

Self-Evaluation Report

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Issues surrounding the use of ADADs have been to a substantial extent reduced by the existence of no-call lists that allow customers who object to receiving calls from telemarketers to stop receiving most telemarketing calls and caller ID service (which permits customers to not answer unknown callers). However, there are exceptions to the no-call list restrictions, and customers who choose not to be on the no-call lists nevertheless should be protected from unreasonable ADAD practices.

- E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

This program affects ADAD users who must comply with PURA and the PUCT's rules, as well as customers who benefit from the protections contained in the law.

As of July 2021 there are 674 ADAD permit holders. In FY year 2019 there were 646 permit holders and in FY 2020 there were 663.

- F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The PUCT adopted 16 T.A.C. § 26.125 to implement this program. Information about obtaining permits and downloadable forms are available on the agency's website.

- G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

This function's strategy is funded with General Revenue.

- H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no similar programs.

Self-Evaluation Report

- I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

N/A

- J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- K. If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2020;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

N/A

- L. Provide information on any grants awarded by the program.**

N/A

- M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

None identified.

- N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

The PUCT estimates that this program requires less than one FTE. This estimate does not include time related to handling customer complaints.

- O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;

Self-Evaluation Report

- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

Requirements for the use of ADADs provide protection for customers from unreasonable and annoying practices, such as lengthy messages and calls made at inappropriate times. Permitting of ADADs facilitates enforcement of the statutory requirements for their use.

Due to resource constraints, the Commission does not actively enforce ADAD requirements. The PUCT does not conduct inspections or audits of ADAD permit holders. The agency maintains records of complaints received from customers and attempts to address the complainant's problem through the informal complaint resolution process.

The PUCT has authority under PURA § 55.137 to impose administrative penalties against a person who owns or operates an ADAD in violation of PURA or a Commission rule or order. However, due to resource constraints and the difficulties associated with proving violations of ADAD requirements, the Commission focuses its enforcement efforts on other areas. The PUCT assists individual customers through the informal complaint resolution process.

- P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

See Informal Customer Complaint Resolution program description in section of Section VII. of this report.

Regulation of Pay Telephones

- A. Provide the following information at the beginning of each program description**

Name of Program or Function:	Regulation of Pay Telephones
Location/Division:	Customer Protection Division
Contact Name and Division:	
Statutory Citation for Program:	PURA § 55.173

- B. What is the objective of this program or function? Describe the major activities performed under this program.**

To promote competition in the payphone industry, the Federal Communications Commission (FCC) in 1996 deregulated coin rates for all local calls made from pay phones. That same year, the PUCT began to register and certify pay telephone service

Self-Evaluation Report

(PTS) providers as required under PURA. PURA § 55.173 provides that a person may not provide pay telephone service unless the person is registered with the PUCT. Holders of certificates of convenience and necessity are not required to register. In that year, the Commission registered 539 providers, including many already doing business in the state.

The purpose of the program is to protect customers who use pay telephones from unfair rates and charges. This purpose is effectuated through statutory rate caps and notification requirements. Registration of pay telephone providers facilitates enforcement of those requirements. PURA Chapter 55, Subchapter H applies to pay telephone providers. Most active payphones today are in jails and prisons.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.

The PUCT has minimized the resources needed for this function by providing comprehensive information on the PUCT website, and through automation of the registration process and record-keeping associated with pay phone registration. The PUCT estimates that the program requires less than one FTE. This estimate does not include resources required for customer complaints.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.

The need for and use of pay telephones has been greatly affected by use of cellular phones by many customers. The trend toward less use of pay phones is apparent in the number of providers registered and the number of complaints received.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

As of December 31, 2020, the Commission has registered 906 PTS providers. This includes new and re-registered providers and does not include those whose re-registration is incomplete.

Self-Evaluation Report**Pay Telephone Providers Registered in Texas**

Year	Number of Providers
2020	906
2019	891
2018	873

Approximately half the registered providers have five pay phones or fewer. To better monitor and understand this segment of the telecommunications market, in 2001 the Commission amended 16 T.A.C. § 26.102 to require all PTS providers to re-register by July 31 of each year to retain their status. The registration numbers above are the cumulative number of PTS providers registered with the PUCT. These are not all necessary active, however, as providers frequently do not notify the PUCT when they are no longer doing business. Most active payphones today are in jails and prisons.

- F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The PUCT adopted 16 TAC § 26.102 to implement the requirements of PURA §§ 55.171 – 55.180. Information about registering and downloadable forms are available on the agency's website.

- G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

This program's strategy is funded with General Revenue.

- H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no similar programs.

- I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

N/A

Self-Evaluation Report

- J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- K. If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2020;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

N/A

- L. Provide information on any grants awarded by the program.**

N/A

- M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

None identified.

- N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

The PUCT estimates that the program requires less than one FTE. This estimate does not include resources required for customer complaints.

- O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Limited regulation of pay telephone providers protects customers who use pay telephones from unfair rates and charges. This purpose is effectuated through statutory rate caps and notification requirements. Registration of pay telephone providers facilitates enforcement of those requirements.

Self-Evaluation Report

The PUCT does not routinely audit or inspect pay telephones for compliance with applicable laws.

If non-compliance is detected, the PUCT has authority to assess administrative penalties, or revoke or suspend a pay telephone provider's registration.

Complaints concerning pay telephones are handled through the Informal Complaint Resolution program in the Customer Protection Division.

- P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description**

See Informal Customer Complaint Resolution program description in section of Section VII. of this report.

HUB and Workforce Diversity Plan Reporting

- A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Historically Underutilized Businesses, Workforce Diversity, and Small Business Reporting
Location/Division:	Infrastructure Division
Contact Name and Division:	Keith Rogas, Director, Infrastructure Division
Statutory Citation for Program:	PURA §§ 12.251-12.255; PURA 39.909 and 52.256

- B. What is the objective of this program or function? Describe the major activities performed under this program.**

PURA requires certain utilities under the PUCT's regulatory authority to submit information concerning historically underutilized businesses (HUBs), workforce diversity, and small businesses.

PURA §§ 12.251-12.255 were enacted in 1995 to encourage utilities to contract with HUBs. PURA § 12.253 provides that the PUCT must require each utility subject to regulation under PURA to prepare and submit a comprehensive annual report detailing its use of historically underutilized businesses. PURA § 12.252 authorizes the PUCT, after notice and hearing, to require a utility to try to increase its use of HUBs.

PURA §§ 39.909 and 52.256, which were enacted in 1999, require electric utilities and telecommunications utilities to submit information concerning HUB, workforce diversity, and small businesses.

PURA § 39.909(b) required an electric utility to develop and submit to the PUCT by January 1, 2000, a comprehensive plan to enhance diversity in its workforce in all occupational categories and to increase contracting opportunities for small and

Self-Evaluation Report

historically underutilized businesses. PURA § 39.909(c) requires each electric utility to submit an annual report to the PUCT and the legislature relating to its efforts to improve workforce diversity and contracting opportunities for small and historically underutilized businesses. PURA §§ 39.402(a), 39.452(d)(1), 39.502(b), and 39.552(b) exempt from PURA § 39.909 the four electric utilities that do not have retail competition, which are all outside of ERCOT.

PURA § 52.256 is identical to § 39.909 except that it applies to regulated telecommunications utilities. PURA § 52.154 prohibits the commission by a rule or regulatory practice from imposing a greater regulatory burden on a nondominant telecommunications utility than what is imposed on a deregulated company. Because certain utilities became deregulated telecommunications utilities, nondominant telecommunications utilities are no longer required to file a report, because the deregulated telecommunications utilities are not required to do so.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.

This is a reporting program, and the PUCT is not required to compile or analyze the information received, so the number of resources devoted to this function is small.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.

N/A

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

PURA §§ 12.251 – 12.255, relating to HUB contracting, apply to “utilities subject to regulation under this title.” PURA § 39.909 and § 52.256 apply to “electric utilities” and “telecommunications utilities,” respectively. The term “electric utility” is defined in PURA § 31.002(6) and includes investor-owned utilities and river authorities (LCRA Transmission Service Corporation) but not electric cooperatives and municipally owned utilities, but as explained above in subsection B, four electric utilities are exempt from PURA § 39.909. The term “telecommunications utility” is defined in PURA § 51.002(11). All telecommunications utilities doing business in the state of Texas initially were required to submit HUB and workforce reports. However, as noted above, this requirement no longer applies to a nondominant telecommunications utility,

Self-Evaluation Report

There are 14 electric utilities and 59 dominant certificated telecommunications utilities currently subject to all or parts of these reporting requirements.

- F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The PUCT adopted 16 T.A.C. §§ 25.80, 25.85, 26.80, and 26.85 to implement the statutory requirements. Reports are filed in Central Records, where they are available for public inspection, and may also be viewed online.

- G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

This program's strategy is funded with General Revenue.

- H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no similar programs.

- I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

N/A

- J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- K. If contracted expenditures are made through this program please provide**
- a short summary of the general purpose of those contracts overall;
 - the amount of those expenditures in fiscal year 2020;
 - the number of contracts accounting for those expenditures;
 - the method used to procure contracts;
 - top five contracts by dollar amount, including contractor and purpose;

Self-Evaluation Report

- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

N/A

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

PURA § 12.251 provides that the term "historically underutilized business" has the meaning assigned by Government Code § 481.101, which was repealed in 1997. The PUCT amended its rules to define historically underutilized business (HUB) for the purposes of the reports required by PURA § 12.251 by replacing the reference to Government Code § 481.101 with a reference to Government Code § 481.191, which was essentially the same as the definition in § 481.101. However, Government Code § 481.191 was repealed after that rule change. PURA §§ 39.909 and 52.256, which also contain reporting requirements related to HUBs, incorporate the definition in Government Code § 481.191 as it existed on January 1, 2015. Amendment of PURA § 12.251 to incorporate a current definition of historically underutilized business, as was in effect done in PURA §§ 39.909 and 52.256, would clarify the reporting requirement in this provision.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

The PUCT estimates that less than one FTE is required for this program.

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

Due to resource constraints, the agency has been unable to ensure full compliance with these filing requirements. If full compliance is to occur, the PUCT would need to expend considerable resources identifying all companies that have not timely filed complete reports, contacting them to encourage the filing of complete reports, and pursuing enforcement actions against those who do not comply. Historically, funding has not supported that level of effort. As referenced above in

Self-Evaluation Report

subsection B, the PUCT notified nondominant telecommunications utilities in 2019 that because of PURA § 52.154 and certain companies becoming deregulated telecommunications companies, PURA no longer required them to file the reports, meaning that the number of utilities required to file the reports has declined to less than 100.

- P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

N/A

Regulation of Water and Sewer Utilities

- A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Regulation of Water and Sewer Retail Public Utilities
Location/Division:	Infrastructure Division Rate Regulation Division Legal Division Division of Utility Outreach
Contact Name and Division:	Keith Rogas, Director, Infrastructure Division Darryl Tietjen, Director, Rate Regulation Division Rachelle Robles, Director, Legal Division Tammy Benter, Director, Division of Utility Outreach
Statutory Citation for Program:	Texas Water Code §13.011

- B. What is the objective of this program or function? Describe the major activities performed under this program.**

The PUCT has jurisdiction over the service areas, rates, and financial and managerial review of water and sewer retail public utilities. The PUCT has original jurisdiction over investor-owned water and sewer utilities (IOUs). It also has some appellate jurisdiction over rates, service areas, and financial activities of political subdivisions (municipalities, water districts and counties), water supply and sewer service corporations (WSCs), and entities that submeter or allocate water and wastewater bills to customers. These programs assure that customers receive continuous and adequate water and sewer services at just and reasonable rates.

The PUCT reviews water and sewer retail public utility applications for:

- Certificates of Convenience and Necessity (CCNs), which delineate water and sewer service areas, including applications to amend or obtain a water or sewer

Self-Evaluation Report

CCN, for the Sale/Transfer/Merger (STM) of water and sewer utilities, decertification, and requests from landowners to be released from the service area of a CCN holder; and

- Certain water and sewer utility rate changes.

The PUCT also:

- Administers a program to help water and sewer retail public utilities maintain financial, managerial, and technical capability;
- Collaborates with other State and Federal government agencies and technical assistance providers to promote an efficient process for affordable, sustainable and innovative funding strategies for water and sewer infrastructure project as a member of the Texas Water Infrastructure Coordination Committee (TWICC);
- Hosts and maintains the FaucetFacts.org website to provide information to retail public water and sewer utilities;
- Created the Division of Utility Outreach (DUO) to provide outreach to the regulated community, with an emphasis on small, medium and distressed retail public water and sewer utility providers;
- Coordinates with the Texas Commission on Environmental Quality (TCEQ) on receiverships and temporary management of troubled water and sewer utilities;
- Has jurisdiction to place a retail water or sewer utility under supervision by a temporary manager; and
- Receives and resolves customer complaints about water service and rates.

- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.**

PUCT Financial & Managerial Assistance Contract - Fiscal Years 2019 & 2020

Fiscal Year	Number of Contractor Assignments	Amount
2019	33	\$60,600
2020	23	\$49,700

Self-Evaluation Report**D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

- 1986 Jurisdiction of water and sewer utility regulation was with the PUCT from 1975 to 1986. In 1986 the water program was transferred from the PUCT to the then-Texas Water Commission (which later became the Texas Natural Resource Conservation Commission and subsequently in 2002, the TCEQ).
- 1997 The 75th Texas Legislature enacted Senate Bill (SB) 1 to amend the Water Code to require every water and sewer retail public utility that applies for a Certificate of Convenience and Necessity (CCN) to possess the financial, managerial, and technical capability to provide continuous and adequate service. SB 1 also gave the Texas Natural Resource Conservation Commission (predecessor agency to the TCEQ) the authority to require financial assurance for certain systems.
- 2005 The Texas Legislature enacted House Bill (HB) 2876, which expanded the criteria for granting water and sewer CCNs to include impact on landowners and added a process for certain landowners to be released from CCN service areas. This bill also required applicants for CCNs to provide detailed mapping information and expanded notice requirements to certain landowners.
- 2007 The 80th Legislature passed HB 149, which provided a streamlined process for a retail public utility under receivership, supervision, or a temporary manager to obtain a temporary rate to recover the reasonable costs incurred for interconnection or other costs incurred in making services available.
- 2013 The Texas Legislature transferred the economic regulation of water and sewer utilities from the TCEQ to the PUCT. The transfer was required by the PUCT's Sunset legislation (House Bill 1600 and Senate Bill 567, 83rd Legislature) enacted in 2013. In addition, HB 1600 and SB 567 created a process whereby a receiver or temporary manager of a water or sewer utility can apply to the PUCT for a temporary rate increase if the increase is necessary to ensure the provision of continuous and adequate service to the utility's customers.
- 2014 The PUCT adopted new forms and rules to implement the transfer of the economic regulation of water and sewer utilities. These new

Self-Evaluation Report

forms and rules implemented the classifications for water and sewer utilities as required by HB 1600 and SB 567, 83rd Legislature.

