented by LIDA.~~

19 | (1) **Automatic enrollment.** Automatic enrollment is an electronic process to  
20 | identify customers eligible for the rate reduction by matching client data  
21 | from TDHS with ~~electronic~~electric customer data from REPs. ~~The transfer~~  
22 | ~~of data for the purposes of establishing and maintaining the automatic~~

1 ~~enrollment process shall be detailed in the Low Income Discount Procedural~~  
2 ~~Guide.~~

3 (A) TDHS shall provide client information to LIDA in accordance with  
4 subsection (f)(1).

5 (B) REPs shall provide customer information to LIDA in accordance  
6 with subsection (f)(3).

7 (C) LIDA shall compare TDHS' and REPs' customer information and  
8 automatically enroll matching customers in the rate reduction program.

9 (2) ~~Self enrollment~~**Self-certification.** ~~Self enrollment~~~~Self-certification~~ is an  
10 alternate enrollment process available to eligible electric customers who are  
11 not automatically enrolled, whose combined household income does not  
12 exceed 125% of federal poverty guidelines or receive food stamps or  
13 medical assistance from TDHS. The ~~self~~~~self-certification~~ enrollment  
14 process shall be administered by LIDA. LIDA's responsibilities shall  
15 include:

16 (A) Distributing and processing ~~self enrollment~~~~self-certification~~  
17 applications, as developed by the commission, for the purposes of  
18 initial self enrollment, and for re-enrollment of self enrolled and  
19 automatically enrolled customers;

20 (B) Maintaining customer records for all applicants;

21 (C) Providing information to customers regarding the process of enrolling  
22 in the low-income discount program;

1 (D) Matching customer information submitted through self enrollment~~self-~~  
2 certification forms with ~~electric~~ customer data provided by REPs; and

3 (E) Verifying that self enrollment forms contain proof of income in the  
4 form of the self-certification by requesting copies of tax returns, pay  
5 stubs, letters from employers, or other information and auditing  
6 statistically valid samples for accuracy.

7 (3) **Period of customer enrollment:** The eligibility period of each customer  
8 will be determined by the customer's method of enrollment.

9 (A) The eligibility period for self enrolled~~self-certified~~ customers is seven  
10 months from the date of enrollment. ~~Self-certified customers will have~~  
11 ~~the opportunity to renew their eligibility for an additional seven~~  
12 ~~months, prior to the expiration of their eligibility period.~~

13 (B) ~~Automatically~~~~The eligibility period for automatically~~ enrolled  
14 customers will continue to be automatically enrolled as long as the  
15 customers receive is the length of their enrollment in TDHS benefits as  
16 defined in subsection (c) of this section. Once a customer no longer  
17 receives TDHS benefits, the customer will be given a plus a grace  
18 period of no more than 60 days, during which the customer may self-  
19 enroll, for renewal. ~~Automatically enrolled customers will have the~~  
20 ~~opportunity to renew their eligibility and to become self-certified for an~~  
21 ~~additional seven months, upon the expiration of their automatic~~  
22 ~~enrollment.~~

23 (C) Re-enrollment.

1 (i) A self enrolled customer may, prior to the expiration of the  
2 eligibility period, re-enroll his or her eligibility for an additional seven  
3 months by submitting a completed self enrollment form.

4 (ii) A customer who was formerly but is no longer automatically  
5 enrolled may enroll via self enrollment at the time that their automatic  
6 eligibility ceases.

7 (iii) A customer who is eligible to re-enroll will be sent a self  
8 enrollment form by the LIDA, and allowed no more than 30-45 days to  
9 complete the form. The self enrollment form shall be mailed back to  
10 the LIDA within the time specified in the correspondence; if the re-  
11 enrollment is successful, the customer shall receive the rate reduction  
12 without interruption.

13 (iv) Forms returned after the time period specified in the  
14 correspondence may be re-enrolled to receive the rate reduction, subject  
15 to interruption for the delayed receipt and processing time.

