

PROJECT NO. 52313

**REVIEW OF STATUTORY
DEFINITIONS**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**

**ORDER ADOPTING AMENDMENTS TO §24.3 AND §25.5 AS APPROVED AT THE
MAY 12, 2022, OPEN MEETING**

The Public Utility Commission of Texas (commission) adopts amendments to 16 Texas Administrative Code (TAC) §24.3, relating to definitions of terms for Chapter 24, and §25.5, relating to definitions for Chapter 25. The commission adopts these rules with changes to the proposed rules as published in the November 12, 2021 issue of the Texas Register (46 TexReg 7694). Changes to §24.3 include a more comprehensive definition of “affected county” and “inactive connection”; the deletion of “temporary rate for service provided for a nonfunctioning system;” and changes to clarify the language of other definitions in Chapter 24. Changes to §25.5 revise definitions to comport with changes made by House Bill (HB) 1572 and Senate Bill (SB) 1202, passed by the 87th Legislature (Regular Session). Specifically, these changes relate to amendments to PURA §31.002(4-b), (6), and (17); PURA §31.0021; PURA §37.001(3); and PURA §37.002.

The commission received comments on the proposed rule from Alliance for Retail Markets (ARM); Chargepoint, EVgo, and Tesla (collectively, Joint EVSE Providers); Office of Public Utility Counsel (OPUC); Texas Caterpillar Dealers Legislative Council (TCDLC); Texas Electric Cooperatives (TEC); and Texas Public Power Association (TPPA).

Chapter 24 General Comments

16 TAC §24.3 defines specific terms for their usage and context within Chapter 24.

OPUC was generally supportive of the changes to §24.3 and had no further comments.

Commission Response

The commission agrees with OPUC and adopts the proposed changes to §24.3 accordingly.

Chapter 25 General Comments

16 TAC §25.5 defines specific terms for their usage and context within Chapter 25.

OPUC was generally supportive of the changes to §25.5 and had no further comments.

Joint EVSE providers commented that the language of the proposed rule lacked a definition for charging service as described in SB 1202. Joint EVSE providers recommend adopting the following definition of “charging service” under §25.5:

Charging Service - The commission may by rule exempt from the definition of ‘electric utility’ or ‘retail electric provider’ under Section 31.002 a provider who owns or operates equipment used solely to provide electricity charging service for a mode of transportation.

Commission Response

The commission declines to adopt the definition of “charging service” proposed by Joint EVSE, because the proposed language is not a definition – it is a partial description of the

commission’s authority to modify its definitions of “electric utility” and “retail electric provider.” Accordingly, the commission disagrees that this is an appropriate definition for the term “charging station.”

TPPA recommended the commission distinguish between the term “ERCOT” as defined under §25.5(39) and “ERCOT region” as used in §25.5(48), as the definitions of the two terms are similar and overlap.

Commission Response

The commission acknowledges that the term “ERCOT” is defined as describing either an organization or a geographic region, and the term “ERCOT region” specifically refers to the geographic region. However, this is consistent with how the terms are used in the commission’s rules. Moreover, the term “ERCOT” appears more than a thousand times in the commission’s rules and modifying the application of these terms risks unintended consequences. The commission also acknowledges that the two definitions do not use identical language to describe the geographic region of ERCOT, but both descriptions unambiguously describe the same region. Accordingly, the commission declines to modify either definition.

§25.5(41) – “Electric utility”

Subsection §25.5(41) defines “electric utility” and lists exclusions from the definition. Proposed §25.5(41) adds to these exclusions a person or individual that “is an electric generation equipment lessor or operator.”

TCDLC supported the commission's proposed definition of electric utility under §25.5(41), which reflects the exempt status of those leasing or operating certain electric generation equipment.

ARM and TEC recommended including the definition for "electric generation equipment lessor or operator" as stated in HB 1572, codified as PURA §31.002(4-b), for clarity in proposed §25.5. In the alternative, ARM and TEC recommended including a reference to PURA §31.002(4-b) in the exemptions to the definition of electric utility under subparagraph §25.5(41)(J)(iv) for clarity.

Commission Response

The commission agrees with ARM's recommendation to define "electric generation equipment lessor or operator" in proposed §25.5, as it would clarify usage of the term elsewhere in the rule and incorporate statutory language for the same. The commission defines "electric generation equipment lessor or operator" under adopted §25.5(37).

§25.5(47) – "ERCOT protocols"

Proposed §25.5(47) removes the following sentence from the definition of "ERCOT protocols": "The procedures, initially approved by the commission, include a revisions process that may be appealed to the commission, and are subject to the oversight and review of the commission."

TPPA agreed with the commission's deletion of the sentence from the proposed definition of "ERCOT protocols" under §25.5(47). TPPA recommended adding language that explicitly states,

consistent with SB 2, that ERCOT rule revisions must have commission approval and are not effective until such approval is finalized.

Commission Response

The commission declines to add language reflecting the revised process for the definition of “ERCOT protocols” as recommended by TPPA, because such language is substantive rather than definitional. The commission will address the substantive requirements for the ERCOT protocol revision process, as appropriate, in a separate rulemaking project.

§25.5(88) – “Proceeding”

Proposed §25.5(88) amends the definition of “proceeding” by making the following changes:

Proceeding -- A hearing, investigation, inquiry, or other procedure for finding facts or making a decision, including adopting a rule or setting a rate. The term includes a denial of relief or dismissal of a complaint. ~~It may be rulemaking or nonrulemaking; rate setting or non-rate setting~~

TPPA recommended amending the language of §25.5(88) defining “proceeding” to include “adopting, amending or repealing a rule or setting a rate” to better comport with the definition of “[r]ule” under §25.5(119).

Commission Response

The commission agrees with TPPA’s recommendation and amends the definition of proceeding accordingly.

§25.5(92) – “Public Utility or Utility”

Proposed §25.5(92) defines “public utility or utility” as “[a]n electric utility as that term is defined in this section, or a public utility or utility as those terms are defined in PURA §51.002.”

TPPA opposed the commission’s proposed changes to the definition of “public utility or utility” under §25.5(92) and argued “that the Commission is currently contemplating a rule wherein a MOU would be included in the definition of ‘utility’” under project number 52345. TPPA recommended amending the definition of “public utility or utility” by adding the phrase “[e]xcept as otherwise provided in this chapter,” to the beginning of the definition to mirror the definition of electric utility under §25.5(41) and “to better alert the public and market participants that the meaning of the term is not consistent throughout the Commission’s rules.”