The PUCT and TCEQ entered a Memorandum of Understanding (MOU), effective September 1, 2014, regarding the powers, duties, functions, programs, and activities to be transferred. The transfer involved the programs related to the regulation of water and sewer rates and services, certification of service areas, and ownership of water and sewer retail public utilities. Safe drinking water, surface water rights and availability, water quality in rivers, lakes and estuaries, wastewater and stormwater permitting, and regulation of groundwater and wells remain at TCEQ.

2015 The passage of HB 1600, 83rd Legislature, enacted the contingency rider in Article IX, Section 18.15 of the Appropriations Act. This rider required TCEQ to transfer approximately \$1.43 million from the Water Resource Management Account #153 in Fiscal Year (FY) 2015 to support the activities associated with the employees transferred to the PUCT, as well as operational costs. Additionally, the transfer included \$184,000 in Water Resource Management Account #153 funds to cover the cost of the contract with the State Office of Administrative Hearings for water and sewer utility case hearings. In implementing the rider, the TCEQ authorized a cash transfer in fiscal year 2015 of approximately \$1.63 million to the PUCT in two payments.

2019 The 86th Legislature enacted SB 700, which made additional amendments to the classifications for water and sewer utilities and allowed for alternative ratemaking methodologies to include the introduction of new customer classes, the cash needs method, phased and multi-step rate changes, and system improvement charges. In addition, SB 700 allowed for a temporary rate to remain in effect for a nonfunctioning utility for a period of time after acquisition by a water or sewer utility.

HB 3542 was enacted by the 86th Legislature to provide for fair market valuation as an alternate method for determining the appropriate value of a retail public water or sewer utility at the time of acquisition by a class A or B utility.

2020 The PUCT adopted amendments relating to classifications for water and sewer utilities as required by SB 700. The PUCT also reduced the complexity of the ratemaking process for smaller utilities. In addition, the PUCT adopted rules to implement the fair market valuation process as required by HB 3542, enacted in 2019, and solicited for valuation experts to be appointed by the PUCT to

Self-Evaluation Report

determine fair market value of utilities purchased by class A and B utilities. Effective January 8, 2020, the PUCT and TCEQ amended the MOU between the agencies.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

The PUCT's programs regarding the economic regulation of water and sewer retail public utilities affects those entities that provide water and sewer utility services and their retail customers.

Retail Public Utilities in Texas				
Retail Public Utility Type	Utilities	Water Customers	Water CCNs	Sewer CCNs
Affected Counties	12	10,095	7	5
Counties	3	561	1	519
Cities	1,482	7,949,300	623	526
Districts	1,062	1,489,770	203	113
Water Supply Corporations	816	654,968	750	62
Investor-Owned Utilities	891	269,247	439	138
Total	4,266	10,373,941	2,023	1,363

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The PUCT regulates the retail rates of water and sewer utilities in Texas and has limited appellate jurisdiction over the wholesale and retail water and sewer rates of certain other entities. It also regulates certificates of convenience and necessity (CCNs) for water and sewer service providers.

For water and sewer service in Texas, the PUCT regulates business and economic standards, while the Texas Commission on Environmental Quality (TCEQ) regulates health and safety standards. The PUCT regulates a total of 4,251 providers holding CCNs. These CCNs encompass 10,246,008 water connections to residences and businesses as of July 2021. The PUCT's water and sewer CCN viewer on its website shows the CCN service areas. Many providers of retail water and sewer services, such as municipalities and districts, are not required to hold a CCN, but many do. Much of Texas is served by large and medium sized retail public utilities including municipalities, districts, authorities, and water supply and sewer service corporations. The remainder of the population is served by small retail public utilities, typically

Self-Evaluation Report

serving 2,300 or fewer connections. When the Texas Legislature reassigned oversight for the business and economic regulation of water and sewer retail public utilities to the PUCT effective September 1, 2014, several TCEQ employees were transferred along with the program. The water and sewer program functioned for five years as a distinct division within PUCT, handling functions like rate regulation and infrastructure development, even though those functions already existed at the PUCT in separate divisions. In 2019, the water and sewer utility responsibilities were distributed to their corresponding PUCT divisions to reduce duplication and enhance collaboration.

At the same time, the Division of Utility Outreach (DUO) was created to educate small to mid-sized water utilities on the applicable regulations to help them attain compliance and to help them avoid becoming nonfunctioning utilities. The DUO program is described in more detail in the Utility Outreach program section of this report.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The passage of HB 1600, 83rd Legislature, enacted the contingency rider in Article IX, Section 18.15 of the Appropriations Act. This rider required TCEQ to transfer approximately \$1.43 million from the Water Resource Management Account #153 in Fiscal Year (FY) 2015 to support the activities associated with the employees transferred to the PUCT, as well as operational costs. Additionally, the transfer included \$184,000 in Water Resource Management Account #153 funds to cover the cost of the contract with the State Office of Administrative Hearings for water and utility case hearings. In implementing the rider, the TCEQ authorized a cash transfer in FY '15 of approximately \$1.63 million to the PUCT in two payments.

The funding source for FY 2020 was General Revenue Dedicated-Water Fund Transfer No. 0153 in the amount of \$3,112,845.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

Temporary Manager Appointments. The TCEQ and PUCT both have the authority under TWC §13.4132 to appoint a temporary manager to manage and operate a nonfunctioning water or sewer utility. Both agencies agree that a temporary manager appointed by either agency has the powers and duties necessary to ensure continuous and adequate services to customers, as specified by TWC §13.4132(c).

The TCEQ has jurisdiction over the health and safety aspects of the utility. This includes water quality and quantity issues, including pressure issues and outages. The PUCT has jurisdiction over the financial, managerial, billing and service area matters.

Self-Evaluation Report

This includes issues with ownership, billing, tariffs, rates, temporary rate requests, financial issues, and service area issues.

The TCEQ and PUCT have a difference interpretation of the statute that authorize the appointment of a temporary manager over a utility. While both agencies agree that Texas Water Code Subchapter K-1 allows for the appointment of a temporary manager over a utility through an emergency order, the agencies have a difference of opinion regarding the term of the appointment of a temporary manager in TWC §13.455. The TCEQ believes the statute specifies the term of an emergency order to appoint a temporary manager may not exceed 180 days and can be renewed once for a period not to exceed 180 days. The PUCT believes that although this is the extent of an emergency order, nothing in the law prohibits the PUCT from issuing a new emergency order or appointing a temporary manager. Moreover, the PUCT also believes that a temporary manager may be appointed under a regular Commission order. This difference of opinion has led the PUCT to be the lead on all temporary manager appointments that last beyond a one-year period.

Financial, Managerial, and Technical (FMT) Capability Reviews & Contracts.

Both the TCEQ and PUCT have the responsibility to conduct FMT reviews of business plans and financial information submitted by retail public utilities to ensure that they have the capability to provide continuous and adequate service. TCEQ reviews applications for public water and sewer systems that request approval to build or amend a system's design or distribution infrastructure. The PUCT conducts FMT reviews for public water and sewer systems that are seeking approval to obtain or amend a water or sewer CCN or to acquire a utility.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The PUCT and TCEQ are required as part of the legislation transferring economic regulation to the PUCT, to enter into a Memorandum of Understanding (MOU). TCEQ and the PUCT executed the initial MOU to be effective on September 1, 2014 and executed an amendment to the MOU to be effective on January 8, 2020 to help each other facilitate the temporary manager and receivership programs. Each agency agreed to:

- Notify the other agency once they anticipated issuing an order appointing or reappointing a temporary manager pursuant to TWC §13.4132.
- Provide a copy of any order appointing or reappointing a temporary manager to the other agency within one business day after issuance of the order.
- Provide notice of the TCEQ's Commission Agenda or PUCT's Open Meetings Agenda to the other agency once an item is scheduled to be heard involving the appointment or reappointment of a temporary manager, so the agencies are

Self-Evaluation Report

present, when necessary, for actions regarding a temporary manager appointment or reappointment.

- Inform the other agency of any hearings or mediation processes related to a temporary manager or receivership of a retail water or sewer utility.
- Notify the other agency on the referral of a water or sewer utility to the Office of the Attorney General (OAG) for the appointment of a receiver.

Staff of the PUCT and TCEQ meet once each month, at a minimum, to coordinate on each receivership and temporary manager appointment and to discuss how both agencies can work together to bring the utility into compliance or to find another entity to acquire the utility. The agencies also identify a lead agency, either the TCEQ or PUCT, for each temporary manager or receivership appointment and work together to resolve issues for the temporary manager or receiver. If TCEQ is the lead agency, the TCEQ will refer the temporary manager or receiver to the PUCT for help with obtaining a temporary rate, if needed, and on ownership and service area issues. If the PUCT is the lead agency, the PUCT will refer the temporary manager or receiver to the TCEQ to address health and safety issues with the utility's system.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The Division of Utility Outreach (DUO) at the PUCT does work with other entities on water-related matters. The DUO program is described in more detail in the Utility Outreach program section of this report.

K. If contracted expenditures are made through this program please provide

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2020;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

The PUCT hired the Texas Rural Water Association (TRWA) under a contract from 2014 to 2020. The purpose of the contract was for TRWA to provide financial and managerial hands-on assistance to retail public utilities. The assistance related to service area matters, rate studies, tariffs, customer service matters, forming a water supply or sewer service corporation, consolidation or regionalization, and other regulatory matters. In FY 2020, a total of 23 assignments were made and \$49,700 was spent providing financial and managerial assistance to retail public water and sewer utilities.

Self-Evaluation Report

The PUCT's contract with TRWA expired in 2020 and a new solicitation was issued to accept bids for a new contract. Superior Water Management of Texas, LLC was awarded the new contract for FY 2021.

Prior to the COVID-19 pandemic, the assignment meetings were all held in person. Due to the pandemic, many of the assignment meetings were held virtually. Effective June 2021, the retail public utility requesting the assistance has the option of selecting from either a virtual or an in-person assistance visit with the contractor.

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

The PUCT's response to this question is in the Section IX. Major Issues section of this report.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

Water and Sewer Certificates of Convenience and Necessity (CCNs). When the PUCT issues a CCN, the holder acquires an obligation to provide retail water or sewer service within the specified CCN service area. A public utility that has received a request to provide service to an area not already receiving service must amend its CCN to lawfully provide service to the area. As part of this process, the PUCT ensures that the applicant has met the mapping and notice requirements appropriate for the type of CCN application filed and any overlaps of the requested area with existing CCN holders, cities and districts are resolved. The applicant must demonstrate a need for service in the requested area and additionally the ability to serve the requested area. The PUCT ensures that the applicant has the financial, managerial, and technical capabilities to provide service to the requested area. If the requested service area will require the construction of a new water or sewer system, the applicant must also obtain TCEQ approval to construct the needed facilities. Once the PUCT determines that the

Self-Evaluation Report

applicant has met the mapping, financial, managerial, and technical requirements of the application, a final map of the amended CCN service area and a corresponding certificate are approved by the Commission.

The owner of a tract of land of at least 50 acres can petition the PUCT for the expedited release of all or a portion of that tract from a CCN service area so that it may receive service from another retail public utility. Such a petition may be initiated by the landowner if the CCN holder is either not providing service or if the cost of service is so prohibitively expensive as to constitute denial of service. Petitions for expedited release must identify an alternate service provider that is can provide service in the manner requested by the landowner. The CCN holder has the option to oppose the expedited release and refute any information submitted by the petitioner. The landowner requesting expedited release must provide adequate and just compensation to the CCN holder for release. Expedited release can occur statewide, except within large cities or platted subdivisions.

The owner of a tract of land of at least 25 acres that is not receiving water or sewer service may petition for a streamlined expedited release from the current CCN holder. The landowner must provide adequate and just compensation to the CCN holder for release. Streamlined expedited release is only available in thirty-three counties based on the population requirements in statute.

When a complaint or information is received that a CCN holder is either serving outside its CCN service area, unlawfully serving inside someone else's CCN service area, or is refusing to provide service to someone inside their CCN service area, Staff of the PUCT's DUO sends out requests for information to gather more information and to determine if an investigation is warranted. If information is found that the CCN holder is not in compliance, then DUO works with the CCN holder to understand how to get into compliance and to see if contractor assistance would be beneficial in helping the CCN holder become compliant.

Water and Sewer Utility Acquisitions. The sale or acquisition of a water or sewer system that is owned by a holder of a CCN requires approval of the PUCT. The transaction may also require the transfer of the CCN to the purchaser. The transfer and related sale of facilities is commonly known as a sale, transfer, or merger, or STM. The acquiring entity may be either an existing or new utility. Like the process for granting the CCN, the PUCT ensures that the acquiring entity has the financial, managerial, and technical capabilities to provide continuous and adequate service to the requested area and ensures the mapping and notice requirements are met. The applicant's financial health, compliance history with TCEQ's health and safety standards, and customer complaints, if any, are also considered. To obtain PUCT approval, the applicant must also demonstrate that the proposed STM is in the public interest. When a CCN holder sells or acquires a facility without filing an STM, the PUCT's DUO sends out requests for information to gather more information and to determine if an investigation is warranted. If information is found that the sale or acquisition of a system occurred without the proper STM application, then DUO works with the CCN holder to

Self-Evaluation Report

understand how to get into compliance and to see if contractor assistance would be beneficial in helping the CCN holder become compliant.

Water and Sewer Utility Submetering and Allocation. The owners of certain businesses may purchase water and sewer services from a retail public utility and provide and bill for those service to its tenants. This action is allowed by owners of apartment houses, condominiums, and manufactured home rental communities, as well as some commercial or industrial parks, office complexes, and marinas. These owners may bill their tenants on a submetered or allocated basis. The owner is responsible for correctly passing through the charges from the retail public utility. The owner must ensure that meters are working correctly and, if allocating charges, equitably allocate the utility charges among the tenants.

