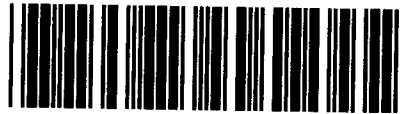




Control Number: 38675



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OPEN MEETING COVER SHEET

MEETING DATE: April 14, 2011

DATE DELIVERED: April 8, 2011

AGENDA ITEM NO.: 10

CAPTION: Project No. 38675, Rulemaking to
Customer Protection Rules Relating to
Prepaid Service

ACTION REQUESTED: Discussion and possible action

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Public Utility Commission of Texas

Date: April 8, 2011

To: Chairman Barry T. Smitherman
Commissioner Donna L. Nelson
Commissioner Kenneth W. Anderson, Jr.

From: Rebecca Reed, Competitive Markets Division *RR*
Keith Rogas, Legal Division *KR*

Subject: **April 14, 2011 Open Meeting, Item 10 - Project No. 38675 – Rulemaking to Amend Customer Protection Rules Relating to Prepaid Service – Changes in Response to the Discussion at the April 6, 2011 Open Meeting**

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Staff filed its Proposal for Adoption on April 1, 2011. Staff also filed a memo on April 5, 2011 that contains corrections to the Proposal for Adoption. Staff continues to recommend adoption of those corrections, with the exception of the third bulleted paragraph in that memo. That paragraph states:

- Page 96, line 4-6: "Except as provided in subsection (1), Aa REP-controlled CPDS or TDU settlement provisioned meter is required for any prepaid service contract entered into on or after October 1, 2011." In addition, a conforming change should be made to the preamble at page 12, line 22 – page 13, line 1 and at page 91, line 8.

At the April 6, 2011 Open Meeting, the Commission clarified that the phase-out of financial prepaid service for customers who are not served by a CPDS will begin on October 1, 2011, rather than the effective date of the rule. As a result, Staff recommends the following two corrections to its Proposal for Adoption instead of the paragraph quoted above. The first sentence of the above-quoted paragraph stays the same, so that the reference to the October 1, 2011 date is specified only once in the rule:

- Page 96, lines 4-6: "Except as provide in subsection (1), Aa REP-controlled CPDS or TDU settlement provisioned meter is required for any prepaid service contract entered into on or after October 1, 2011."
- Page 118, lines 15-18: A REP may continue to provide a financial prepaid service (i.e., one that does not use a settlement provisioned meter or REP-controlled collar or meter) only to its customer customers that was were receiving financial prepaid service at a particular location on October 1, 2011 the effective date of this section."

No conforming changes to the preamble are necessary for these two changes to the rule, because the preamble already correctly references the October 1, 2011 date. The change in the second paragraph to include a reference to service to a customer "at a particular location" was not definitively addressed at the April 6th Open Meeting, but was suggested by Commissioner Anderson at that meeting. Staff recommends this change in order to clarify that if a person that received financial prepaid service changes location, the REP that had been providing the financial prepaid service cannot provide financial prepaid service to the person at the new location. Many customers that receive financial prepaid service do so using fictitious names. As a result, it may be difficult for Staff to determine compliance if the rule allowed a person who switched locations to receive financial prepaid service at the new location. For example, it may be difficult for Staff to determine whether the John Doe that had received financial prepaid service at one location is the same John Doe that is receiving financial prepaid service at another location.