Commission Response

The commission declines to modify the definition of “public utility or utility” with the phrase “[e]xcept as otherwise provided in this chapter” as proposed by TPPA because the addition is unnecessary. The introductory language of §25.5 states that each definition laid out in this section applies “unless the context indicates otherwise.” Based upon that introductory language and general principles of code construction, the specific language adopted in §25.52(h) (relating to Reliability and Continuity of Service) takes precedence over this definition in the context of that subsection. Moreover, the commission disagrees that the proposed modification would alleviate any confusion over the usage of the term “utility” in commission rules. The use of the term in §25.52(h) is defined with specificity in that

subsection and is far more instructive as to the appropriate interpretation of that term in the context of that section than a general modification to the definition of “public utility or utility” in §25.5.

§25.5(114) – Retail Electric Provider (REP)

Proposed §25.5(114) modifies the definition of “retail electric provider (REP)” to clarify that the term does not include “a person not otherwise a retail electric provider who owns or operates equipment used solely to provide electricity charging service for consumption.”

ARM, Joint EVSE Providers, and TEC stated that SB 1202 added an exemption in PURA §31.002(17) for the definition of “REP” that is not fully represented in the current or proposed language of §25.5. To prevent unintended interpretations of this exemption, the commentors recommended adding the phrase “by an alternatively fueled vehicle, as defined by Section 502.004, Transportation Code” from PURA §31.002(17) to the end of the definition.

Commission Response

The commission agrees with the recommendations of ARM, Joint EVSE, and TEC and amends the definition of REP under §25.5(114) to conform with statutory language accordingly.

All comments, including any not specifically referenced herein, were fully considered by the commission. In adopting this rule, the commission makes other minor modifications for the purpose of clarifying its intent.

The amendments to §24.3 are adopted under the following provisions of Chapter 13 of the Texas Water Code (TWC): §13.041(a), which provides the commission with general power to regulate and supervise the business of each water and sewer utility within its jurisdiction and to do all things, whether specifically designated or implied in Chapter 13 that are necessary and convenient to the exercise of its powers and jurisdiction; and §13.041(b), which provides the commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction.

The amendments to §25.5 are adopted under the following provisions of PURA: §14.001, which provides the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by PURA that is necessary and convenient to the exercise of that power and jurisdiction; §14.002, which provides the commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction; §31.002(4-b), which defines an electric generation equipment lessor or operator, §31.002(6), which exempts from the definition of “electric utility” an electric generation equipment lessor or operator; §31.002(6)(J)(iv), which exempts from the definition of “electric utility” a person that owns or operates equipment used solely for consumption by an alternatively fueled vehicle, as defined by Section 502.004, Transportation Code; §37.001(3), which exempts from the definition of “retail electric utility” an electric generation equipment lessor or operator; and §37.002, which permits the commission by rule to exempt from the definition of “retail electric utility” under §37.001 a provider who owns or operates equipment used solely to provide electricity charging service for a mode of transportation.

Cross reference to statutes: PURA §14.001, §14.002, §31.002(4-b), §31.002(6), §31.002(6)(J)(iv) §37.001(3), and §37.002; TWC §13.041(a) and §13.041(b).

§24.3. Definitions of Terms.

In this chapter, the following definitions apply unless the context indicates otherwise.

- (1) **Affected county** -- A county that:
 - (A) Has a per-capita income that averaged 25% below the state average for the most recent three consecutive years for which statistics are available and an unemployment rate that averaged 25% above the state average for the most recent three consecutive years for which statistics are available;
 - (B) Has an international border;
 - (C) Is located in whole or in part within 100 miles of an international border and contains a majority of the area of a municipality with a population of more than 250,000; or
 - (D) Has an economically distressed area which has a median household income that is not greater than 75% of the median state household income.
- (2) **Affected person** -- Any landowner within an area for which a certificate of public convenience and necessity is filed, any retail public utility affected by any action of the regulatory authority, any person or corporation whose utility service or rates are affected by any proceeding before the regulatory authority, or any person or corporation that is a competitor of a retail public utility with respect to any service performed by the retail public utility or that desires to enter into competition.
- (3) **Affiliated interest or affiliate** --

- (A) any person or corporation owning or holding directly or indirectly 5.0% or more of the voting securities of a utility;
- (B) any person or corporation in any chain of successive ownership of 5.0% or more of the voting securities of a utility;
- (C) any corporation owning or holding 5.0% or more of the voting securities of which is owned or controlled directly or indirectly by a utility;
- (D) any corporation owning or holding 5.0% or more of the voting securities of which is owned or controlled directly or indirectly by any person or corporation that owns or controls directly or indirectly 5.0% or more of the voting securities of any utility or by any person or corporation in any chain of successive ownership of 5.0% of those utility securities;
- (E) any person who is an officer or director of a utility or of any corporation in any chain of successive ownership of 5.0% or more of voting securities of a public utility;
- (F) any person or corporation that the commission, after notice and hearing, determines actually exercises any substantial influence or control over the policies and actions of a utility or over which a utility exercises such control or that is under common control with a utility, such control being the possession directly or indirectly of the power to direct or cause the direction of the management and policies of another, whether that power is established through ownership or voting of securities or by any other direct or indirect means; or
- (G) any person or corporation that the commission, after notice and hearing, determines is exercising substantial influence over the policies and action of the utility in

conjunction with one or more persons or corporations with which they are related by ownership or blood relationship, or by action in concert, that together they are affiliated within the meaning of this section, even though no one of them alone is so affiliated.

- (4) **Billing period** -- The period between meter-reading dates for which a bill is issue or, if usage is not metered, the period between bill issuance dates.
- (5) **Class A Utility** -- A public utility that provides retail water or sewer utility service to 10,000 or more taps or active connections. If a public utility provides both water and sewer utility service, the number of active water connections determines how the utility is classified.
- (6) **Class B Utility** -- A public utility that provides retail water or sewer utility service to 2,300 or more taps or active connections but fewer than 10,000 taps or active connections. If a public utility provides both water and sewer utility service, the number of active water connections determines how the utility is classified.
- (7) **Class C Utility** -- A public utility that provides retail water or sewer utility service to 500 or more taps or active connections but fewer than 2,300 taps or active connections. If a public utility provides both water and sewer utility service, the number of active water connections determines how the utility is classified.
- (8) **Class D Utility** -- A public utility that provides retail water or sewer utility service to fewer than 500 taps or active connections. If a public utility provides both water and sewer utility service, the number of active water connections determines how the utility is classified.
- (9) **Commission** -- The Public Utility Commission of Texas.