The PUCT enforces the rules regarding allocation and billing of tenants. Owners that submeter or allocate utility charges must register with the PUCT. There are currently 9,446 entities registered to submeter or allocate water or sewer utility service to tenants. The sheer number of entities submetering and allocating service presents challenges for ensuring customers are properly informed and properly billed. Many owners are unaware of the legal requirements for submetering or allocating utility charges. There are frequent changes in ownership and owners change billing procedures without obtaining PUCT approval. Customers tend to file complaints when a new owner buys a facility and changes the method for allocated billing. Complaints involving submetered and allocated billings have generally increased since 2014. Typically, these complaints involve disputes about billing or allocation methods and lack of communication from the owner. These customers get little advance notice of billing changes, which are often made with no alteration to the lease agreement. In many cases, the property owners are not following the methodologies required by PUCT rules. The property owners in some instances do not remove charges for shared areas, add extra fees, or combine methodologies in customer bills. Some owners charge for services other than for water and sewer utilities such as storm water drainage fees, or other fees required by municipal ordinances. Many of the underlying issues of noncompliance appear to stem from ignorance of the rules, rather than malfeasance. The PUCT's DUO strives to host roundtable discussions with trade associations for apartments, RV parks, and manufactured home rental communities, to provide education and information on submetering and allocated billing.

- P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

See Informal Customer Complaint Resolution program description in section of Section VII. of this report.

Self-Evaluation Report

Regulation of Water Utility Submetering**A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Utility Outreach
Location/Division:	Division of Utility Outreach (DUO)
Contact Name and Division:	Tammy Benter, Director, Division of Utility Outreach
Statutory Citation for Program:	Water Code § 13.041

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of this function is to promote compliance with statutes, rules, and orders applicable to entities under the jurisdiction of the Commission. DUO's primary focus is on assisting small and mid-sized water and sewer utilities.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.

The DUO program was created in 2019. Its activities to date, outlined in Section F below, demonstrate the effectiveness and efficiency of this program.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.

As explained below in Section F, this program was created in 2019 and currently has four employees. There is no additional history relevant to this program.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

As explained below in Section F, the Utility Outreach program at this time is focused primarily on small and mid-size water and sewer utilities to assist them in compliance with relevant statutory and rule requirements.

Self-Evaluation Report

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

DUO was created in 2019 to educate small to mid-sized water utilities on the applicable regulations to help them attain compliance and to help them avoid becoming nonfunctioning utilities. DUO also works with distressed utilities to find ownership solutions to better serve the customers of those utilities. DUO works with trade associations and other agencies to provide training and to help educate utilities to meet existing or upcoming compliance requirements. In addition, DUO manages a professional services contract with Superior Water Management of Texas, LLC and makes assignments for contractors to provide hands-on assistance to help retail public water and sewer retail utilities complete various tasks including rate studies, rate applications, CCN related applications, business plans, forming a water supply or sewer service corporation, finding funding sources, consolidations, and regionalization. In 2019, DUO held one in-person workshop to train approximately 70 individuals on retail rate setting, CCNs, handling customer complaints and cybersecurity. In 2020, DOU held two virtual workshops and launched training videos to help provide additional training opportunities to water and sewer retail public utilities and to also educate customers about the process involved with protesting or intervening in a rate case proceeding. DUO also launched FaucetFacts.org, a digital hub for PUCT's water and sewer utility outreach efforts. The website helps users find information on applicable rules, regulations, and upcoming training events. To reach an even broader audience, DUO launched its own social media presence on Facebook and Instagram.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

This function is funded primarily with GR Dedicated - Water Resource Management Account No. 153.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

None identified.

Self-Evaluation Report

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

Because TCEQ also has jurisdiction over water and sewer matters, TCEQ also advises water and sewer utilities on regulatory issues. However, because TCEQ and the PUCT oversee different aspect of water and sewer regulation, the PUCT sees little possibility of conflict or duplication of DUO's activities with TCEQ's activities.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

DUO represents the PUCT and works with other state, local, and federal government agencies and technical assistance providers as a member of the Texas Water Infrastructure Coordinating Committee (TWICC). TWICC is a collaborative effort and one-stop shop for information on funding eligibility and technical assistance for water systems facing infrastructure or compliance issues and strives to promote an efficient process for affordable, sustainable, and innovative funding strategies. Members of the TWICC include the PUCT, United States Environmental Protection Agency (US EPA), Texas Department of Agriculture, TCEQ, Communities Unlimited, Texas Rural Water Association (TRWA) United States Department of Agriculture (USDA), Texas Water Development Board (TWDB), Texas American Water Works Association (Texas AWWA), North American Development Bank (NAD Bank), Border Environment Cooperation Commission (BECC), and the United States Department of the Interior Bureau of Reclamation.

TWICC's goals, through coordination with its members, are to:

- Provide Texas communities with funding and other assistance to develop, improve, and maintain compliant and sustainable water and wastewater systems.
- Maintain a forum for funding agencies, assistance providers, and regulators to coordinate priorities and funding.
- Coordinate joint funding to promote a streamlined process and develop sustainable projects.
- Adapt to changing priorities and resources.

TWICC's objectives are to:

- Develop and promote the use of standardized guidance documents between funding agencies.
- Coordinate and review project profile forms to recommend which agency programs may be eligible to assist applicants with financial, managerial, and technical capabilities, regionalization, or funding.

Self-Evaluation Report

- Identify concerns and hold quarterly workshops around the state to address targeted issues and assist in outreach efforts.
- Develop and update outreach materials including a Resource Page, Contact Page, and Workshop Page on the website.
- Share agency information and training about water issues to target solutions for water quality and quantity issues.
- Receive project profile forms from projects and provide feedback through letters and meetings to communicate funding sources and technical assistance available.

K. If contracted expenditures are made through this program please provide

- **a short summary of the general purpose of those contracts overall;**
- **the amount of those expenditures in fiscal year 2020;**
- **the number of contracts accounting for those expenditures;**
- **the method used to procure contracts;**
- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The PUCT hired the Texas Rural Water Association (TRWA) under a contract from 2014 to 2020. The purpose of the contract was for TRWA to provide financial and managerial hands-on assistance to retail public utilities. The assistance related to service area matters, rate studies, tariffs, customer service matters, forming a water supply or sewer service corporation, consolidation or regionalization, and other regulatory matters. In FY 2020, a total of 23 assignments were made and \$49,700 was spent providing financial and managerial assistance to retail public water and sewer utilities.

The PUCT's contract with TRWA expired in 2020 and a new solicitation was issued to accept bids for a new contract. Superior Water Management of Texas, LLC was awarded the new contract for FY 2021.

Prior to the COVID-19 pandemic, the assignment meetings were all held in person. Due to the pandemic, many of the assignment meetings were held virtually. Effective June 2021, the retail public utility requesting the assistance has the option of selecting from either a virtual or an in-person assistance visit with the contractor. The Division of Utility Outreach is the PUCT's administrator for this contract.

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

None identified.

Self-Evaluation Report**N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

N/A

P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.

See Informal Customer Complaint Resolution program description in section of Section VII. of this report.

Self-Evaluation Report

Investigations and Enforcement

Strategy 1-3-1: Conduct investigations and initiate enforcement actions to ensure compliance with relevant law, PUCT rules, and orders.	
Actual Expenditures, FY 2020	\$2,400,797
Number of FTEs as of August 31, 2020	26.2

A. Provide the following information at the beginning of each program description.

Name of Program or Function:	Compliance and Enforcement
Location/Division:	Division of Compliance and Enforcement (DCE)
Contact Name and Division:	Barksdale English Director, Division of Compliance and Enforcement
Statutory Citation for Program:	PURA §§ 14.002 and 15.023; Texas Water Code §§ 13.041 and 13.4151

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of this program is to promote and enforce compliance with statutes, rules, and orders applicable to entities under the jurisdiction of the Commission. The Commission's enforcement efforts focus on violations of PURA, the Texas Water Code, the Commission's Substantive Rules and ERCOT protocols.

The DCE is integral to the agency's mission to protect customers through fostering competitive markets and maintaining the high-quality infrastructure of Texas. DCE's main function is to investigate possible violations of PURA, the Texas Water Code, the Commission's Substantive Rules, ERCOT protocols, and other applicable orders and statutes by entities subject to the Commission's jurisdiction and to apply appropriate remedies as warranted. The division's efforts help preserve the public interest by identifying potential violations that may need detailed investigation and subsequent remediation.

The major activities performed by the DCE are reviews, audits, investigations, and enforcement proceedings, including, but not limited to, Notices of Violation (NOV) with administrative penalties. The DCE meets this objective by working in tandem with subject matter experts from other PUCT divisions during the investigative phase. Staff experts analyze a regulated entity's activities compared to relevant laws and rules and make recommendations about whether a violation may exist. Then, DCE staff determine whether a negotiated settlement would be in the public interest or if formal prosecution should be recommended to agency executives.

The DCE's primary areas of focus are:

- Wholesale electric issues

Self-Evaluation Report

- Retail electric issues
- ERCOT protocol violations
- Market manipulation
- Retail telecommunications issues
- Service quality
- Water billing issues

D&CE may determine that the public interest is best served through a compliance action rather than an enforcement action. In some of these instances, DCE can refer a series of complaints to the Division of Utility Outreach (DUO)³², part of whose mission is to work with noncompliant regulated entities, usually with access to fewer technical resources, to help achieve compliance with the law. In other cases, DCE staff may determine that a violation is best processed as an individual formal complaint case through the Legal Division. Typically, these cases involve a single customer whose experience is unique from other similarly situated customers. The remaining cases are investigated further to arrive at staff recommendation of whether to close the case or pursue further action.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.

This program works to ensure effectiveness and efficiency in several ways. Review and audit plans have been established to monitor compliance levels in an efficient manner and to incent remedies for possible non-compliant situations. For settled NOV's, settlement agreements include ongoing mitigation or improvement plans from the violating entity. A high, ongoing degree of coordination has been established with ERCOT and the Independent Market Monitor (IMM) to ensure effectiveness and efficiency in compliance and enforcement of ERCOT protocols. Also, work done to clarify ERCOT protocol language has led to increased efficiency due to more clearly enforceable protocols.

As part of its 2010 report on the PUCT, the Sunset Advisory Commission adopted a management action recommending that the Commission publish, on a regular basis, more complaint and enforcement data on its website. The Sunset Commission also recommended that the public be allowed to comment on this information. The PUCT publishes a summary of customer complaints and enforcement activities annually. The Commission posts this information on its website and invites the public to comment on this report. The latest such report was posted in December 2020 and includes information for FY 2020. Following are the key enforcement statistics from the PUCT's 2020 report:

³² The activities and responsibilities of DUO are discussed in more detail in the Utility Outreach section of this report.

Self-Evaluation Report

Following is a summary of certain key statistics for fiscal year 2020:

Investigations opened:	152
Investigations closed:	110
Administrative penalties assessed:	\$2,244,100

For fiscal year 2020, the breakdown of docketed enforcement cases was 29% electric retail, 11% electric wholesale, 23% electric service quality, 11% telecom, and 26% water. The percentages of total administrative penalties assessed in fiscal year 2020 was 46% electric retail, 28% electric wholesale, 24% electric service quality, 2% telecom, and 0% water, and 9% for apartments.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.

Before the restructuring of the retail electric market in ERCOT in 1999 and the passage of the Federal Telecommunications Act of 1996, much of the PUCT's enforcement efforts were accomplished during utility rate reviews, in which a comprehensive review of a company and all its activities could be performed. Because the PUCT's rate jurisdiction in both the telecom and electric markets has changed over the years, it became necessary to view enforcement as a stand-alone activity. The PUCT created an Enforcement Section in the Legal Division in 2001, and in 2002 expanded the Enforcement Section and renamed the division Legal and Enforcement Division to emphasize the Commission's intent to develop this program. Although staff throughout the agency could become involved in an enforcement case, depending on the subject matter and expertise needed, enforcement efforts were coordinated by the Enforcement Section of the Legal and Enforcement Division and later by the PUCT's enforcement coordinator. In October of 2007, to further focus on enforcement, the Oversight and Enforcement Division was created and the enforcement activities of the Legal Division were shifted to this division. The Oversight and Enforcement Division focused solely on enforcement and compliance issues.

In early 2020, the Legislature called for all state agencies to reduce their current budgets by 5%. As part of its effort to comply with the 5% reduction request, in August 2020 the PUCT shifted its enforcement program into the Legal Division. Enforcement is a discretionary activity and the PUCT concluded that moving personnel from the Oversight and Enforcement Division into the Legal Division would be a more efficient use of its scarce resource.

As part of its Legislative Appropriation Request (LAR) for fiscal years 2022-2023, the PUCT requested that its 5% budget cut be restored. In the 87th Legislative session, the PUCT also requested additional resources to accomplish its statutory responsibilities. The 87th Legislature restored the PUCT's 5% budget cut. As a result

Self-Evaluation Report

of the restoration of the PUC's 5% budget cut, the PUCT created the DCE in August 2021. While this new division will promote and enforce compliance all applicable statutes, rules and orders of the Commission, there will be an increased focus on electric wholesale market enforcement issues.

From 2010 until December 2020, the Commission had a contract with the Texas Reliability Entity (Texas RE) to aid the PUCT on enforcement of ERCOT reliability rules which are included in the ERCOT protocols. The Texas RE is also authorized by NERC to develop, monitor, assess, and enforce compliance with NERC reliability standards within the ERCOT region. The PUCT's contract with the Texas RE was funded by ERCOT.³³ The annual cost of the Texas RE contract was approximately \$1 million over four years. The PUCT conducted a review of the Texas RE contract in 2020. The Commission had become concerned that the quality and level of service provided by the Texas RE was not the best use of these funds and that the PUCT was not receiving sufficient value from this contract. After discussions with Texas RE during the fall of 2020, the Texas RE ultimately requested voluntary termination of the contract. The Texas RE contract was terminated effective January 1, 2020.

The PUCT is exploring other options for assistance in the enforcement of ERCOT reliability standards, including assistance from ERCOT staff.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

This program affects public utilities, pay telephone service providers, retail public utilities, affiliates, and "persons". The terms "public utility," "affiliate," and "person" are defined in PURA §§ 11.003 and 11.004 with respect to electric and telecommunications utilities. For the water and sewer industry, the function affects retail public utilities and utilities. The terms "affiliate," "person," and "retail public utility" are defined in Texas Water Code § 13.002 with respect to water or sewer utilities. A list of entities subject to regulation by the PUCT would include:

1. Telecommunications industry
 - a. Pay phone providers
 - b. Automatic dial announcing devices (ADAD)
 - c. Incumbent local exchange carriers (ILECs)
 - d. Competitive local exchange carriers (CLECs)
 - e. Cable or Video service providers with state-issued certificates of franchise authority
2. Electric industry
 - a. Transmission and distribution utilities (TDUs)

³³ ERCOT's budget is reviewed and approved by the PUC. Under PURA §39.151(e), after approving ERCOT's budget the Commission approves an administrative fee on wholesale buyers and sellers. The cost of the Texas RE contract was paid for by ERCOT as part of its budget approved by the PUC.