16 (f) **Responsibilities.** In addition to the requirements established in this section,  
17 program responsibilities for LIDA and TDHS may be established in the  
18 commission's contract with LIDA and in; the memorandum of understanding  
19 between the commission and TDHS, ~~and the Low Income Discount Procedural~~  
20 ~~Guide.~~

21 (1) **TDHS shall:**

1 (A) ~~assist~~Assist in the implementation and maintenance of the automatic  
2 enrollment process by providing a database of customers receiving  
3 TDHS benefits as detailed in the memorandum of understanding  
4 between TDHS and the commission; ~~and~~.

5 (B) ~~assist~~Assist in the distribution of promotional and informational  
6 material as detailed in the memorandum of understanding.

7 (2) **LIDA shall:**

8 (A) ~~receive~~Retrieve customer lists ~~from REPs~~ on a monthly basis through  
9 data transfer; ~~as detailed in the Low Income Discount Procedural~~  
10 ~~Guide~~.

11 (B) ~~retrieve~~Retrieve the database of clients from TDHS on a monthly  
12 basis;:-

13 (C) ~~conduct~~Conduct ~~self enrollment~~self-certification, automatic enrollment,  
14 and renewal processes;:-

15 (D) ~~make available to each REP on a monthly basis a list~~Send lists of low-  
16 income customers eligible to receive the rate reduction; ~~to each REP on~~  
17 ~~a monthly basis~~.

18 (E) ~~establish~~Establish a list of eligible ~~customers, identified by ESI IDS,~~  
19 ~~ESI IDs~~ by comparing the ~~REPs'~~ customer lists and TDHS databases  
20 and identifying records that reasonably match.

21 (F) ~~Develop procedures to~~notify customers of enrollment ~~in~~, expiration ~~of~~,  
22 and opportunities ~~to renew eligibility for~~for-renewal-of the rate  
23 reduction program.

1 (G) ~~provide~~Provide information to customers regarding enrollment for the  
2 rate reduction program and eligibility requirements;

3 (H) work to resolve issues concerning customer eligibility, including the  
4 failure to provide discounts to customers who believe they are eligible  
5 and the provision of discounts to customers who may not meet  
6 eligibility criteria; and

7 (I) protect the confidentiality of the customer information provided by the  
8 REPs, and the client information provided by TDHS.

9 (3) **A REP shall:**

10 (A) ~~provide~~Provide information to, and receive information from, LIDA in  
11 accordance with the Low Income Discount Procedural Guide. customer  
12 information to LIDA through data transfer. The customer information  
13 shall include, to the greatest extent possible, each full name of the  
14 primary and secondary customer on each account, billing and service  
15 addresses, primary and secondary Social Security numbers, primary  
16 and secondary telephone number, ESI ID, and service provider account  
17 number;

18 (B) retrieve from the LIDA the list of customers who are eligible to receive  
19 the rate reduction;

20 ~~(C)~~(B) monitorMonitor high-usage customers to ensure that premises are  
21 in fact residential and maintain records of monitoring efforts for audit  
22 purposes. A customer with usage greater than 3000 kWh in a month  
23 shall be considered a high usage customer. REPs may request a waiver

1 of this requirement by successfully demonstrating to the commission  
2 that their enrollment process and/or computer system has sufficient  
3 checks to ensure that only residential customers are reported to LIDA.  
4 ~~High usage customers shall be defined in the Low Income Discount~~  
5 ~~Procedural Guide.~~

6 ~~(D)(C)~~ applyApply a rate reduction to the electric bills of the eligible ESI  
7 IDs identified by LIDA within the first billing cycle, if notification is  
8 received within seven days before the end of the billing cycle, or within  
9 30 calendar days after the REP receives notification from the LIDA,  
10 whichever occurs first;-