- (10) **Corporation** -- Any corporation, joint-stock company, or association, domestic or foreign, and its lessees, assignees, trustees, receivers, or other successors in interest, having any of the powers or privileges of corporations not possessed by individuals or partnerships, but does not include municipal corporations unless expressly provided in TWC chapter 13.
- (11) **Customer** -- Any entity that purchases services from a retail public utility.
- (12) **Customer class** -- A group of customers with similar cost-of-service characteristics that take utility service under a single set of rates.
- (13) **Customer service line** -- The pipe connecting the water meter to the customer's point of use or the pipe that conveys sewage from the customer's premises to the service provider's service line.
- (14) **District** -- District has the meaning assigned to it by TWC §49.001(a).
- (15) **Facilities** -- All the plant and equipment of a retail public utility, including all tangible and intangible real and personal property without limitation, and any and all means and instrumentalities in any manner owned, operated, leased, licensed, used, controlled, furnished, or supplied for, by, or in connection with the business of any retail public utility.
- (16) **Inactive connection** -- A water or wastewater connection is considered to be inactive when the ability to provide water or wastewater service is either physically removed or permanently closed.
- (17) **Incident of tenancy** -- Water or sewer service provided to tenants of rental property for which no separate or additional service fee is charged other than the rental payment.
- (18) **Landowner** -- An owner or owners of a tract of land.
- (19) **Member** -- A person who holds a membership in a water supply or sewer service corporation and who is a record owner of a fee simple title to property in an area served by

a water supply or sewer service corporation or a person who is granted a membership and who either currently receives or will be eligible to receive water or sewer utility service from the corporation. In determining member control of a water supply or sewer service corporation, a person is entitled to only one vote regardless of the number of memberships the person owns.

- (20) **Minimum Monthly Charge** -- The fixed amount billed to a customer each month even if the customer uses no water or wastewater.
- (21) **Municipality** -- Cities organized under the general, home rule, or special laws of this state.
- (22) **Municipally owned utility** -- Any retail public utility owned, operated, and controlled by a municipality or by a nonprofit corporation whose directors are appointed by one or more municipalities.
- (23) **Nonfunctioning system or utility** -- A system that is operating as a retail public utility and:
 - (A) is required to have a CCN and is operating without a CCN; or
 - (B) is under supervision in accordance with §24.353 of this title (relating to Supervision of Certain Utilities); or
 - (C) is under the supervision of a receiver, temporary manager, or has been referred for the appointment of a temporary manager or receiver, in accordance with §24.355 of this title (relating to Operation of Utility that Discontinues Operation or Is Referred for Appointment of a Receiver) and §24.357 of this title (relating to Operation of a Utility by a Temporary Manager).

- (24) **Person** -- Natural persons, partnerships of two or more persons having a joint or common interest, mutual or cooperative associations, water supply or sewer service corporations, and corporations.
- (25) **Point of use** -- The primary service connection point where water is used or sewage is generated.
- (26) **Potable water** -- Water that is suitable for drinking.
- (27) **Potential connections** -- Total number of active plus inactive connections.
- (28) **Premises** -- A tract of land or real estate including buildings and other appurtenances thereon.
- (29) **Rate** -- Every compensation, tariff, charge, fare, toll, rental, and classification or any of those items demanded, observed, charged, or collected, whether directly or indirectly, by any retail public utility, for any service, product, or commodity described in TWC §13.002(23), and any rules, regulations, practices, or contracts affecting that compensation, tariff, charge, fare, toll, rental, or classification.
- (30) **Requested area** -- The area that a petitioner or applicant seeks to obtain, add to, or remove from a retail public utility's certificated service area.
- (31) **Retail public utility** -- Any person, corporation, public utility, water supply or sewer service corporation, municipality, political subdivision or agency operating, maintaining, or controlling in this state facilities for providing potable water service or sewer service, or both, for compensation.
- (32) **Retail water or sewer utility service** -- Potable water service or sewer service, or both, provided by a retail public utility to the ultimate consumer for compensation.

- (33) **Service** -- Any act performed, anything furnished or supplied, and any facilities or lines committed or used by a retail public utility in the performance of its duties under TWC chapter 13 to its patrons, employees, other retail public utilities, and the public, as well as the interchange of facilities between two or more retail public utilities.
- (34) **Service area** -- Area to which a retail public utility is obligated to provide retail water or sewer utility service.
- (35) **Stand-by fee** -- A charge, other than a tax, imposed on undeveloped property:
- (A) with no water or wastewater connections; and
 - (B) for which water, sanitary sewer, or drainage facilities and services are available; water supply, wastewater treatment plant capacity, or drainage capacity sufficient to serve the property is available; or major water supply lines, wastewater collection lines, or drainage facilities with capacity sufficient to serve the property are available.
- (36) **Test year** -- The most recent 12-month period beginning on the first day of a calendar-or fiscal-year quarter for which operating data for a retail public utility are available.
- (37) **Tract of land** -- An area of land that has common ownership and is not severed by other land under different ownership, whether owned by government entities or private parties; such other land includes roads and railroads. A tract of land may be acquired through multiple deeds or shown in separate surveys.
- (38) **Water and sewer utility, utility, or public utility** -- Any person, corporation, cooperative corporation, affected county, or any combination of those persons or entities, other than a municipal corporation, water supply or sewer service corporation, or a political subdivision of the state, except an affected county, or their lessees, trustees, and receivers, owning or

operating for compensation in this state equipment or facilities for the transmission, storage, distribution, sale, or provision of potable water to the public or for the resale of potable water to the public for any use or for the collection, transportation, treatment, or disposal of sewage or other operation of a sewage disposal service for the public, other than equipment or facilities owned and operated for either purpose by a municipality or other political subdivision of this state or a water supply or sewer service corporation, but does not include any person or corporation not otherwise a public utility that furnishes the services or commodity only to itself or its employees or tenants as an incident of that employee service or tenancy when that service or commodity is not resold to or used by others.

- (39) **Water supply or sewer service corporation** -- Any nonprofit corporation organized and operating under TWC chapter 67, that provides potable water or sewer service for compensation and that has adopted and is operating in accordance with bylaws or articles of incorporation which ensure that it is member-owned and member-controlled. The term does not include a corporation that provides retail water or sewer utility service to a person who is not a member, except that the corporation may provide retail water or sewer utility service to a person who is not a member if the person only builds on or develops property to sell to another and the service is provided on an interim basis before the property is sold.
- (40) **Water use restrictions** -- Restrictions implemented to reduce the amount of water that may be consumed by customers of the utility due to emergency conditions or drought.
- (41) **Wholesale water or sewer service** -- Potable water service or sewer service, or both, provided to a person, political subdivision, or municipality who is not the ultimate consumer of the service.

§25.5. Definitions.