Self-Evaluation Report

- b. Retail electric providers (REPs)
 - c. Power generation companies (PGCs)
 - d. Qualified scheduling entities (QSEs)
 - e. Investor-owned utilities
 - f. Municipally owned utilities
 - g. Electric cooperatives
 - h. Brokers
 - i. Power marketers
 - j. Aggregators
3. Retail Water and sewer industry
- a. Investor-owned utilities
 - b. Water and sewer supply corporations
 - c. Municipally owned utilities that hold a CCN
 - d. Districts that hold a CCN (special utility districts, municipal utility districts, etc.)
 - e. Apartment complexes that submeter or allocate water and sewer utility bills

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The DCE opens and pursues enforcement initiatives based on information obtained from multiple sources, and each investigation is tailored to the specific information and circumstances at issue. An investigation may either conclude with a recommendation for action, if needed, or no further action if it is determined that no violation occurred. In addition to pursuing individual enforcement initiatives, DCE also proactively implements and oversees programs to monitor and promote compliance of entities under PUCT jurisdiction.

Opening an Investigation. The DCE coordinates with other PUCT divisions, regarding information on potential violations, and reviews or audits formal reports submitted to the PUCT. For electric matters, DCE also coordinates with ERCOT, and the Independent Market Monitor. Once DCE has received information regarding a potential violation, the information is reviewed to determine if an investigation is warranted. If warranted, an investigation is opened, and the provider is notified of the investigation. The investigation is conducted through research, meetings, and requests for information to the provider.

Conducting an Investigation. If appropriate, DCE may contact the regulated entity regarding a potential violation and provide options for compliance. Some instances trigger the commencement of a license revocation proceeding. Another option that the DCE may pursue is a recommendation to impose an administrative penalty, detailed further below, if a violation is found through an investigation. If a

Self-Evaluation Report

violation is found, the provider may be sent a warning letter for a minor violation. Otherwise, the Notice of Violation (NOV) process begins.

The first step in the NOV process is to send a Pre-NOV letter to the provider describing the violation and recommending an administrative penalty. The provider has the opportunity to meet with PUCT Staff to resolve the matter. The Staff and the provider may enter into a settlement agreement resolving the issues of the violation, the amount of administrative penalty, and any other appropriate remedies such as a mitigation plan. If a settlement agreement is reached, settlement documents are filed with the PUCT for the Commission's consideration.

PURA provides for a three-level classification system for violations which includes a range of administrative penalties. The classification system requires the agency to consider the following factors for determining penalty levels:

- The seriousness of the violation;
- The economic harm caused;
- The history of previous violations;
- The amount of penalty necessary to deter future violations;
- The efforts to correct the violation; and
- Any other matter justice may require.

If the issues are not resolved through a settlement agreement, the Executive Director sends a Notice of Violation to the provider. This action initiates a contested case proceeding to resolve the issues of the violation, including appropriate remediation actions and a recommended administrative penalty. The NOV is referred to the State Office of Administrative Hearings (SOAH) and a hearing is conducted. The SOAH judge issues a proposal for decision that is subsequently ruled on by the PUCT Commissioners to determine whether a violation has occurred and, if so, what remedies should be imposed.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

This program is funded with General Revenue.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

PURA § 15.028 and Texas Water Code § 13.414 provide that the Attorney General may file a suit for civil penalties on the Attorney General's own initiative. If the Attorney General, on its own initiative, intended to bring an enforcement action on behalf of the PUCT, the PUCT is confident that the Attorney General would inform the PUCT.

Self-Evaluation Report

Additionally, Texas RE has been authorized by NERC to develop, monitor, assess, and enforce compliance with NERC reliability standards within the ERCOT region.

There is potential for overlap with functions of the Office of the Attorney General (OAG), NERC, and the Texas RE. However, the PUCT's monitoring of its regulated utilities includes a mindfulness of avoiding unnecessary redundancies. Moreover, the PUCT communicates regularly with its liaisons at the OAG to ensure mutual awareness of activities, and the PUCT monitors NERC developments of new reliability standards applicable in Texas. Finally, the ERCOT area and Texas have specific parameters best served by the unique expertise of the PUCT.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The PUCT has an MOU with OAG regarding enforcement of the Texas No Call list. Every month, the PUCT sends the OAG a list of No-Call complaints received by the Texas PUCT. The Texas No Call statute gives enforcement authority to both the PUCT and the OAG.

Coordination with OAG on projects and issues eliminates duplication of efforts.

Potential duplication with FERC/NERC is avoided by monitoring FERC/NERC rules and by dealing with issues on a more granular basis than the federal agencies.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

- PURA § 15.028 and Texas Water Code § 13.414 provide that the Attorney General may file a suit for civil penalties on the Attorney General's own initiative or at the request of the PUCT.
- FERC is an independent agency that regulates the interstate transmission and interstate, wholesale sales of electricity, natural gas, and oil.
- NERC has been granted authority from FERC to enforce reliability standards with all U.S. users, owners, and operators of bulk power systems.
- ERCOT operates the electric grid and manages the deregulated market for approximately 90 percent of the state's electric load.
- Texas RE has been authorized by NERC to develop, monitor, assess, and enforce compliance with NERC reliability standards within the ERCOT region.
- The IMM is an independent contractor funded through ERCOT that reports to the PUCT. The IMM monitors wholesale market activities to recommend measures to enhance market efficiency and to detect and prevent market manipulation.

Self-Evaluation Report**K. If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2020;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

Under PURA § 39.1515, ERCOT is required to “contract with an entity selected by the commission to act as the commission’s wholesale electric market monitor to detect and prevent market manipulation strategies and recommend measures to enhance the efficiency of the whole market.” ERCOT and the PUCT have a contract with Potomac Economics to serve as the independent market monitor (IMM) for the ERCOT market. A copy of this contract, which includes a detailed statement of work, may be found on the Commission’s public website at: <http://puc.texas.gov/agency/resources/reports/Contracts.aspx>.

The term of the contract is from January 1, 2020-December 31, 2023. The cost of this contract is approximately \$1 million per year.

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program’s performance, including any outdated or ineffective state laws? Explain.

Make investigation records of the PUCT and the Independent Market Monitor confidential as a matter of law.

The PUCT is concerned that the release of information related to investigations while those investigations are underway will hamper the ability of the agency to perform its enforcement duties and could unfairly impugn the business practices of telecommunications or electric providers before all the facts have been determined. Section 552.101 of the Public Information Act exempts information considered confidential by law from disclosure. The enabling statute of many state agencies, including the State Securities Board, the Health and Human Services Commission, and the Texas Board of Chiropractic Examiners, provides this confidentiality protection during the investigatory phases of prosecutions. The PUCT believes this statutory change would enhance the PUCT’s enforcement abilities and enhance confidence in both the telecommunications and electric markets.

Self-Evaluation Report**N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

The DCE is staffed with five employees. Additional legal support is provided by the Legal Division.

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

For follow-up activities conducted when non-compliance is identified and for sanctions available to the agency to ensure compliance see Section F above.

P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.

See Informal Customer Complaint Resolution program description in section of Section VII. of this report.

Customer Education and Outreach

Strategy 2-1-1: Provide information and distribute materials to customers on changes in the electric and telecommunications industries. Respond to requests for information from the public and media. Conduct outreach activities.	
Actual Expenditures, FY 2020	\$992,724
Number of FTEs as of August 31, 2020	10.7

A. Provide the following information at the beginning of each program description.

Name of Program or Function:	Information and Education
Location/Division:	Customer Protection Division
Contact Name and Division:	Chris Burch , Director, Customer Protection Division
Statutory Citation for Program:	PURA §§ 39.902

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Public Utility Commission of Texas conducts customer education activities under one strategy. The PUCT conducts customer education and outreach under Strategy 2-1-1. This strategy applies to both the electric, telecommunications and water/sewer industries.

The PUCT makes a wide variety of information available on the agency Website. In addition to the agency's main Website, the PUCT has a separate Customer Protection home page (accessed through the agency home page) that provides information that would be of particular interest to electric and telecommunications.

The following education materials are produced by PUCT staff:

- Fact Sheets - 52 Fact Sheets about a variety of information are available on the agency Website. The Fact Sheets are also mailed or emailed to people who file complaints and inquiries.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.

Self-Evaluation Report

The following performance measures relate to this program:

	FY 2019 projected	FY 2019 actual	FY 2020 projected	FY 2020 actual
OP 2-2-1.03 Number of Customer Information Products Distributed	1,250,000	1,039,489	1,250,000	929,760
EF 2-1-1.01 Percent Customer Information Products Distributed Electronically	95%	96.84%	95%	99.32%
OP 2-2-1.01 Number of Website Hits to Customer Protection Home Page	190,000	182,486	390,000	230,761

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

N/A

- E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

This program benefits electric, telecommunications, water, and sewer customers who need information about their utility service, including how to obtain utility services in competitive markets.

- F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The PUCT's Customer Protection Division manages the Texas Electric Choice campaign.

- G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

N/A

Self-Evaluation Report

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

The Division of Utility Outreach (DUO) within the commission, which was created in 2019 provides information and outreach to customers. The DUO program is described in more detail in the DUO section of Section VII of this report.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

N/A

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

N/A

K. If contracted expenditures are made through this program please provide

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2020;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

N/A

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

None identified.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

The PUCT estimates that more than one FTE is required for this program.

Self-Evaluation Report

- O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**
- why the regulation is needed;
 - the scope of, and procedures for, inspections or audits of regulated entities;
 - follow-up activities conducted when non-compliance is identified;
 - sanctions available to the agency to ensure compliance; and
 - procedures for handling consumer/public complaints against regulated entities.

The Texas Electric Choice Customer Education Program is essential to the meeting of the requirements of PURA § 39.902.

- P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

N/A

Assist customers in resolving disputes

Strategy 2-2-1: Assist customers in resolving disputes concerning electric and telecommunications services consistent with statutes and rules.	
Actual Expenditures, FY 2020	\$883,559
Number of FTEs as of August 31, 2020	9.5

- A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Informal Customer Complaint Resolution
Location/Division:	Customer Protection Division
Contact Name and Division:	Chris Burch, Director, Customer Protection Division
Statutory Citation for Program:	PURA Chapters 15 and 17, TWC Chapter 13

- B. What is the objective of this program or function? Describe the major activities performed under this program.**

The primary purpose of this program is to assist customers with problems they are experiencing with their electric, telecommunications, and water and sewer services. The PUCT has dedicated staff resources to informal customer complaint

Self-Evaluation Report

resolution since the agency's inception. In the mid-1990s, the number of complaints received began to increase dramatically, primarily because of slamming and cramming problems in the telephone long distance markets. In 1997, the agency created the Customer Protection Division to focus additional resources on this area and to address the increasing numbers of complaints that were being received. Since that time, the introduction of the retail electric market effective 2002 and the acquisition in 2014 of the financial regulation of entities providing water and sewer services has resulted in varying levels of complaints from year to year. For example, since 2014, the total number of complaints received has varied from a low of approximately 5,500 in 2016 to a high of approximately 10,600 in 2019. The total number of complaints received so far in 2021 are up, most likely due to Winter Storm Uri in February.

Each month, the PUCT's Customer Protection Division (CPD) receives approximately 960 complaints and 12 inquiries. These complaints and information requests are received by telephone, letter, fax, email, online submission and from walk-in customers.

PURA § 15.051 provides that persons may complain to the PUCT about their telecom and electric utility services, and requires the PUCT to keep records of the following information:

- the date the complaint was received,
- the name of the complainant,
- the subject matter of the complaint,
- a record of each person contacted in relation to the complaint; and
- a summary of the results of the review or investigation of the complaint and, if the PUCT took no action on the complaint, an explanation of the reason the complaint was closed without action.

TWC § 13.041 provides that the PUCT shall adopt and enforce rules reasonably required in the exercise of powers and jurisdiction of each agency, including rules governing practice and procedure before the PUCT. To facilitate the enforcement of rules, the PUCT adopted the same process used to investigate informal complaints involving telecom and electric utility services. However, water and sewer utilities are required to provide responses to informal complaints in 15 days whereas telecom and electric utilities are required to provide responses in 21 days.

The PUCT is required to provide to the complainant and to each entity complained about information concerning the PUCT's policies and procedures on complaint investigation and resolution. The PUCT is required to notify the complainant about the status of its complaint at least quarterly until final disposition.

- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.**

The PUCT has six performance measures relating to this program.

Public Utility Commission

Exhibit 12: Program Statistics and Performance Measures – Fiscal Years 2019 - 2020

Program Statistics or Performance Measures	Dataset Reference Number* (if applicable)	Calculation (if applicable)	FY 2019 Target	FY 2019 Actual Performance	FY 2019 % of Annual Target	FY 2020 Target	FY 2020 Actual Performance	FY 2020 % of Annual Target
OC 2-2.01 Percentage of customer complaints resolved through informal complaint resolution process	N/A	N/A	99	99.62	100.63	99	99.73	100.74
OP 2-2-1.01 Number of customer complaints concluded	N/A	N/A	7500	5982	79.76	7500	7587	101.16
EF 2-2-1.01 Average number of days to conclude customer complaints	N/A	N/A	15	17	113.33	15	16	106.53
OC 2-2.02 Credits and refunds obtained for customers through complaint resolution	N/A	N/A	900,000	343,308.08	38.15	300,000	381,333.62	127.11
EX 2-2-1.01 Number of complaints received for unauthorized changes in service	N/A	N/A	1,400	679	48.50	900	608	67.56
OP 2-1-1.01 Number of information requests to which responses were provided	N/A	N/A	70,000	40,346	57.64	70,000	34,350	49.07

Self-Evaluation Report

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.

While the purpose of this program has not changed, a significant level of resources continues to be devoted to ensuring timely resolution of customer disputes. Resources also continue to be developed to address complaints received from customers disputing water and sewer services, which transferred from the TCEQ to the PUCT in 2014. The PUCT relies on customer complaint statistics and trends observed by CPD staff for gauging company behavior, compliance with PUCT rules and how customers may be affected. The statistics and trends that are identified may lead to meetings with companies to address issues and to alert PUCT Staff to the need for possible enforcement actions.