11 ~~(E)(D)~~ notifyNotify customers twice a year about the availability of the  
12 rate reduction program, and provide self enrollment~~self-certification~~  
13 forms to customers upon request;-

14 ~~(F)(E)~~ employ best efforts, including training call center personnel on  
15 general LITE-UP processes and information, and providing problem  
16 resolution staff to the LIDA in resolvingResolve issues concerning  
17 customer eligibility, including the failure to provide discounts to  
18 customers who believe they are eligible and the provision of discounts  
19 to customers who may not meet the eligibility criteria; ~~and, in~~  
20 ~~accordance with the Low Income Discount Procedural Guide.~~

21 ~~(G)(F)~~ provideProvide to the commission copies of materials regarding  
22 the rate reduction program given to customers during the previous 12  
23 months.



1 (4) **ERCOT shall:**

2 Shall provide information to, and receive information from, LIDA

3 including:

4 (A) information regarding the REP of record, transactional history, or other

5 pertinent information for the purposes of problem resolution;

6 (B) information on each residential premise in the ERCOT Territory,

7 including premise address, ESI ID and REP of Record, until such time

8 as the matching process has transitioned to the customer information

9 submitted by REPs.

10 ~~in accordance with the Low-Income Discount Procedural Guide.~~

11 (g) **Confidentiality provision.**

12 (1) All data transfers shall be conducted under the terms and conditions of a

13 TDHS confidentiality agreement ~~so as~~ to protect customer privacy. The

14 data acquired from TDHS data shall only be used for the purposes of

15 implementing automatic enrollment.

16 (2) All data transfers conducted from REPs to LIDA shall be conducted under

17 the terms and conditions of the standard REP confidentiality agreement to

18 protect customer privacy and competitively sensitive information. The data

19 acquired from REPs shall only be used for the purposes of enrolling

20 customers into LITE-UP.

21 (3) (2) Data shall not be provided to the REPs in advance of

22 registering customers. LIDA's protocols and procedures shall be developed

1 in a way that maintains the customer eligibility for the rate reduction as  
2 proprietary data not to be used for any other purpose.

3 (h) **Low-Income Discount Guide.** The Executive Director shall have authority  
4 to approve the Guide and authority to amend the Guide. In the event of  
5 conflicts between the language of the Guide and the language of the rule, the  
6 rule shall prevail.

7  
8 **§25.457. Implementation of the System Benefit Fee by the Municipally Owned**  
9 **Utilities and Electric Cooperatives.**

10 (a) **Purpose.** The purpose of this section is to implement the system benefit fee and  
11 associated programs as they relate to municipally owned utilities and electric  
12 cooperatives.

13 (b) **Applicability.** This section applies to a municipally owned utility and electric  
14 cooperative, no sooner than six months preceding the date on which a municipally  
15 owned utility or an electric cooperative implements customer choice in its  
16 certificated service area.

17 (c) **Implementation of fee collection.** Not earlier than six months before the onset,  
18 and not later than the day of implementation of customer choice in its service  
19 territory, a municipally owned utility or an electric cooperative shall impose on its  
20 customers, including its transmission and distribution customers who choose to  
21 receive a single bill from the municipally owned utility or electric cooperative, a

1 system benefit fee, as determined by the commission pursuant to §25.451(d) of  
2 this title (relating to the Administration of the System Benefit Fund).

3 (d) **Billing requirements.** Each municipally owned utility or electric cooperative  
4 shall comply with the billing requirements in §25.451(h) of this title.

5 (e) **Remittance of funds.** The system benefit fee collected by a municipally owned  
6 utility or an electric cooperative shall be remitted to the Texas Comptroller of  
7 Public Accounts (Comptroller) pursuant to §25.451(g) of this title.