In this chapter, the following definitions apply unless the context indicates otherwise:

- (1) **Above-market purchased power costs** -- Wholesale demand and energy costs that a utility is obligated to pay under an existing purchased power contract to the extent the costs are greater than the purchased power market value.
- (2) **Affected person** -- means:
 - (A) a public utility or electric cooperative affected by an action of a regulatory authority;
 - (B) a person whose utility service or rates are affected by a proceeding before a regulatory authority; or
 - (C) a person who:
 - (i) is a competitor of a public utility with respect to a service performed by the utility; or
 - (ii) wants to enter into competition with a public utility.
- (3) **Affiliate** -- means:
 - (A) a person who directly or indirectly owns or holds at least 5.0% of the voting securities of a public utility;
 - (B) a person in a chain of successive ownership of at least 5.0% of the voting securities of a public utility;
 - (C) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by a public utility;

- (D) a corporation that has at least 5.0% of its voting securities owned or controlled, directly or indirectly, by:
 - (i) a person who directly or indirectly owns or controls at least 5.0% of the voting securities of a public utility; or
 - (ii) a person in a chain of successive ownership of at least 5.0% of the voting securities of a public utility;
 - (E) a person who is an officer or director of a public utility or of a corporation in a chain of successive ownership of at least 5.0% of the voting securities of a public utility; or
 - (F) a person determined to be an affiliate under Public Utility Regulatory Act (PURA) §11.006.
- (4) **Affiliated electric utility** -- The electric utility from which an affiliated retail electric provider was unbundled in accordance with PURA §39.051.
- (5) **Affiliated power generation company (APGC)** -- A power generation company that is affiliated with or the successor in interest of an electric utility certificated to serve an area.
- (6) **Affiliated retail electric provider (AREP)** -- A retail electric provider that is affiliated with or the successor in interest of an electric utility certificated to serve an area.
- (7) **Aggregation** -- Includes the following:
- (A) the purchase of electricity from a retail electric provider, a municipally owned utility, or an electric cooperative by an electricity customer for its own use in multiple locations, provided that an electricity customer may not avoid any non-bypassable charges or fees as a result of aggregating its load; or

- (B) the purchase of electricity by an electricity customer as part of a voluntary association of electricity customers, provided that an electricity customer may not avoid any non-bypassable charges or fees as a result of aggregating its load.
- (8) **Aggregator** -- A person joining two or more customers, other than municipalities and political subdivision corporations, into a single purchasing unit to negotiate the purchase of electricity from retail electric providers. Aggregators may not sell or take title to electricity. Retail electric providers are not aggregators.
- (9) **Ancillary service** -- A service necessary to facilitate the transmission of electric energy including load following, standby power, backup power, reactive power, and any other services the commission may determine by rule.
- (10) **Base rate** -- Generally, a rate designed to recover the cost of service other than certain costs separately identified and recovered through a rider, rate schedule, or other schedule. For bundled utilities, these separately identified costs may include items such as a fuel factor, power cost recovery factor, and surcharge. Distribution service providers may have separately identified costs such as transition costs, the excess mitigation charge, transmission cost recovery factors, and the competition transition charge.
- (11) **Bundled Municipally Owned Utilities/Electric Cooperatives (MOU/COOP)** -- A municipally owned utility/electric cooperative that is conducting both transmission and distribution activities and competitive energy-related activities on a bundled basis without structural or functional separation of transmission and distribution functions from competitive energy-related activities and that makes a written declaration of its status as a bundled municipally owned utility/electric cooperative pursuant to §25.275(o)(3)(A) of

this title (relating to Code of Conduct for Municipally Owned Utilities and Electric Cooperatives Engaged in Competitive Activities).

- (12) **Calendar year** -- January 1 through December 31.
- (13) **Commission** -- The Public Utility Commission of Texas.
- (14) **Competition transition charge (CTC)** -- Any non-bypassable charge that recovers the positive excess of the net book value of generation assets over the market value of the assets, taking into account all of the electric utility's generation assets, any above market purchased power costs, and any deferred debit related to a utility's discontinuance of the application of Statement of Financial Accounting Standards Number 71 ("Accounting for the Effects of Certain Types of Regulation") for generation-related assets if required by the provisions of PURA chapter 39. For purposes of PURA §39.262, book value shall be established as of December 31, 2001, or the date a market value is established through a market valuation method under PURA §39.262(h), whichever is earlier, and shall include stranded costs incurred under PURA §39.263. Competition transition charges also include the transition charges established pursuant to PURA §39.302(7) unless the context indicates otherwise.
- (15) **Competitive affiliate** -- An affiliate of a utility that provides services or sells products in a competitive energy-related market in this state, including telecommunications services, to the extent those services are energy-related.
- (16) **Competitive energy efficiency services** -- Energy efficiency services that are defined as competitive energy services under §25.341 of this title (relating to Definitions).
- (17) **Competitive retailer** -- A retail electric provider; or a municipally owned utility or electric cooperative, that has the right to offer electric energy and related services at unregulated

prices directly to retail customers who have customer choice, without regard to geographic location.

- (18) **Congestion zone** -- An area of the transmission network that is bounded by commercially significant transmission constraints or otherwise identified as a zone that is subject to transmission constraints, as defined by an independent organization.
- (19) **Control area** -- An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:
- (A) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
 - (B) maintain, within the limits of good utility practice, scheduled interchange with other control areas;
 - (C) maintain the frequency of the electric power system(s) within reasonable limits in accordance with good utility practice; and
 - (D) obtain sufficient generating capacity to maintain operating reserves in accordance with good utility practice.
- (20) **Corporation** -- A domestic or foreign corporation, joint-stock company, or association, and each lessee, assignee, trustee, receiver, or other successor in interest of the corporation, company, or association, that has any of the powers or privileges of a corporation not possessed by an individual or partnership. The term does not include a municipal corporation or electric cooperative, except as expressly provided by PURA.

- (21) **Critical loads** -- Loads for which electric service is considered crucial for the protection or maintenance of public health and safety; including but not limited to hospitals, police stations, fire stations, critical water and wastewater facilities, and customers with special in-house life-sustaining equipment.
- (22) **Customer choice** -- The freedom of a retail customer to purchase electric services, either individually or through voluntary aggregation with other retail customers, from the provider or providers of the customer's choice and to choose among various fuel types, energy efficiency programs, and renewable power suppliers.
- (23) **Customer class** -- A group of customers with similar electric-service characteristics (e.g., residential, commercial, industrial, sales for resale) taking service under one or more rate schedules. Qualified businesses as defined by the Texas Enterprise Zone Act, Texas Government Code, title 10, chapter 2303 may be considered to be a separate customer class of electric utilities.
- (24) **Day-ahead** -- The day preceding the operating day.
- (25) **Deemed savings** -- A pre-determined, validated estimate of energy and peak demand savings attributable to an energy efficiency measure in a particular type of application that a utility may use instead of energy and peak demand savings determined through measurement and verification activities.
- (26) **Demand** -- The rate at which electric energy is delivered to or by a system at a given instant, or averaged over a designated period, usually expressed in kilowatts (kW) or megawatts (MW).