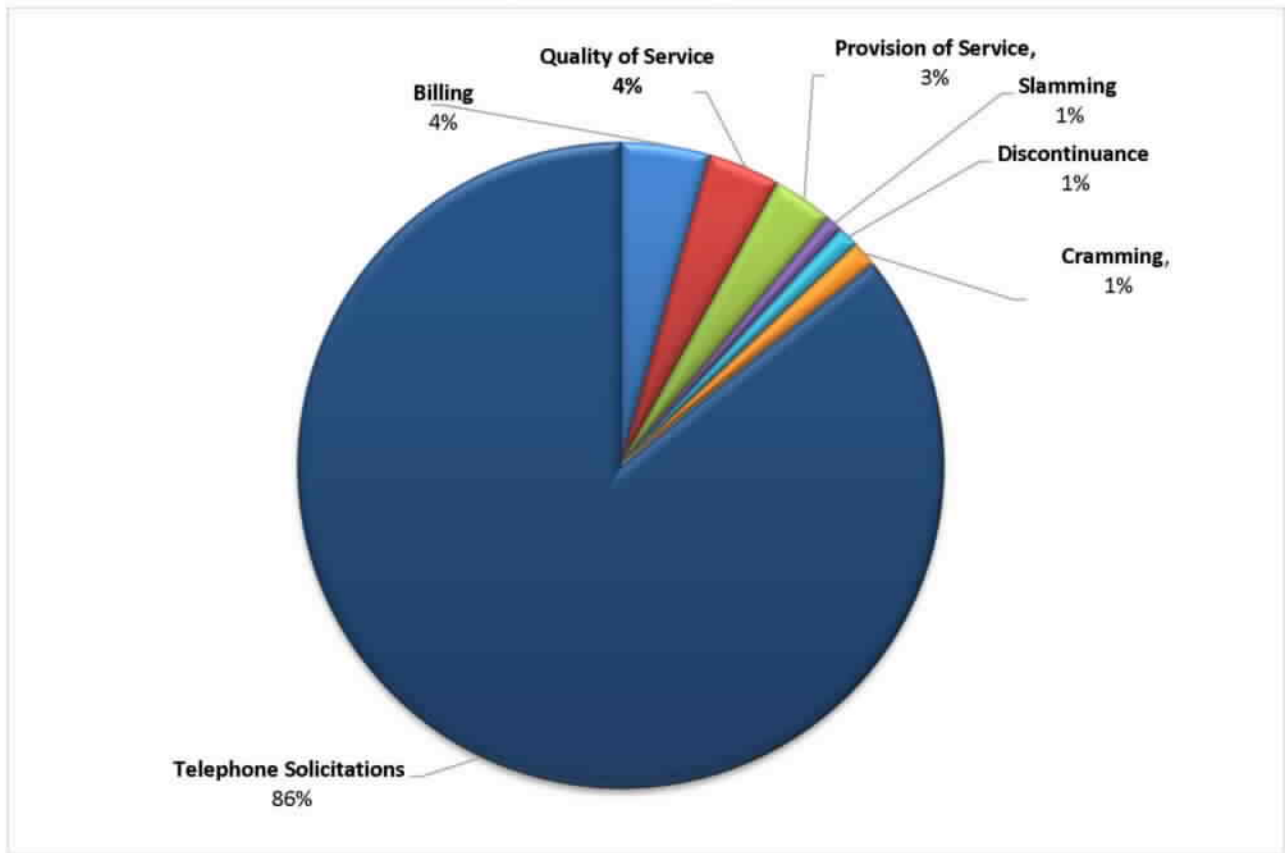
Telecom Complaints. Aside from the substantial percentage of complaints related to the telephone solicitation and the Texas No Call List, the other telecommunications complaints received include Slamming at 1 percent, Billing at 4%, Cramming at 1%, Discontinuance at 1%, Quality of Service at 4 percent, and Provision of Service at 3%. Slamming is the switching of a customer's telecommunications service without proper authorization and verification. Cramming is placing an unauthorized charge on a customer's telecommunications utility bill without proper consent and verification of authorization from the customer.

The ongoing decline in telephone complaints can be attributed to the continued advancement of mobile wireless and Voice over Internet Protocol (VoIP) services. With the number of wireless and VoIP subscribers increasing there has been a decrease in land-line subscribers. Since these advanced technologies are not under the jurisdiction of the Commission, customers wishing to file complaints regarding mobile wireless and VoIP services must be referred to the FCC. Additionally, the deregulation of AT&T and Frontier Utilities removed the PUCT's regulation of provisions of service and quality of service for land-line service provided by these two large telecoms. CPD is therefore not able investigate complaints for provision of service and quality of service issues for customers of telecommunications companies that have been deregulated as the PUCT does not have jurisdiction.

Self-Evaluation Report

Telephone Complaints Received

September 2018 - August 2020

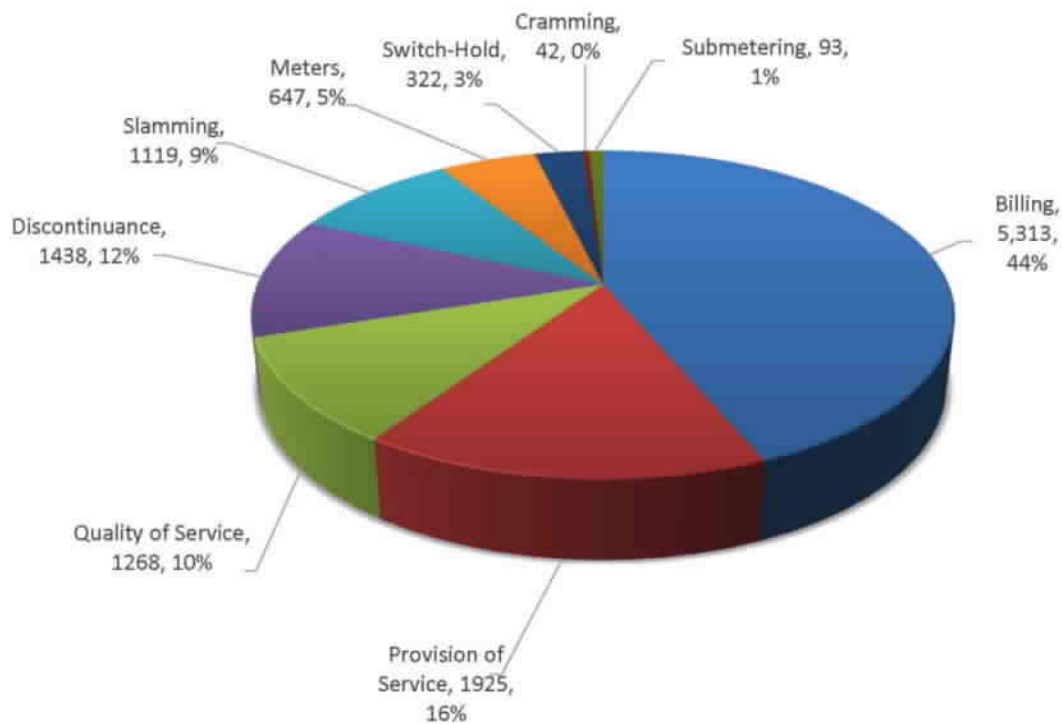


Self-Evaluation Report

Electric Complaints. The overall number of electric complaints increased in FY 2019 and 2020. With the maturity of the retail electric market, electric complaint totals have become cyclical with new market participants, new product offerings, and emerging events such as the pandemic.

Electric complaints represent much of the number of complaints received from customers.

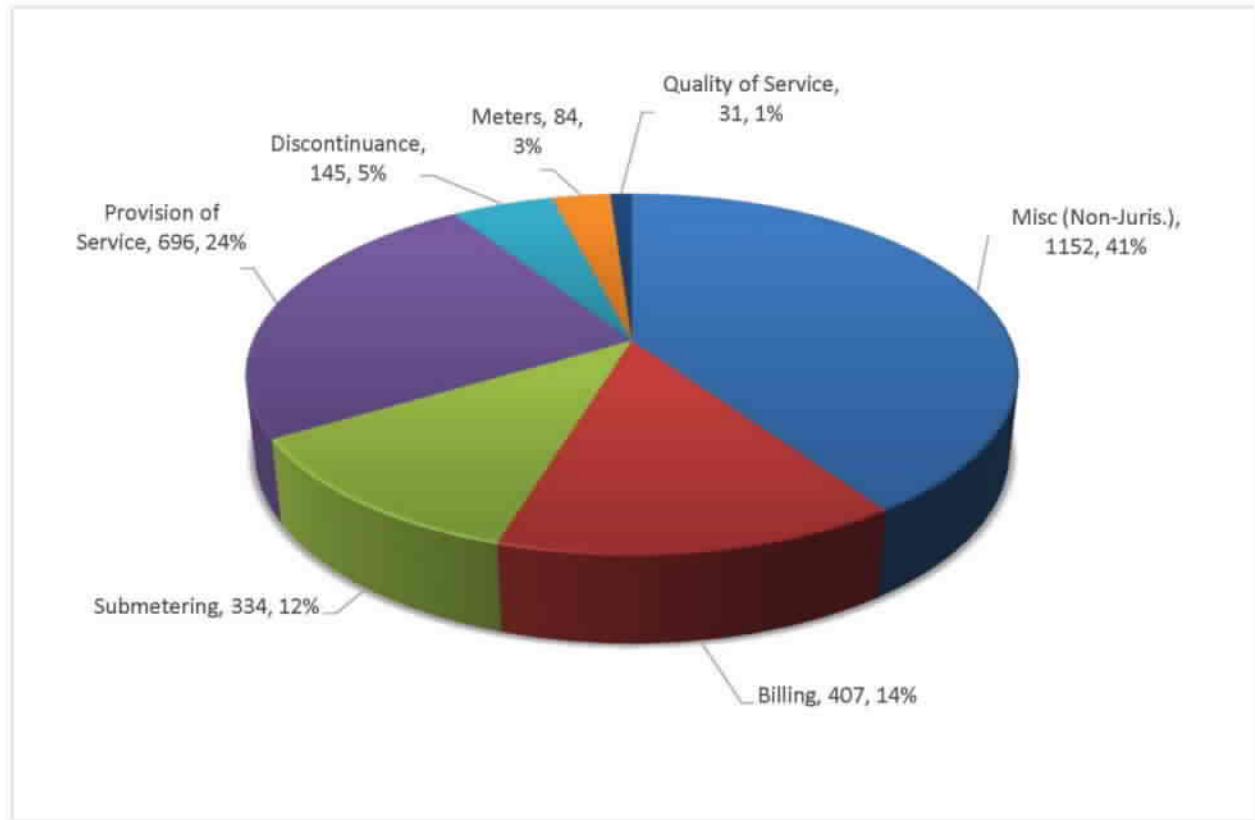
**Electric Complaints Received
September 2018 - August 2020**



Water and Sewer Complaints. Complaints involving water and sewer services have increased since certain aspects of water and sewer regulation were transferred to the PUCT from the Texas Commission on Environmental Quality effective September 1, 2014. Aside from non-jurisdictional complaints received, Provision of Service complaints represent the largest percentage of complaints received by the PUCT at 24 percent. Complaints relating to Billing represent the second largest percentage at 14% and Submetering is third at 12%. Beginning in 2017, water and sewer complaints have consistently surpassed the number of telecom complaints received by the PUCT while remaining below the number of electric complaints received. The increase is attributed to customers' overall awareness of the PUCT's rate regulation of water and sewer services in the state.

**Water and Sewer Complaints Received
September 2018 - August 2020**

Self-Evaluation Report



E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

Any person who purchases electric, telecommunications, water and sewer services in Texas may file a complaint with the PUCT concerning the service. Complaints may be filed against any entity under the jurisdiction of the PUCT. Customers who file complaints concerning entities that are not under the PUCT's jurisdiction receive a letter informing them that the PUCT lacks jurisdiction and suggesting other agencies that may be able to help.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The PUCT uses a database-type work management system to maintain records and process the complaints. The PUCT maintains a call center staffed by seven employees who answer questions and receive complaints by telephone, letter, fax, email, online submission and from walk-in customers. The PUCT also has a staff of eight employees who process all complaints and all written inquiries. Records are maintained on every complaint received. All complaints, except non-jurisdictional complaints, ADAD complaints, and No Call list complaints, are forwarded to the service

Self-Evaluation Report

provider for a response. A complaint investigator reviews the service provider's response and sends a letter to the complainant and the entity describing the informal resolution of the complaint. A complaint investigator serves as the point of contact after the complaint is filed and following its resolution, addressing additional questions or information received for the complaint as needed.

For non-jurisdictional, ADAD, and No Call list complaints, the PUCT provides the customer information regarding the Commission's jurisdiction and information that a possible violation of the No Call list has been recorded when applicable. The PUCT utilizes the data recorded in the No Call list complaints to develop enforcement actions against the possible violators of the No Call list. PUCT staff also compiles and sends to the Attorney General a list of No Call complaints received by the PUCT. The PUCT sends this list to the Attorney General every month. The Attorney General's office has joint authority to investigate violations of the No Call list per the Texas Business and Commerce Code § 44.102.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

This program's strategy is funded with General Revenue.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

There are no other similar programs. The Texas Attorney General's Consumer Protection Office accepts complaints from customers but does not pursue informal resolution of the complaints.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The PUCT has an MOU with the Attorney General regarding the handling of No Call complaints. A copy of this MOU is included as Attachment 18 to this SER. The AG and PUCT have agreed to coordinate their enforcement efforts regarding prosecution of fraudulent, misleading, deceptive, and anti-competitive business practices and the MOU outlines how each agency will cooperate with the other in this endeavor. The PUCT provides a monthly No Call Complaint Report to the Attorney General, refers any cases the PUCT concludes would be appropriate for civil enforcement, especially those outside the Commission's jurisdiction, provide the Attorney General copies of all PUCT investigative reports or files related to cases referred to the Attorney General for civil

Self-Evaluation Report

enforcement and agrees to cooperate with and assist the Attorney General in their No Call investigations.

- J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- K. If contracted expenditures are made through this program please provide**

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2020;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

N/A

- L. Provide information on any grants awarded by the program.**

N/A

- M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.**

None identified.

- N. Provide any additional information needed to gain a preliminary understanding of the program or function.**

N/A

- O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe**

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

N/A

Self-Evaluation Report

- P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

**Public Utility Commission
Informal Complaint Resolution
Exhibit 13: Information on Complaints Against Regulated Persons or Entities
Fiscal Years 2019 and 2020**

	Fiscal Year 2019	Fiscal Year 2020
Total number of complaints received from the public	12,289	10,747
Total number of complaints needing additional information	349	481
Number of complaints pending from prior years	0	0
Number of complaints found to be non-jurisdictional	1,017	1,139
Number of jurisdictional complaints	6,433	7,918
Number of complaints relating to electric utilities operating outside ERCOT	335	347
Number of complaints relating to transmission and distribution utilities operating in ERCOT	1,039	1,271
Number of complaints relating to retail electric providers	3,838	4,896
Number of complaints relating to electric cooperatives	126	213
Number of complaints relating to electric submetering	44	48
Number of complaints relating to local telephone service	752	736
Number of complaints relating to pay telephones	NA	NA
Number of complaints relating to ADADs and telephone solicitation	794	278
Number of complaints relating to No-Call List	3,860	1,094
Number of complaints relating to water and sewer service	1,149	1,547
Number of complaints relating to water submetering	150	183
Number of jurisdictional complaints found to be without merit	4,661	5,498
Number of complaints resolved	5,892	7,587
Average number of days for complaint resolution	17	16

Self-Evaluation Report**Universal Service Fund Programs****A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Texas Universal Service Fund
Location/Division:	Financial Resources Division
Contact Name and Division:	Jay Stone, Program Administrator
Statutory Citation for Program:	PURA Chapter §56

The Texas Universal Service Fund (TUSF) was established by statute in 1987 to implement a competitively neutral mechanism that enables all residents of the state to obtain basic telecommunications service needed to communicate with other residents, businesses, and governmental entities.