8 (f) **Fee reduction.** The commission shall, on a request by a municipally owned  
9 utility or an electric cooperative, reduce the system benefit fee, imposed on the  
10 requesting entity's retail customers, by an amount equal to the amount provided  
11 by the requesting municipally owned utility or an electric cooperative, or their  
12 retail customers, for local, low-income programs and local programs that educate  
13 customers about the retail electric market in a neutral and non-promotional  
14 manner. The qualifying low-income programs must reduce the cost of electricity  
15 to the recipients of such programs and be targeted at customers whose total  
16 household income does not exceed 125% of federal poverty guidelines. Upon  
17 request by the commission, and once a year thereafter, the municipally owned  
18 utility or an electric cooperative shall provide to the commission the following:

19 (1) The total in kWh of electric power sold to its retail customers in the 12  
20 months preceding the request;

- 1           (2) The total amount spent on qualifying, local, low-income programs, for  
2           which the reduction is being sought, in the 12 months preceding the date of  
3           request;
- 4           (3) The total amount spent on qualifying, local, educational programs, for which  
5           the reduction is being sought, in the 12 months preceding the date of  
6           request;
- 7           (4) The total amount projected to be spent on qualifying, local, low-income  
8           programs, for which reduction is being sought, in the 12 months following  
9           the date of request; and
- 10          (5) The total amount projected to be spent on local, qualifying, educational  
11          programs, for which reduction is being sought, in the 12 months following  
12          the date of request.
- 13          (g) **Rate reduction.** A municipally owned utility or an electric cooperative shall  
14          establish a discount ~~factor~~ for its low-income customers, who are eligible for  
15          a rate reduction pursuant to §25.454(d) of this title (relating to the Rate Reduction  
16          Program). The rate reduction will be calculated pursuant to §25.454(d)(3)(B) of  
17          this title (relating to the Rate Reduction Program). The discount ~~factor~~ will  
18          be discounted off the standard retail service package established under the Public  
19          Utility Regulatory Act (PURA) §40.053 or §41.053, as appropriate. The discount  
20          ~~factor~~ and resulting rate reduction will be clearly identified as a line item on  
21          the electric portion of the customer's bill.

1 (h) **Reduction in program funding.** If a municipally owned utility or an electric  
2 cooperative requests a reduction in fees paid pursuant to subsection (f) of this  
3 section, then the portion of the system benefit fee proceeds allocated for low-  
4 income or education programs for that municipally owned utility or electric  
5 cooperative shall be reduced by the amount of such reduction.

6 (i) **Reimbursement.** Each municipally owned utility or electric cooperative is  
7 entitled to reimbursement under §25.451(j) of this title (relating to Administration  
8 of the System Benefit Fund) for amounts equal to the documented rate reductions  
9 they have provided to eligible low-income customers. The total annual  
10 reimbursement for a municipally owned utility or electric cooperative shall not be  
11 more than the proportional amount a municipally owned utility or electric  
12 cooperative has paid into the System Benefit Fund. The proportional amount  
13 shall be established by the commission in the following manner, and amended as  
14 necessary:

15 (1) By calculating a share of the total revenue in the System Benefit Fund that is  
16 spent on each of the programs as described in PURA §39.903(e) in the  
17 preceding 12 months; and

18 (2) By calculating the share of total spending on programs pursuant to PURA  
19 §39.903(e)(1) paid by each municipally owned utility or electric cooperative  
20 into the System Benefit Fund.

21 (j) **Reporting requirements.** If a municipally owned utility or an electric  
22 cooperative continues to bill customers pursuant to PURA §40.057(c) or

1           §41.057(b), as appropriate, then the municipally owned utility or electric  
2 cooperative shall file with the commission two reports. One report will identify  
3 the amount of system benefit fee collected and paid by the reporting entity's retail  
4 customers pursuant to §25.451(i)(1) of this title; the other report shall identify the  
5 amount of system benefit fee paid by the transmission and distribution only  
6 customers pursuant to §25.451(i)(2) of this title. Both reports shall be filed with  
7 the commission at the time the system benefit fee is paid pursuant to §25.451(g)  
8 of this title.