- (27) **Demand savings** -- A quantifiable reduction in the rate at which energy is delivered to or by a system at a given instance, or averaged over a designated period, usually expressed in kilowatts (kW) or megawatts (MW).
- (28) **Demand-side management (DSM)** -- Activities that affect the magnitude or timing of customer electrical usage, or both.
- (29) **Demand-side resource or demand-side management** -- Equipment, materials, and activities that result in reductions in electric generation, transmission, or distribution capacity needs or reductions in energy usage or both.
- (30) **Disconnection of service** -- Interruption of a customer's supply of electric service at the customer's point of delivery by an electric utility, a transmission and distribution utility, a municipally owned utility or an electric cooperative.
- (31) **Distribution line** -- A power line operated below 60,000 volts, when measured phase-to-phase, that is owned by an electric utility, transmission and distribution utility, municipally owned utility, or electric cooperative.
- (32) **Distributed resource** -- A generation, energy storage, or targeted demand-side resource, generally between one kilowatt and ten megawatts, located at a customer's site or near a load center, which may be connected at the distribution voltage level (below 60,000 volts), that provides advantages to the system, such as deferring the need for upgrading local distribution facilities.
- (33) **Distribution service provider (DSP)** -- An electric utility, municipally-owned utility, or electric cooperative that owns or operates for compensation in this state equipment or facilities that are used for the distribution of electricity to retail customers including retail customers served at transmission voltage levels.

- (34) **Economically distressed geographic area** -- Zip-code area in which the average household income is less than or equal to 60% of the statewide median income as reported in the most recently available United States Census data.
- (35) **Electric cooperative** --
- (A) a corporation organized under the Texas Utilities Code, Chapter 161 or a predecessor statute to Chapter 161 and operating under that chapter;
 - (B) a corporation organized as an electric cooperative in a state other than Texas that has obtained a certificate of authority to conduct affairs in the State of Texas; or
 - (C) a successor to an electric cooperative created before June 1, 1999, in accordance with a conversion plan approved by a vote of the members of the electric cooperative, regardless of whether the successor later purchases, acquires, merges with, or consolidates with other electric cooperatives.
- (36) **Electric generating facility** -- A facility that generates electric energy for compensation and that is owned or operated by a person in this state, including a municipal corporation, electric cooperative, or river authority.
- (37) **Electric generation equipment lessor or operator** -- A person who rents to, or operates for compensation on behalf of, a third party electric generation equipment that:
- (A) is used on a site of the third party until the third party is able to obtain sufficient electricity service;
 - (B) produces electricity on site to be consumed by the third party and not resold; and
 - (C) does not interconnect with the electric transmission or distribution system.

- (38) **Electricity facts label** -- Information in a standardized format, as described in §25.475(f) of this title (relating to Information Disclosures to Residential and Small Commercial Customers), that summarizes the price, contract terms, fuel sources, and environmental impact associated with an electricity product.
- (39) **Electricity product** -- A specific type of retail electricity service developed and identified by a REP, the specific terms and conditions of which are summarized in an electricity-facts label that is specific to that electricity product.
- (40) **Electric Reliability Council of Texas (ERCOT)** -- Refers to the independent organization and, in a geographic sense, refers to the area served by electric utilities, municipally owned utilities, and electric cooperatives that are not synchronously interconnected with electric utilities outside of the State of Texas.
- (41) **Electric service identifier (ESI ID)** -- The basic identifier assigned to each point of delivery used in the registration system and settlement system managed by ERCOT or another independent organization.
- (42) **Electric utility** -- Except as otherwise provided in this chapter, an electric utility is: A person or river authority that owns or operates for compensation in this state equipment or facilities to produce, generate, transmit, distribute, sell, or furnish electricity in this state. The term includes a lessee, trustee, or receiver of an electric utility and a recreational vehicle park owner who does not comply with Texas Utilities Code, subchapter C, chapter 184, with regard to the metered sale of electricity at the recreational vehicle park. The term does not include:

- (A) a municipal corporation;

- (B) a qualifying facility;
- (C) a power generation company;
- (D) an exempt wholesale generator;
- (E) a power marketer;
- (F) a corporation described by PURA §32.053 to the extent the corporation sells electricity exclusively at wholesale and not to the ultimate consumer;
- (G) an electric cooperative;
- (H) a retail electric provider;
- (I) the state of Texas or an agency of the state; or
- (J) a person not otherwise an electric utility who:
 - (i) furnishes an electric service or commodity only to itself, its employees, or its tenants as an incident of employment or tenancy, if that service or commodity is not resold to or used by others;
 - (ii) owns or operates in this state equipment or facilities to produce, generate, transmit, distribute, sell or furnish electric energy to an electric utility, if the equipment or facilities are used primarily to produce and generate electric energy for consumption by that person;
 - (iii) owns or operates in this state a recreational vehicle park that provides metered electric service in accordance with Texas Utilities Code, subchapter C, chapter 184;
 - (iv) is an electric generation equipment lessor or operator; or

(v) owns or operates in this state equipment used solely to provide electricity charging service for consumption by an alternatively fueled vehicle, as defined by section 502.004 of the Transportation Code.

- (43) **Energy efficiency** -- Programs that are aimed at reducing the rate at which electric energy is used by equipment or processes. Reduction in the rate of energy used may be obtained by substituting technically more advanced equipment to produce the same level of end-use services with less electricity; adoption of technologies and processes that reduce heat or other energy losses; or reorganization of processes to make use of waste heat. Efficient use of energy by customer-owned end-use devices implies that existing comfort levels, convenience, and productivity are maintained or improved at a lower customer cost.
- (44) **Energy efficiency measures** -- Equipment, materials, and practices that when installed and used at a customer site result in a measurable and verifiable reduction in either purchased electric energy consumption, measured in kilowatt-hours (kWh), or peak demand, measured in kW, or both.
- (45) **Energy efficiency project** -- An energy efficiency measure or combination of measures installed under a standard offer contract or a market transformation contract that results in both a reduction in customers' electric energy consumption and peak demand, and energy costs.
- (46) **Energy efficiency service provider (EESP)** -- A person who installs energy efficiency measures or performs other energy efficiency services. An energy efficiency service provider may be a retail electric provider or large commercial customer, if the person has executed a standard offer contract.
- (47) **Energy savings** -- A quantifiable reduction in a customer's consumption of energy.

- (48) **ERCOT protocols** -- Body of procedures developed by ERCOT to maintain the reliability of the regional electric network and account for the production and delivery of electricity among resources and market participants.
- (49) **ERCOT region** -- The geographic area under the jurisdiction of the commission that is served by transmission service providers that are not synchronously interconnected with transmission service providers outside of the state of Texas.
- (50) **Exempt wholesale generator** -- A person who is engaged directly or indirectly through one or more affiliates exclusively in the business of owning or operating all or part of a facility for generating electric energy and selling electric energy at wholesale who does not own a facility for the transmission of electricity, other than an essential interconnecting transmission facility necessary to effect a sale of electric energy at wholesale.
- (51) **Existing purchased power contract** -- A purchased power contract in effect on January 1, 1999, including any amendments and revisions to that contract resulting from litigation initiated before January 1, 1999.
- (52) **Facilities** -- All the plant and equipment of an electric utility, including all tangible and intangible property, without limitation, owned, operated, leased, licensed, used, controlled, or supplied for, by, or in connection with the business of an electric utility.
- (53) **Financing order** -- An order of the commission adopted under PURA §39.201 or §39.262 approving the issuance of transition bonds and the creation of transition charges for the recovery of qualified costs.
- (54) **Freeze period** -- The period beginning on January 1, 1999, and ending on December 31, 2001.