The TUSF programs are authorized by PURA Chapter 56, and consist of the following major components:

- Assist telecommunications providers in providing basic local telecommunication service at reasonable rate in high cost rural areas (consisting of separate programs for large and small companies) (described as a separate program);
- Provide support for the Lifeline program (described as a separate program);
- Provide support for a telecommunications relay service for persons with hearing or speech impairments, known as Relay Texas (described as a separate program);
- Provide support for the specialized telecommunications assistance program (described as a separate program);
- Reimburse a provider designated to serve an uncertificated area;
- Reimburse a provider designated as a successor utility;
- Finance an audio newspaper assistance program (described as a separate program); and
- Reimburse the Commission and DAR's for costs incurred in implementing this chapter 56 and 57.

A disputed application for recognition under the universal services program is an APA contested case. The number of ETC applications has also dropped steadily in recent years. The PUCT received only two ETP applications in calendar year 2020 and has not received any in 2021 as of the time of publication of this report.

The PUCT oversees the ongoing administration of the TUSF and delegated the ministerial functions to Solix through a contractual arrangement. In addition, the PUCT has the authority to initiate annual performance audits and financial audits of the TUSF at its discretion. The TUSF is operated as a fund outside of state government, and revenues from the assessment are not paid into or appropriated from a state fund.

The table below sets out the TUSF disbursements for the TUSF programs since 2016. The disbursements have remained relatively flat over the last three years

Self-Evaluation Report

although there has been a downward trend in the disbursements in recent years. The fund's disbursement total in fiscal year 2020 was approximately \$210 million.

As of fiscal year 2020, disbursements from the Large Company Area High-Cost Program, (THCUSP), accounted for approximately 41 percent of the fund's total disbursements. Disbursements from the Small Company Area High-Cost Program to providers serving the small ILEC study areas accounted for 39 percent of the fund's total. The remaining programs and administration costs account for the remaining 20 percent of the fund's disbursements. The cost to administer the TUSF in fiscal year 2020 was approximately \$788,000, or about 0.38 percent of the total fund.

Texas Universal Service Fund Disbursements, 2016-2020

TUSF Program Disbursements	FY 2016 (Actual)	FY 2017 (Actual)	FY 2018 (Actual)	FY 2019 (Actual)	FY 2020 (Actual)	Percent of Total USF (FY 2020)
Texas High Cost Universal Service Plan (THCUSP)	118,156,517	99,854,141	85,434,858	83,915,599	86,395,290	41.23%
Small and Rural ILEC Universal Service Plan (High Cost)	92,013,823	88,606,051	83,925,116	80,806,675	82,467,710	39.35%
Texas Relay Service	2,442,439	2,225,014	2,050,062	2,034,248	1,511,335	0.72%
Lifeline	6,996,099	5,185,293	3,935,310	9,523,281	7,814,510	3.73%
Specialized Telecommunications Assistance Program	11,227,152	11,907,454	9,933,685	12,541,079	16,506,097	7.88%
* Implementation of PURA § 56.025 A	1,947,730	1,942,610	2,128,249	2,319,012	2,319,012	1.11%
* Implementation of PURA § 56.025 C	1,734,311	1,485,247	4,113,491	5,890,873	1,226,992	0.59%
USF Reimbursement for Certain IntraLATA Services	566,916	443,172	351,085	282,774	219,997	0.10%
Additional Financial Assistance (AFA)	-	-	-	-	-	0.00%
Service to Uncertificated Areas	165,578	169,998	205,057	207,604	202,965	0.10%
Audio Newspaper Program	447,954	448,650	477,227	469,238	468,275	0.22%
Tel-Assistance	4,206	3,779	2,697	2,173	1,520	0.00%
DARS	1,244,071	1,147,524	1,104,902	1,018,548	1,135,592	0.54%
PUCT	360,294	456,698	595,813	619,268	707,175	0.34%
Other	54,000	54,000	42,000	39,000	39,000	0.02%
Low Income Discount Administrator (LIDA)	3,785,531	8,264,470	8,188,865	8,240,178	7,751,983	3.70%
* TUSF Administrator	884,910	949,012	973,542	877,191	788,301	0.38%
TOTAL USF	242,031,531	223,143,113	203,461,959	208,786,741	209,555,754	100%

* Includes DARS contract with Solix to process STAP payments

Self-Evaluation Report

Recent Developments Affecting the TUSF. The TUSF is funded by a statewide uniform charge, or “assessment,” payable by each telecommunications provider that has access to the customer base. The TUSF assessment is based on an estimate of telecommunications providers’ intrastate telecommunications service usage. The TUSF surcharge is only assessed on the estimated intrastate voice service portion of telecommunications providers’ taxable receipts. Accordingly, it is only collected by telecommunications providers on the estimated intrastate voice portion of their customers’ bills. In fiscal year 2019, wireless service providers (including Texas ILECs) reevaluated their service packages to determine how much of the package was devoted to voice service compared to data services. When those studies were completed, the companies determined that a much smaller part of their packages were devoted to providing voice service than they had been estimating. Since the change in accounting for voice and data services by these companies, a smaller portion of taxable receipts is eligible for TUSF surcharge assessment. This has created an unanticipated, marked shortfall of TUSF revenues.

The PUCT collects approximately \$100 million for the TUSF annually. In fiscal year 2020, approximately \$198 million was disbursed from the TUSF. Therefore, to maintain the solvency of the TUSF, the PUCT would have to either dramatically reduce TUSF support or collect an additional \$100 million (for a total of \$200 million) annually.

In June 2020, the PUCT considered whether to raise the assessment rate to maintain support for all TUSF programs. Increasing the assessment fee from 3.3% to 6.4% (as was proposed by staff of the PUCT) would not sustain funding for all the programs in the long run, however, and would have required further increases as revenue continued to decline. As a result, the PUCT elected not to increase the TUSF assessment rate during a pandemic and economic crisis, particularly since the increase would not have guaranteed long-term solvency.

As a result of the TUSF revenue shortfall, the PUCT amended its contract with the Solix (the TUSF administrator) to provide Solix with payment priorities for the various TUSF programs. The current TUSF payment priority is as follows:

- **a.** Each month, the following “first priority” disbursements must be made before all other disbursements: Lifeline Service Program (including Tel-assistance), Specialized Telecommunications Assistance Program, Telecommunications Relay Service (Relay Texas), Audio Newspaper Assistance Program, administrative costs of the TUSF fund, administrative costs of the Low Income Discount Administrator, Universal Service Fund Reimbursement for IntraLATA Service, audit of the TUSF administrator reimbursement to HHSC for expenses incurred in administering the STAP program, and reimbursement to PUCT for expenses incurred working on telephone issues.
- **b.** If there is money in the TUSF after paying the priority disbursements for the month, the TUSF Administrator must disburse support awarded under Public Utility Regulatory Act §56.025(a).

Self-Evaluation Report

- **c.** If there is money in the TUSF after paying §56.025(a) support for the month, the TUSF Administrator must disburse support awarded under Public Utility Regulatory Act §56.025(c).
- **d.** If there is money in the TUSF after paying §56.025(c) support for the month, the TUSF Administrator must ensure the fund maintains a minimum balance of \$4,000,000.00.
- **e.** If there is more than \$4,000,000.00 in the fund after the first priority disbursements, and §56.025(a)&(c) support are paid, any amount over \$4,000,000.00 must be used towards the Texas High Cost Universal Service Plan monthly support payments, Texas High Cost Universal Service Plan for Uncertificated Areas monthly support payments, and Small and Local Rural Incumbent Local Exchange Company Universal Service Plan monthly support payments. The TUSF Administrator must make whatever percentage of the support payments the fund will support, up to 100%, while maintaining a minimum \$4,000,000.00 fund balance. If the payments will be less than 100% of the amount which the ETPs are eligible, the TUSF Administrator must pay the each ETP the same percentage of the amount to which that ETP is eligible. For example, if the fund will support making 75% of the total eligible monthly support payments for the Texas High Cost Universal Service Plan, Texas High Cost Universal Service Plan for Uncertificated Areas, and the Small and Local Rural Incumbent Local Exchange Company Universal Service Plan, each ETP eligible for one of these programs will receive 75% of the support to which they would be e eligible.

Funding for the Texas High Cost Universal Service Plan (THCUSP) and the Small and Rural ILEC Universal Service Plan have been significantly reduced. These two programs are discussed in more detail below in the separate section on High Cost Universal Service Plans.

The PUCT discussed the status of the TUSF in its 2021 *Biennial Agency Report* to the Legislature that was filed in January 2021. The 87th Legislature passed HB 2667 which would have required Voice over Internet Protocol (VOIP) providers to pay the USF assessment and would have defined the meaning of high cost rural area. The Governor vetoed this bill.

B. What is the objective of this program or function? Describe the major activities performed under this program.

These will be discussed in the individual programs described in following sections.

Self-Evaluation Report

- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.**

The cost to administer the TUSF in fiscal year 2020 was approximately \$788,000, or about 0.38 percent of the total fund.

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

These will be discussed in the individual programs described in following sections.

- E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

These will be discussed in the individual programs described in following sections.

- F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The PUCT adopted 16 T.A.C. §§ 26.401 – 26.410 and §§ 26.417 – 26.423 to implement the TUSF high-cost assistance programs. Pursuant to the procedures set out in the rules, the PUCT:

- Determines the amount of support to be provided under THCUSF;
- Designates telecommunications providers as eligible telecommunications providers (ETPs) to receive TUSF or eligible telecommunications carriers (ETCs) to receive federal USF funds,
- Establishes the amount of the TUSF charge to be assessed to all telecommunications providers having access to the customer base, including wireline and wireless providers, based on the amount of funding needed for all USF programs;
- Disburses funds from the TUSF to ETPs, ILECs, and other entities based on reports filed with the TUSF administrator.

Self-Evaluation Report

ETP and ETC designations are initiated by application of the telecommunications provider seeking designation. They are considered contested cases under the Administrative Procedures Act, Government Code Chapter 2001, but may be processed administratively under the PUCT's procedures.

Solix, Inc. is the TUSF administrator, and was selected based on a competitive bidding process. The Commission has the authority to monitor and audit the TUSF administrator's activities related to the operation and administration of TUSF. In addition, the Commission has the authority to initiate annual performance audits and financial audits of the TUSF at its discretion.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The TUSF is funded by a statewide uniform charge, or "assessment," payable by each telecommunications provider that has access to the customer base pursuant to PURA § 56.021(2) and (4). The current assessment rate is 3.3% of intrastate taxable revenues.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

The Federal Communications Commission (FCC) offers some similar programs but the reimbursement to the telecommunications companies is for the interstate portion of these programs while the state reimbursement is for the intrastate portion.

The lifeline discount the FCC offers works in conjunction with the state lifeline discount. The FCC offers a discount of \$9.25 which includes broadband for the lifeline discount and companies that are eligible telecommunication providers (ETP) receive the state discount of \$3.50 for voice service only.

The FCC cost reimbursement is for the interstate high cost program while the state reimburses for the intrastate high cost program.

As part of the schools and libraries program, the FCC supports broadband while the state program supports the use of T1 lines. This is 20 year technology and as schools and libraries have moved to broadband service, the reimbursements for T1 lines has decreased. State reimbursements have decreased by almost 40% from FY 2016 to FY 2020.

Self-Evaluation Report

- I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

These will be discussed in the individual programs described in following sections.

- J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- K. If contracted expenditures are made through this program please provide**

- **a short summary of the general purpose of those contracts overall;**
 - **the amount of those expenditures in fiscal year 2020;**
 - **the number of contracts accounting for those expenditures;**
 - **the method used to procure contracts;**
 - **top five contracts by dollar amount, including contractor and purpose;**
 - **the methods used to ensure accountability for funding and performance; and**
 - **a short description of any current contracting problems.**
- All contracts under the Texas Universal Service Fund were bid in accordance with State of Texas procedures and were bid on best value. Each contract has deliverables that are reviewed by the contract manager to ensure accountability of cost and performance.
 - Contracts for Relay Texas, Lifeline and the Audio Newspaper programs are addressed in separate sections relating to those programs.
 - The Texas Universal Fund has a contract for a statement on standards for attestation engagements (SSAE) audit of the Contractor and fund with Hurlbert, CPA. The contract was a four-year contract in a total amount of \$159,000. The cost for FY 2020 was \$39,000. The commission is currently in the RFP process to contract for the next four years. The contractor will not start work until January 2022. The contract has deliverables that are reviewed by the contract manager to ensure accountability of cost and performance.
 - The Texas Universal Service Fund has a contract pursuant to PURA § 56.023(d) to administer the Texas Universal Service Fund. The contractor is Solix, Inc with the contract commencing on September 1, 2019. The four-year cost for the contract is \$2,694,688. The FY 2020 cost was approximately \$788,000. The contract has deliverables that are reviewed by the contract manager to ensure accountability of cost and performance.

Self-Evaluation Report**L. Provide information on any grants awarded by the program.**

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

As discussed in more detail above in Section A and in the Commission's 2021 Biennial Agency Report to the Legislature, the current funding for the TUSF is inadequate to fully reimburse all ETP's as requested by the ETP. The reduction of cost of basic service (Voice) in telecommunication companies' offerings to the public has severely affected revenues into the fund and thus the commission can no longer fully fund requested reimbursements. The funding mechanism for the TUSF must be reviewed and updated to meet the requirements placed upon it.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A

P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.

N/A

Self-Evaluation Report**High Cost Assistance Programs****A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Universal Service Fund - High Cost Assistance
Location/Division:	Financial Resources Division
Contact Name and Division:	Jay Stone, Program Administrator
Statutory Citation for Program:	PURA §56.023

B. What is the objective of this program or function? Describe the major activities performed under this program.

The two largest programs funded by the Texas Universal Service Fund (TUSF) are the Texas High Cost Universal Service Plan (THCUSP) and the Small and Rural ILEC Universal Service Plan (SRILEC USP) which help subsidize rates for basic local telephone service (BLTS) in high-cost, rural areas.