- (55) **Generation assets** -- All assets associated with the production of electricity, including generation plants, electrical interconnections of the generation plant to the transmission system, fuel contracts, fuel transportation contracts, water contracts, lands, surface or subsurface water rights, emissions-related allowances, and gas pipeline interconnections.
- (56) **Generation service** -- The production and purchase of electricity for retail customers and the production, purchase, and sale of electricity in the wholesale power market.
- (57) **Good utility practice** -- Any of the practices, methods, or acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, or acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted in the region.
- (58) **Hearing** -- Any proceeding at which evidence is taken on the merits of the matters at issue, not including prehearing conferences.
- (59) **Independent organization** -- An independent system operator or other person that is sufficiently independent of any producer or seller of electricity that its decisions will not be unduly influenced by any producer or seller.
- (60) **Independent system operator** -- An entity supervising the collective transmission facilities of a power region that is charged with non-discriminatory coordination of market transactions, systemwide transmission planning, and network reliability.

- (61) **Installed generation capacity** -- All potentially marketable electric generation capacity, including the capacity of:
- (A) generating facilities that are connected with a transmission or distribution system;
 - (B) generating facilities used to generate electricity for consumption by the person owning or controlling the facility; and
 - (C) generating facilities that will be connected with a transmission or distribution system and operating within 12 months.
- (62) **Interconnection agreement** -- The standard form of agreement that has been approved by the commission. The interconnection agreement sets forth the contractual conditions under which a company and a customer agree that one or more facilities may be interconnected with the company's utility system.
- (63) **Licensing** -- The commission process for granting, denial, renewal, revocation, suspension, annulment, withdrawal, or amendment of a license.
- (64) **Load factor** -- The ratio of average load to peak load during a specific period of time, expressed as a percent. The load factor indicates to what degree energy has been consumed compared to maximum demand or utilization of units relative to total system capability.
- (65) **Low-income customer** -- An electric customer who receives assistance under the Supplemental Nutrition Assistance Program (SNAP) from Texas Health and Human Services Commission (HHSC) or medical assistance from a state agency administering a part of the medical assistance program.
- (66) **Low-Income List Administrator (LILA)** -- A third-party administrator contracted by the commission to administer aspects of the low-income customer identification process established under PURA §17.007.

- (67) **Market power mitigation plan** -- A written proposal by an electric utility or a power generation company for reducing its ownership and control of installed generation capacity as required by PURA §39.154.
- (68) **Market value** -- For nonnuclear assets and certain nuclear assets, the value the assets would have if bought and sold in a bona fide third-party transaction or transactions on the open market under PURA §39.262(h) or, for certain nuclear assets, as described by PURA §39.262(i), the value determined under the method provided by that subsection.
- (69) **Master meter** -- A meter used to measure, for billing purposes, all electric usage of an apartment house or mobile home park, including common areas, common facilities, and dwelling units.
- (70) **Municipality** -- A city, incorporated village, or town, existing, created, or organized under the general, home rule, or special laws of the state.
- (71) **Municipally-owned utility (MOU)** -- Any utility owned, operated, and controlled by a municipality or by a nonprofit corporation whose directors are appointed by one or more municipalities.
- (72) **Nameplate rating** -- The full-load continuous rating of a generator under specified conditions as designated by the manufacturer.
- (73) **Native load customer** -- A wholesale or retail customer on whose behalf an electric utility, electric cooperative, or municipally-owned utility, by statute, franchise, regulatory requirement, or contract, has an obligation to construct and operate its system to meet in a reliable manner the electric needs of the customer.

- (74) **Natural gas energy credit (NGEC)** -- A tradable instrument representing each megawatt of new generating capacity fueled by natural gas, as authorized by PURA §39.9044 and implemented under §25.172 of this title (relating to Goal for Natural Gas).
- (75) **Net book value** -- The original cost of an asset less accumulated depreciation.
- (76) **Net dependable capability** -- The maximum load in megawatts, net of station use, that a generating unit or generating station can carry under specified conditions for a given period of time without exceeding approved limits of temperature and stress.
- (77) **New on-site generation** -- Electric generation with capacity greater than ten megawatts capable of being lawfully delivered to the site without use of utility distribution or transmission facilities, which was not, on or before December 31, 1999, either:
- (A) A fully operational facility; or
 - (B) A project supported by substantially complete filings for all necessary site-specific environmental permits under the rules of the Texas Natural Resource Conservation Commission (TNRCC) in effect at the time of filing.
- (78) **Off-grid renewable generation** -- The generation of renewable energy in an application that is not interconnected to a utility transmission or distribution system.
- (79) **Other generation sources** -- A competitive retailer's or affiliated retail electric provider's supply of generated electricity that is not accounted for by a direct supply contract with an owner of generation assets.
- (80) **Person** -- Includes an individual, a partnership of two or more persons having a joint or common interest, a mutual or cooperative association, and a corporation, but does not include an electric cooperative.

- (81) **Power cost recovery factor (PCRF)** -- A charge or credit that reflects an increase or decrease in purchased power costs not in base rates.
- (82) **Power generation company (PGC)** -- A person that:
- (A) generates electricity that is intended to be sold at wholesale, including the owner or operator of electric energy storage equipment or facilities to which the Public Utility Regulatory Act, chapter 35, subchapter E applies;
 - (B) does not own a transmission or distribution facility in this state, other than an essential interconnecting facility, a facility not dedicated to public use, or a facility otherwise excluded from the definition of “electric utility” under this section; and
 - (C) does not have a certificated service area, although its affiliated electric utility or transmission and distribution utility may have a certificated service area.
- (83) **Power marketer** -- A person who becomes an owner of electric energy in this state for the purpose of selling the electric energy at wholesale; does not own generation, transmission, or distribution facilities in this state and does not have a certificated service area.
- (84) **Power region** -- A contiguous geographical area that is a distinct region of the North American Electric Reliability Council.
- (85) **Pre-interconnection study** -- A study or studies that may be undertaken by a utility in response to its receipt of a completed application for interconnection and parallel operation with the utility system at distribution voltage. Pre-interconnection studies may include, but are not limited to, service studies, coordination studies, and utility system impact studies.
- (86) **Premises** -- A tract of land or real estate or related commonly used tracts including buildings and other appurtenances thereon.