The THCUSP program supports BLTS provided by an eligible carrier in a high cost rural area that is carried over all residential lines and a limited number of single-line business lines at a business customer's location. Support is competitively neutral; therefore, support for a customer location is available to incumbent and competitive providers. The amount of support available to each eligible carrier is based on a comparison of the forward-looking economic cost (calculated using a cost proxy model) to specific revenue benchmarks.

The PUCT recognized that state and federal statutes place small and rural carriers on a different competitive footing than other carriers, and therefore established the SRILEC USP, a separate mechanism for the small and rural carriers. In 2011, the 82nd Legislature passed HB 2603 which changed the per-line support to a fixed monthly support amount for small companies that met the established criteria.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.

N/A

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.

The PUCT established the initial monthly per-line support amounts to fund the TUSF in January 2000. In 2005, Senate Bill 5 directed the Commission to evaluate whether the TUSF was accomplishing its purposes and to deliver a report to the Legislature on the results of the evaluation. In 2005, the Legislature also enacted PURA

Self-Evaluation Report

§ 56.031, which provides that the Commission may revise the THCUSP support amounts at any time after September 1, 2007.

In September 2007, the Commission initiated a proceeding to determine and potentially revise the monthly per-line support amounts available to qualified Eligible Telecommunications Providers (ETPs) that receive support from the THCUSP, the largest of the programs within the TUSF.³⁴ The parties to the proceeding entered into a unanimous settlement agreement providing that THCUSP support amounts available to ETPs would be reduced over a four-year period. For example, the parties estimated that the THCUSP support provided to the four incumbent local exchange carriers (ILECs) would be reduced by approximately \$63.3 million annually beginning on January 1, 2009, and by approximately \$144.35 million after all the reductions were fully implemented. This amount equates to approximately a 36.5 percent reduction in then-current THCUSP disbursements and approximately a 25 percent reduction in disbursements for the entire TUSF. These reductions did result in a lower TUSF surcharge on customers' bills.

In establishing these reduced support amounts, the agreement also addressed the adequacy of basic local rates to support universal service, as required by PURA § 56.031. The agreement provided that basic rates within a range of \$15.50 to \$17 per month were adequate to support universal service, and the agreement coordinated the reduction of THCUSP support against potential gradual increases to basic local rates to levels within this range.³⁵ To offset this reduced THCUSP support, affected ILECs were allowed to request the Commission to modify basic rates consistent with the prescribed range, in subsequent proceedings. The agreement, however, did not require ILECs to change their rates. Finally, the agreement reduced the number of eligible lines that were entitled to receive THCUSP support and provided for several rulemaking proceedings including one to increase the state Lifeline discount amount.

In an Order issued on April 25, 2008 the PUCT adopted the agreement in its entirety and in July 2008, the PUCT reduced the TUSF assessment rate to 3.4 percent from 4.4 percent, effective January 1, 2009. This reduction lowered the TUSF charge on customers' bills.

In 2011, the 82nd Legislature passed HB 2603 which froze small company funding at set in docket 18516 then applied annual consumer price index (CPI) increases for each year through 2013. This legislation expired on September 1, 2013.

In 2012, AT&T Texas and Verizon/Frontier started the process of opting to forego TUSF by no later than January 1, 2017.

In 2013, the 83rd Legislature passed SB 583 which required carriers with over 31,000 customers to reduce their THCUSP support unless they demonstrated a financial need, which they did. This bill also continued the monthly flat rate amount

³⁴ *Petition for Review of Monthly Per Line Support Amounts from the Texas High Cost Universal Service Plan Pursuant to PURA §56.031 and P.U.C. SUBST. R. 26.403*, Docket No. 34723.

³⁵ These reductions were only a portion of the total THCUSP support reductions included in the Agreement.

Self-Evaluation Report

with the CPI adjustment for the small companies that was established in HB 2603 through September 1, 2017. SB 583 also required that if an ILEC was no longer eligible for TUSF high cost support, the ETPs approved in that ILEC service area, would continue to receive high cost support at the same rate the ILEC was receiving in each wire center.

In 2015, the 84th Legislature passed SB804 which allowed CLECs ETPs receiving support in a deregulated wire center to continue to receive support for 24 months or through December 2017.

In 2017, the 85th legislature passed SB 586 which allowed small companies with fewer than 31,000 access lines and which were not an electing company under PURA chapter 58 or 59, to request the PUCT to determine if their rate of return is within a reasonable range. The reasonable range is defined as “an intrastate rate of return within two percentage points above or three percentage points below the FCC rate of return.” Small companies support was frozen at the rate they were receiving September 1, 2017, unless they opted into the ROR adjustment procedure described above.

Finally, SB 1476, adopted by the 85th Legislature allowed CLEC ETPs receiving support in a deregulated wire center to continue to receive that support through December 2023.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

All high cost recipients must have an eligible telecommunications provider (ETP) designation from the PUCT.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The PUCT adopted 16 T.A.C. §§ 26.401 – 26.410 and §§ 26.417 – 26.423 to implement the TUSF high-cost assistance programs. Pursuant to the procedures set out in the rules, the PUCT:

- Determines the amount of support to be provided under the THCUSP and the SRILEC USP;
- Designates telecommunications providers as eligible telecommunications providers (ETPs) to receive TUSF support or eligible telecommunications carriers (ETCs) to receive federal USF funds;
- Establishes the amount of the TUSF charge to be assessed to all telecommunications providers having access to the customer base, including wireline and wireless providers, based on the amount of funding needed for all USF programs and

Self-Evaluation Report

- Disburses funds from the TUSF to ETPs, ILECs, and other entities based on reports filed with the TUSF administrator.

ETP and ETC designations are initiated by the telecommunications provider seeking the designation.

Solix, Inc. is the TUSF administrator, and was selected based on a competitive bidding process. The Commission has the authority to monitor and audit the TUSF administrator's activities related to the operation and administration of TUSF.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

This program is funded by the Texas Universal Service Fund. Currently the assessment rate is 3.3% of intrastate taxable telecommunications receipts.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

The Federal Communications Commission (FCC) offers some similar programs, but the reimbursement to the ETC's is for the supported services voice telephone and broadband while the TUSF high cost programs provide support for basic local telephone service.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

N/A

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

N/A

K. If contracted expenditures are made through this program please provide

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2020;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;

Self-Evaluation Report

- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The high cost program is part of the contract with Solix to administer the Texas universal fund. This contract costs are explained in the Texas universal service fund section.

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

Lack of funding to fully fund this program is causing challenges. These challenges are discussed above in the Universal Service Fund program section. This challenge is also discussed in the PUCT's 2021 *Biennial Agency Report* to the Legislature.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A

P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.

N/A

Self-Evaluation Report**Lifeline and Link Up****A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Lifeline and Link up Programs
Location/Division:	Financial Resources Division
Contact Name and Division:	Jay Stone, Program Administrator
Statutory Citation for Program:	PURA §56.021(5)

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Lifeline program was created in 1987 and is required by federal law, 47 C.F.R. Part 54, Subpart E. Lifeline is a telephone assistance program which helps individuals who meet certain eligibility requirements receive telephone service at reduced rates. This service provides a discount of up to \$12.75 on basic monthly telephone rates of which the state portion is up to \$3.50. The FCC provides the additional \$9.25 discount. These discounts work together and are not in direct conflict of each other. In conjunction with the \$3.50, the State is giving an additional discount to lifeline customers because of a settlement agreement in Docket 34723.³⁶ The additional discount is a direct correlation to the basic service level increases allowed and will vary from year to year. PURA § 56.021(5) provides for reimbursement to telephone providers from the Texas Universal Service Fund.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.

PURA § 17.004 and § 55.015 require the PUCT to develop, in coordination with the Texas Health and Human Services Commission (HHSC), an automatic enrollment process for customers who are eligible for Lifeline service. PURA § 17.007 further requires that the eligibility process for Lifeline be integrated with the electric low income discount program authorized by PURA § 39.903. Approximately 93% of the program participants are automatically enrolled based on participation in other assistance programs.

The PUCT makes information about the program available on its Website and has developed a Consumer Fact Sheet.

³⁶ *Petition for Review of Monthly Per Line Support Amounts from the Texas High Cost Universal Service Plan Pursuant to PURA §56.031 and P.U.C. SUBST. R. 26.403*, PUC Docket No. 34723.

Self-Evaluation Report**D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Eligibility requirements, which are set out in PURA § 55.015, were broadened in 2005 by Senate Bill 5. Income eligibility was increased from 125% to 150% of federal poverty level. In addition, the eligibility requirements cover not only a customer participating in any of the enumerated programs, but any customer in whose household resides a person, or a person who has a child, receiving benefits under one of the enumerated programs. Also, health benefits covered under the state child health plan under Chapter 62, Health and Safety Code (CHIP) was added to the list of programs conferring eligibility.

PURA § 17.007 and § 55.015 require the PUCT to develop, in coordination with the Texas Health and Human Services Commission (HHSC), an automatic enrollment process for customers who are eligible for Lifeline service along with providing a list of customers of Retail Electric Provider's (REP) who are eligible for a program that the REP is providing. The listing for REPs is in effect as long as one or more REPs request the list.

E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.

This program directly affects persons who are enrolled in the Lifeline program by providing financial assistance for basic telephone service. Households with incomes at or below 150% of the federal poverty guidelines or any customer in whose household resides a person who received of has a child who receives benefits under the following programs are eligible: Medicaid, food stamps, supplemental security income (SSI), Low Income Energy Assistance Program (LIHEAP); federal public housing assistance, or health benefits covered under the state child health plan under Chapter 62, Health and Safety Code (CHIP).

This program indirectly benefits all Texans by promoting universal service and communications over the telephone network. Approximately 27% of residential telephone customers are Lifeline eligible.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The PUCT adopted 16 T.A.C. § 26.412 to implement the Lifeline and Link Up programs.

The basic program elements are as follows:

Self-Evaluation Report

- The Texas Health and Human Services Commission (HHSC) provides the PUCT contractor (Solix) a list of Medicaid, Food Stamp (SNAP), and CHIP recipients monthly;
- The telecommunications companies provide Solix a monthly listing of all their residential customers;
- Solix processes self-enrollment applications into a database;
- Solix matches the HHSC file & self-enrollment against the telecommunications companies to produce a matched list of customers who are entitled to the Lifeline discount.
- Solix provides a list of customers who matched for the Lifeline discount, which is updated monthly, to the telecommunications providers;
- The telecommunications providers reflect the Lifeline discount on the customers' bills from the match list provided by Solix;
- The telecommunications provider reports to the Texas USF administrator and the federal Lifeline administrator, and is reimbursed from the Texas USF or federal USF, as appropriate.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The Lifeline program is both a State (TUSF) and Federal program (FUSF) and is funded by both. The TUSF is funded by a statewide uniform charge or assessment rate payable by each telecommunications provider, i.e., local, long-distance, and wireless carrier that has access to the Texas customer base. TUSF contributions are determined by multiplying the assessment rate by the monthly taxable actual intrastate telecommunications services receipts reported by that telecommunications provider under Chapter 151 of the Texas Tax Code. The current assessment rate set by the PUCT is 3.3%.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

The PUCT is not aware of any similar programs.

Link Up is a federal program which provides up to \$100 discount on local telephone service installation on tribal lands. The PUCT oversees a contractor that determines the customers who are eligible for Lifeline and Link Up.

Customers living on tribal lands may receive a federal discount on local telephone service up to \$34.25.

Self-Evaluation Report

- I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

The PUCT has a memorandum of understanding with HHSC that addresses its role in automatic enrollment and program outreach.

- J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- K. If contracted expenditures are made through this program please provide**
- **a short summary of the general purpose of those contracts overall;**
 - **the amount of those expenditures in fiscal year 2020;**
 - **the number of contracts accounting for those expenditures;**
 - **the method used to procure contracts;**
 - **top five contracts by dollar amount, including contractor and purpose;**
 - **the methods used to ensure accountability for funding and performance; and**
 - **a short description of any current contracting problems.**

The program is managed through a contractor, Solix. The contract was bid in accordance with State of Texas procedures and was bid on best value. The contract has deliverables that are reviewed by the contract manager to ensure accountability of cost and performance. The current contract term is four years and was effective January 1, 2020.

Solix is responsible for administering the Lifeline program. Solix duties include, but are not limited to:

- managing the automatic enrollment process,
- processing self-enrollment forms,
- matching data files from HHSC and the self-enrollment database against the telecommunications companies' customer lists,
- providing output files to the telecommunications companies of matched customers,
- resolving customer eligibility issues,
- notifying applicants of their failure to meet eligibility requirements or when their self-enrollment status needs to be recertified,
- maintaining all software and hardware along with providing a secure password-protected Website for all file transfers,
- maintaining the Lifeline call center, and
- handling all the fulfillment center mailouts.

Self-Evaluation Report

Solix provides reports monthly as determined by the contract deliverable's section along with any ad hoc reports requested by the PUCT.

Solix was paid \$7,448,500 in FY 2020 for its services related to the Lifeline program. The total four-year contract is \$29,554,000.

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

None identified.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A

P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.

Complaints about and requests for assistance with the Lifeline program that are received by the PUCT are logged into the database used for the Informal Complaint Resolution program, and are forwarded to Solix, Inc., the third party program administrator, for resolution. In addition the Lifeline Program Administrator, who is a PUCT employee, works directly with customers to assist with enrollment and other issues. The chart below reflects the number of inquiries tracked through the Customer Protection Division database.

Self-Evaluation Report

Public Utility Commission Lifeline Program Information on Contacts from the Public Fiscal Years 2019 and 2020		
	FY 2019	FY 2020
Total number of program participants	1,515,957	1,246,254
Average number of program participants per month	126,329	103,854
Total number of complaints or inquiries received from the public	94	53

Telecommunications Relay Service**A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Telecommunications Relay Service
Location/Division:	Financial Resources Division
Contact Name and Division:	Jay Stone, Program Administrator
Statutory Citation for Program:	PURA § 56.021

B. What is the objective of this program or function? Describe the major activities performed under this program.

The Relay Texas program was created to provide persons with hearing or speech impairments access to the telecommunications network equivalent to the access provided to other customers.

In 1989, the Legislature authorized a telecommunications relay service (TRS) in Texas and directed the Commission to supervise its provision. The name "Relay Texas" was coined for the Texas TRS. Relay Texas is available 24 hours a day, 365 days a year, with no restrictions on the length or number of calls placed. Relay Texas has led the nation in improving the quality of TRS, with such enhancements as voice-carry-over, speech-to-speech, Texas Video Interpreting Service, a customer database, Spanish interpreting, and other features. In 2004, Texas began providing a telephone relay service that allows users with a CapTel telephone to both hear the other party's response and read a text transcript of the spoken words.