- (87) **Price to beat (PTB)** -- A price for electricity, as determined under PURA §39.202, charged by an affiliated retail electric provider to eligible residential and small commercial customers in its service area.
- (88) **Proceeding** -- A hearing, investigation, inquiry, or other procedure for finding facts or making a decision, including adopting, amending, or repealing a rule or setting a rate. The term includes a denial of relief or dismissal of a complaint.
- (89) **Proprietary customer information** -- Any information obtained by a retail electric provider, an electric utility, a transmission and distribution business unit as defined in §25.275(c)(16) of this title (relating to Code of Conduct for Municipally Owned Utilities and Electric Cooperatives Engaged in Competitive Activities) on a customer in the course of providing electric service or by an aggregator on a customer in the course of aggregating electric service that makes possible the identification of any individual customer by matching such information with the customer's name, address, account number, type or classification of service, historical electricity usage, expected patterns of use, types of facilities used in providing service, individual contract terms and conditions, price, current charges, billing records, or any information that the customer has expressly requested not be disclosed. Information that is redacted or organized in such a way as to make it impossible to identify the customer to whom the information relates does not constitute proprietary customer information.
- (90) **Provider of last resort (POLR)** -- A retail electric provider (REP) certified in Texas that has been designated by the commission to provide a basic, standard retail service package in accordance with §25.43 of this title (relating to Provider of Last Resort (POLR)).

- (91) **Public retail customer** -- A retail customer that is an agency of this state, a state institution of higher education, a public school district, or a political subdivision of this state.
- (92) **Public utility or utility** -- An electric utility as that term is defined in this section, or a public utility or utility as those terms are defined in PURA §51.002.
- (93) **Public Utility Regulatory Act (PURA)** -- The enabling statute for the Public Utility Commission of Texas, located in the Texas Utilities Code Annotated, §§11.001 *et. seq.*
- (94) **Purchased power market value** -- The value of demand and energy bought and sold in a bona fide third-party transaction or transactions on the open market and determined by using the weighted average costs of the highest three offers from the market for purchase of the demand and energy available under the existing purchased power contracts.
- (95) **Qualified scheduling entity** -- A market participant that is qualified by ERCOT in accordance with section 16, Registration and Qualification of Market Participants of ERCOT's protocols, to submit balanced schedules and ancillary services bids and settle payments with ERCOT.
- (96) **Qualifying cogenerator** – As defined by 16 U.S.C. §796(18)(C). A qualifying cogenerator that provides electricity to the purchaser of the cogenerator's thermal output is not for that reason considered to be a retail electric provider or a power generation company.
- (97) **Qualifying facility** -- A qualifying cogenerator or qualifying small power producer.
- (98) **Qualifying small power producer** – As defined by 16 U.S.C. §796(17)(D).
- (99) **Rate** -- A compensation, tariff, charge, fare, toll, rental, or classification that is directly or indirectly demanded, observed, charged, or collected by an electric utility for a service, product, or commodity described in the definition of electric utility in this section and a

rule, practice, or contract affecting the compensation, tariff, charge, fare, toll, rental, or classification that must be approved by a regulatory authority.

(100) **Rate class** -- A group of customers taking electric service under the same rate schedule.

(101) **Rate year** -- The 12-month period beginning with the first date that rates become effective.

The first date that rates become effective may include, but is not limited to, the effective date for bonded rates or the effective date for interim or temporary rates.

(102) **Ratemaking proceeding** -- A proceeding in which a rate may be changed.

(103) **Registration agent** -- Entity designated by the commission to administer registration and settlement, premise data, and other processes concerning a customer's choice of retail electric provider in the competitive electric market in Texas.

(104) **Regulatory authority** -- In accordance with the context where it is found, either the commission or the governing body of a municipality.

(105) **Renewable demand side management (DSM) technologies** -- Equipment that uses a renewable energy resource (renewable resource) as defined in this section, that, when installed at a customer site, reduces the customer's net purchases of energy (kWh), electrical demand (kW), or both.

(106) **Renewable energy** -- Energy derived from renewable energy technologies.

(107) **Renewable energy credit (REC)** -- A tradable instrument representing the generation attributes of one MWh of electricity from renewable energy sources, as authorized by the PURA §39.904 and implemented under §25.173(e) of this title (relating to Goal for Renewable Energy).

- (108) **Renewable energy credit account (REC account)** -- An account maintained by the renewable energy credits trading program administrator for the purpose of tracking the production, sale, transfer, purchase, and retirement of RECs by a program participant.
- (109) **Renewable energy resource (renewable resource)** -- A resource that produces energy derived from renewable energy technologies.
- (110) **Renewable energy technology** -- Any technology that exclusively relies on an energy source that is naturally regenerated over a short time and derived directly from the sun, indirectly from the sun, or from moving water or other natural movements and mechanisms of the environment. Renewable energy technologies include those that rely on energy derived directly from the sun, on wind, geothermal, hydroelectric, wave, or tidal energy, or on biomass or biomass-based waste products, including landfill gas. A renewable-energy technology does not rely on energy resources derived from fossil fuels, waste products from fossil fuels, or waste products from inorganic sources.
- (111) **Repowering** -- Modernizing or upgrading an existing facility in order to increase its capacity or efficiency.
- (112) **Residential customer** -- Retail customers classified as residential by the applicable bundled utility tariff, unbundled transmission and distribution utility tariff or, in the absence of classification under a residential rate class, those retail customers that are primarily end users consuming electricity at the customer's place of residence for personal, family or household purposes and who are not resellers of electricity.
- (113) **Retail customer** -- The separately metered end-use customer who purchases and ultimately consumes electricity.

- (114) **Retail electric provider (REP)** -- A person that sells electric energy to retail customers in this state. A retail electric provider may not own or operate generation assets. The term does not include a person not otherwise a retail electric provider who owns or operates equipment used solely to provide electricity charging service for consumption by an alternatively fueled vehicle, as defined by Section 502.004, Transportation Code.
- (115) **Retail electric provider (REP) of record** -- The REP assigned to the electric service identifier (ESI ID) in ERCOT's database. There can be no more than one REP of record assigned to an ESI ID at any specific point in time.
- (116) **Retail stranded costs** -- That part of net stranded cost associated with the provision of retail service.
- (117) **Retrofit** -- The installation of control technology on an electric generating facility to reduce the emissions of nitrogen oxide, sulfur dioxide, or both.
- (118) **River authority** -- A conservation and reclamation district created under the Texas Constitution, article 16, section 59, including any nonprofit corporation created by such a district pursuant to the Texas Water Code, chapter 152, that is an electric utility.
- (119) **Rule** -- A statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedure or practice requirements of the commission. The term includes the amendment or repeal of a prior rule, but does not include statements concerning only the internal management or organization of the commission and not affecting private rights or procedures.
- (120) **Separately metered** -- Metered by an individual meter that is used to measure electric energy consumption by a retail customer and for which the customer is directly billed by a utility, retail electric provider, electric cooperative, or municipally owned utility.

- (121) **Service** -- Has its broadest and most inclusive meaning. The term includes any act performed, anything supplied, and any facilities used or supplied by an electric utility in the performance of its duties under PURA to its patrons, employees, other public utilities or electric utilities, an electric cooperative, and the public. The term also includes the interchange of facilities between two or more public utilities or electric utilities.
- (122) **Spanish-speaking person** -- A person who speaks any dialect of the Spanish language exclusively or as their primary language.
- (123) **Standard meter** -- The minimum metering device necessary to obtain the billing determinants required by the transmission and distribution utility's tariff schedule to determine an end-use customer's charges for transmission and distribution service.
- (124) **Stranded cost** -- The positive excess of the net book value of generation assets over the market value of the assets, taking into account all of the electric utility's generation assets, any above-market purchased-power costs, and any deferred debit related to a utility's discontinuance of the application of Statement of Financial Accounting Standards Number 71 ("Accounting for the Effect of Certain Types of Regulation") for generation-related assets if required by the provisions of PURA Chapter 39. For purposes of PURA §39.262, book value shall be established as of December 31, 2001, or the date a market value is established through a market valuation method under PURA §39.262(h), whichever is earlier, and shall include stranded costs incurred under PURA §39.263.
- (125) **Submetering** -- Metering of electricity consumption on the customer side of the point at which the electric utility measures electricity consumption for billing purposes.
- (126) **Summer net dependable capability** -- The net capability of a generating unit in megawatts (MW) for daily planning and operational purposes during the summer peak

season, as determined in accordance with requirements of the reliability council or independent organization in which the unit operates.

- (127) **Supply-side resource** -- A resource, including a storage device, that provides electricity from fuels or renewable resources.
- (128) **System emergency** -- A condition on a utility's system that is likely to result in imminent, significant disruption of service to customers or is imminently likely to endanger life or property.
- (129) **Tariff** -- The schedule of a utility, municipally-owned utility, or electric cooperative containing all rates and charges stated separately by type of service, the rules and regulations of the utility, and any contracts that affect rates, charges, terms or conditions of service.
- (130) **Termination of service** -- The cancellation or expiration of a sales agreement or contract by a retail electric provider by notification to the customer and the registration agent.
- (131) **Tenant** -- A person who is entitled to occupy a dwelling unit to the exclusion of others and who is obligated to pay for the occupancy under a written or oral rental agreement.
- (132) **Test year** -- The most recent 12 months for which operating data for an electric utility, electric cooperative, or municipally-owned utility are available and shall commence with a calendar quarter or a fiscal year quarter.
- (133) **Texas jurisdictional installed generation capacity** -- The amount of an affiliated power generation company's installed generation capacity properly allocable to the Texas jurisdiction. Such allocation shall be calculated pursuant to an existing commission-approved allocation study, or other such commission-approved methodology, and may be

adjusted as approved by the commission to reflect the effects of divestiture or the installation of new generation facilities.

- (134) **Transition bonds** -- Bonds, debentures, notes, certificates, of participation or of beneficial interest, or other evidences of indebtedness or ownership that are issued by an electric utility, its successors, or an assignee under a financing order, that have a term not longer than 15 years, and that are secured or payable from transition property.
- (135) **Transition charges** -- Non-bypassable amounts to be charged for the use or availability of electric services, approved by the commission under a financing order to recover qualified costs, that shall be collected by an electric utility, its successors, an assignee, or other collection agents as provided for in a financing order.
- (136) **Transmission and distribution business unit (TDBU)** -- The business unit of a municipally owned utility/electric cooperative, whether structurally unbundled as a separate legal entity or functionally unbundled as a division, that owns or operates for compensation in this state equipment or facilities to transmit or distribute electricity at retail, except for facilities necessary to interconnect a generation facility with the transmission or distribution network, a facility not dedicated to public use, or a facility otherwise excluded from the definition of electric utility in a qualifying power region certified under PURA §39.152. Transmission and distribution business unit does not include a municipally owned utility/electric cooperative that owns, controls, or is an affiliate of the transmission and distribution business unit if the transmission and distribution business unit is organized as a separate corporation or other legally distinct entity. Except as specifically authorized by statute, a transmission and distribution business unit shall not provide competitive energy-related activities.

- (137) **Transmission and distribution utility (TDU)** -- A person or river authority that owns, or operates for compensation in this state equipment or facilities to transmit or distribute electricity, except for facilities necessary to interconnect a generation facility with the transmission or distribution network, a facility not dedicated to public use, or a facility otherwise excluded from the definition of “electric utility”, in a qualifying power region certified under PURA §39.152, but does not include a municipally owned utility or an electric cooperative. The TDU may be a single utility or may be separate transmission and distribution utilities.
- (138) **Transmission line** -- A power line that is operated at 60 kilovolts (kV) or above, when measured phase-to-phase.
- (139) **Transmission service** -- Service that allows a transmission service customer to use the transmission and distribution facilities of electric utilities, electric cooperatives and municipally owned utilities to efficiently and economically utilize generation resources to reliably serve its loads and to deliver power to another transmission service customer. Includes construction or enlargement of facilities, transmission over distribution facilities, control area services, scheduling resources, regulation services, reactive power support, voltage control, provision of operating reserves, and any other associated electrical service the commission determines appropriate, except that, on and after the implementation of customer choice in any portion of the ERCOT region, control area services, scheduling resources, regulation services, provision of operating reserves, and reactive power support, voltage control and other services provided by generation resources are not transmission service.

- (140) **Transmission service customer** -- A transmission service provider, distribution service provider, river authority, municipally-owned utility, electric cooperative, power generation company, retail electric provider, federal power marketing agency, exempt wholesale generator, qualifying facility, power marketer, or other person whom the commission has determined to be eligible to be a transmission service customer. A retail customer, as defined in this section, may not be a transmission service customer.
- (141) **Transmission service provider (TSP)** -- An electric utility, municipally-owned utility, or electric cooperative that owns or operates facilities used for the transmission of electricity.
- (142) **Transmission system** -- The transmission facilities at or above 60 kilovolts (kV) owned, controlled, operated, or supported by a transmission service provider or transmission service customer that are used to provide transmission service.

This agency certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt. It is therefore ordered by the Public Utility Commission of Texas that §24.3, relating to definitions of terms for Chapter 24, and §25.5, relating to definitions for Chapter 25 are hereby adopted with changes to the text as proposed.

Signed at Austin, Texas the ____ day of May 2022.

PUBLIC UTILITY COMMISSION OF TEXAS

PETER LAKE, CHAIRMAN

WILL MCADAMS, COMMISSIONER

LORI COBOS, COMMISSIONER

JIMMY GLOTFELTY, COMMISSIONER

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