Self-Evaluation Report

- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.**

The current monthly average number of calls handled is approximately 21,943, equating to approximately 57,665 conversation minutes.

Federal regulations require relay service agents to answer 85% of all incoming calls received each day within 10 seconds. The Average Speed of Answer (ASA) for FY 2020 was 4.67 seconds; 94.1% of calls were answered within 10 seconds. The ASA for FY 2020 was affected by the COVID-19 pandemic. Sprint had to shut call centers down due to cleaning of the centers, thus rerouting calls with fewer agents to handle the calls. The commission was notified when centers were shut down for one to two days because of issues related to the COVID-19 pandemic. In FY19, the ASA was 1.7 seconds.

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

Relay Texas call volumes have decreased over the past nine years due to the development and availability of video relay and internet relay services, both of which allow individuals to use American Sign Language (ASL) as their primary form of communication. Wireless pagers, e-mail, text messaging, and other advancements and alternative methods of telecommunications have also contributed to the decline of telephone relay service use.

- E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

This program affects all people, in particular persons with hearing and speech impairments, by providing increased ability and opportunities for communication over the telephone network. Relay Texas is available to all Texans. The services provide improved telecommunication access between individuals with and without disabilities. Persons with hearing or speech impairments may need a text capable telephone (TTY) or computer with appropriate communications programs to use the service.

Self-Evaluation Report

- F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

Pursuant to PURA §§ 56.021(2) and 56.108, TRS is provided by a designated carrier and funded through the Texas Universal Service Fund (TUSF). Using a competitive bidding process, the PUCT selects a vendor based on such key criteria as price, service quality, and availability over a five-year term. The PUCT awarded competitively bids this contract previously every five years but has gone to four-year periods the last 2 contract periods. The contract had been awarded to Sprint Communications, LP since 1990. Currently there are only two companies that provide relay services in the United States.

- G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

Relay Texas is funded by the TUSF, pursuant to PURA § 56.021(2) and (4).

- H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no similar programs in Texas. PURA § 56.108 requires the PUCT to select one telecommunications carrier to provide the statewide telecommunications relay access service.

- I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

N/A

- J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- K. If contracted expenditures are made through this program please provide**
- a short summary of the general purpose of those contracts overall;
 - the amount of those expenditures in fiscal year 2020;

Self-Evaluation Report

- **the number of contracts accounting for those expenditures;**
- **the method used to procure contracts;**
- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

In FY 2020, Relay Texas expenditures totaled \$1,599,161.

By law, Relay Texas services must be provided by one contracted service provider who may use one or more subcontractors to perform TRS. Sprint Communications Company, L.P. (Sprint) is the contracted carrier. Sprint is required to provide monthly and annual service provision reports specifying statistical performance information relating to the quantitative and qualitative level of service being provided. These reports are reviewed in depth by the Relay Texas administrator to ensure desirable service level performance is maintained.

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

None identified.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A

Self-Evaluation Report

- P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.**

N/A

Specialized Telecommunications Assistance Program

- A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Specialized Telecommunications Assistance Program
Location/Division:	Financial Resources Division
Contact Name and Division:	Jay Stone, Program Administrator
Statutory Citation for Program:	PURA § 56.021

- B. What is the objective of this program or function? Describe the major activities performed under this program.**

The Specialized Telecommunications Assistance Program (STAP) was created in 1997 to provide financial assistance to persons with disabilities that impair their ability to access the telephone network. The financial assistance is provided in the form of a voucher for the purchase of telecommunications equipment or services so that they may access the telephone network.

During the 83rd Legislative session, SB 512 transferred full administration of the STAP program to the Department of Assistive and Rehabilitative Services (DARS). The Texas Universal Service Fund (TUSF) is responsible for the funding portion of the STAP program pursuant to PURA § 56.021(3)(4). DARS is responsible for the program's functions, including developing applications, approving equipment, and issuing vouchers and approving payments to vendors. Texas uses a voucher system under which qualified persons receive a voucher to purchase the telecommunications equipment. Unlike many other states, the equipment becomes the property - and responsibility - of the purchaser. Approved products, such as TTYs, amplified phones and speech aids, assist persons with a wide variety of disabilities with using the telephone. In FY 20 the STAP program processed 15,740 vouchers worth \$16,506,097.

Self-Evaluation Report

- C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.**

The STAP program is administered by DARS.

- D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**

The initial STAP legislation included persons with hearing and speech disabilities only but was expanded in 1999 to include all persons having a disability that interferes with access to the telephone network. The impact of this change resulted in the provision of over a dozen additional types of voucher categories to provide additional forms of telecommunication access for those newly qualifying applicants through the provision of equipment tailored to meet their specific needs.

During the 83rd Legislative session, SB 512 transferred all STAP program management to DARS but left the funding of the vouchers and DARS administrative costs the same. In FY 20, DARS administrative costs totaled \$1,086,365.

- E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

This program affects all people having trouble accessing the telephone network due to the existence of a disability by providing funding for equipment that provides them with increased accessibility to the telephone network.

- F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.**

The PUCT adopted substantive rule §26.415 to administer the STAP program.

STAP eligibility requirements are established by DARS as provided by PURA § 56.152. To be eligible, a person must be a Texas resident with a disability that impairs the individual's ability to effectively access the telephone network. Qualifying applicants receive a voucher they can use to purchase a device that will provide them telecommunication access.

Self-Evaluation Report

- G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).**

STAP is funded by the TUSF as provided in PURA § 56.021(3) and (4).

- H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

There are no similar programs.

- I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.**

N/A

- J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.**

N/A

- K. If contracted expenditures are made through this program please provide**
- a short summary of the general purpose of those contracts overall;
 - the amount of those expenditures in fiscal year 2020;
 - the number of contracts accounting for those expenditures;
 - the method used to procure contracts;
 - top five contracts by dollar amount, including contractor and purpose;
 - the methods used to ensure accountability for funding and performance; and
 - a short description of any current contracting problems.

DARS has a contract with Solix, Inc. (Solix) to reimburse STAP vendors for processed vouchers. DARS reviews all vouchers submitted for reimbursement by STAP vendors and forwards them to Solix by the 4th day of the following month with a letter authorizing payment. The TUSF paid Solix \$182,130 for FY 20.

Self-Evaluation Report

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

None identified.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

N/A

P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.

N/A

Audio Newspaper**A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Audio Newspaper
Location/Division:	Fiscal and Information Services Division
Contact Name and Division:	Mary Beck, Director, Financial Resources
Statutory Citation for Program:	PURA § 56.301

Self-Evaluation Report**B. What is the objective of this program or function? Describe the major activities performed under this program.**

PURA § 56.301, adopted in 2005, requires the PUCT to establish a program funded by the TUSF to provide financial assistance for a free telephone service for persons who are blind or visually impaired that offers the text of newspapers using synthetic speech.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? In Exhibit 12, provide a list of statistics and performance measures that best convey the effectiveness and efficiency of this program or function. Also, please provide the calculation or methodology behind each statistic or performance measure. Please refer to, but do not repeat measures listed in Exhibit 2.

In August 2020, there were 5,379 registered users and 95,827 minutes of use for the month. There are currently fourteen periodicals available along with several magazines along with other non-periodical classified readings.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent. If the response to Section III of this report is sufficient, please leave this section blank.**E. List any qualifications or eligibility requirements for persons or entities affected by this program, such as licensees, consumers, landowners, for example. Provide a statistical breakdown of persons or entities affected.**

This program benefits persons who are blind or visually impaired.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The PUCT entered a contract in 2018 with the National Federation of the Blind of Texas to administer this program.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

This program is funded by the TUSF.

Self-Evaluation Report**H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.**

The PUCT is not aware of any similar programs; however, recent technological innovations that are privately available provide text-to-voice service, such as applications available on mobile devices or software that integrates with web browsers. These services may be more broadly available and are not limited to the selection of periodicals available on the audio newspaper program. However, the agency has not conducted research into whether other private call-in services are available that may not require the use of a computer or mobile device.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

N/A

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

N/A

K. If contracted expenditures are made through this program please provide

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2020;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts;
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

The FY 2020 expenditure for the contract with the National Federation of the Blind of Texas (NFBT) was \$465,775.

The audio newspaper program converts text from participating newspapers into synthetic speech, which is made available twenty-four hours a day, seven days a week to customers by using a touch-tone telephone and entering a personal identification number.

NFBT is required to file monthly usage reports and quarterly content acquisition reports.

Self-Evaluation Report

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

None identified.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

N/A

P. For each regulatory program, if applicable, provide detailed information on complaint investigation and resolution. Please adjust the chart headings as needed to better reflect your agency's particular programs. Please briefly explain or define terms as used by your agency, such as complaint, grievance, investigation, enforcement action, jurisdictional, etc. If necessary to understand the data, please include a brief description of the methodology supporting each measure.

N/A

VIII. STATUTORY AUTHORITY AND RECENT LEGISLATION

A. Fill in the following charts, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2015–2020, or earlier significant Attorney General opinions, that affect your agency's operations.

Public Utility Commission Exhibit 14: Statutes	
Statutes	
Citation/Title	Authority/Impact on Agency
Utilities Code, Title 2, Public Utility Regulatory Act	Agency's enabling legislation, contains authority for most agency functions required under state law.
Utilities Code, Title 4, Delivery of Utility Services	Contains laws pertaining to electric and telephone cooperatives and miscellaneous provisions affecting electric and telephone utilities.
Water Code, Title 1 (General Provisions), Title 2 (Water Administration), Title 4 (General Law Districts)	Contains laws regarding regulation of water and sewer utilities
Texas Local Government Code, Title 7 (Regulations of Land Use, Structures, Businesses and Related Activities) and Title 13 (Water and Utilities)	Contains laws pertaining to city and county regulation of subdivisions and property as well as regulation of municipal drainage utility systems
Special District Local Laws Code, Title 6	Contains laws pertaining to water special utility districts and municipal utility districts
Texas Business and Commerce Code, Chapter 304, §§ 304.051-304.062	Provides authority to administer Texas No-Call List.
Utilities Code, Title 2, Public Utility Regulatory Act	Provides authority to administer energy efficiency grant program.
Texas Local Government Code, Chapter 283	Establishes uniform method for compensating municipalities for use of public rights-of-way by certificated telecommunications providers.
Energy Policy Act of 2005, 42 USC, Chapter 149	Authorizes federal electric reliability standards for the continental United States.
Federal Power Act, 16 USC § 791a et seq.	Establishes federal regulation of interstate sales of power at wholesale, thereby limiting PUCT's authority over the wholesale market in some areas of Texas.

Self-Evaluation Report

Public Utility Commission Exhibit 14: Statutes	
Statutes	
Public Utility Regulatory Policies Act of 1978 (PURPA), 16 U.S.C. § 2601 et seq.	Requires state commissions to implement federal laws relating to purchases from and sales to qualifying facilities.
Federal Telecommunications Act of 1996	47 U.S.C. 151 et seq.: § 153 Definitions § 160(e) State Enforcement After Federal Forbearance § 208 Complaints to FCC § 214(e) Universal Service § 224(c) State Regulatory Authority Over Rates, Terms and Conditions (Pole Attachments) § 225(f) Telecommunications Services for Hearing-Impaired and Speech Impaired Individuals § 227 Restrictions on the Use of Telephone Equipment (No-Call Lists) § 251 Interconnection § 252 Procedures for Negotiation, Arbitration and Approval of Agreements § 253 Removal of Barriers to Entry § 254 Universal Service
Code of Federal Regulations, 47 C.F.R. Part 54, Subpart E	Requires telephone Lifeline program.
Internal Revenue Code, 26 USC § 45.	Provides for tax credit for energy produced from renewable resources, which supports state goal of increasing output from renewable resources.

Self-Evaluation Report

Table 14 Exhibit 14 Statutes

Attorney General Opinions

Attorney General Opinion No.	Impact on Agency
Opinion No. KP-0363	PUCT has complete authority to issue emergency orders requiring ERCOT to correct prices for wholesale electricity and ancillary services during a specific timeframe
Opinion No. OR2021-13431	Outlines categories of ERCOT information that be disclosed by the PUCT under the Public Information Act.

- B. Provide a summary of significant legislation regarding your agency by filling in the charts below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass but were significant, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation). Place an asterisk next to bills that could have a major impact on the agency.**

Public Utility Commission**Exhibit 15: 87th Legislative Session***Legislation Enacted*

Bill No.	Industry	PUCT-Related Bills Passed by the 87 th Legislature	
		Description	
HB 16	Electric	<ul style="list-style-type: none"> Prohibits wholesale indexed retail electric plans for residential and small commercial customers Adds requirements for the end of retail contracts 	
HB 1510	Electric	<ul style="list-style-type: none"> Securitization of storm recovery costs for non-ERCOT TDUs 	
HB 1572	Electric	<ul style="list-style-type: none"> Exempts mobile generators (e.g., at a construction site or oil well) from definitions of REP and utility 	
HB 2483	Electric	<ul style="list-style-type: none"> Permits TDUs to lease or own and operate temporary or long-lead time facilities to restore service and provide energy to distribution customers after a natural disaster 	
HB 2586	Electric	<ul style="list-style-type: none"> Requires PUCT to have an independent audit made of ERCOT each year, to be published on PUCT website and submitted to the Legislature 	
HB 3648	Electric	<ul style="list-style-type: none"> Requires PUCT and RRC to designate certain gas entities and facilities as critical during an energy emergency 	
HB 4492	Electric	<ul style="list-style-type: none"> Directs an investment from the Economic Stabilization Fund to cover ERCOT short pay amounts and repay that investment with interest. Provides a mechanism for financing reliability deployment price adder charges and high ancillary services charges. 	
SB 1580		<ul style="list-style-type: none"> Allows electric cooperatives to securitize their share of charges related to weather related extraordinary costs and expenses. 	

Self-Evaluation Report

PUCT-Related Bills Passed by the 87 th Legislature		
Bill No.	Industry	Description
SB 2	Electric	<ul style="list-style-type: none"> Requires Governor and legislative officials to appoint a selection committee to identify board candidates Changes ERCOT Board from segment membership to 8 unaffiliated members selected by the selection committee Requires PUCT approval of ERCOT rules and enforcement measures
SB 3: Section 3	Electric	<ul style="list-style-type: none"> Creates Texas Energy Reliability Council Requires PUCT to conduct rulemaking on weather preparation measures for providers of electric generation in ERCOT
SB 3: Section 1	Electric	<ul style="list-style-type: none"> Power Outage Alert system administered by TDEM with guidance from PUCT
SB 3: Sections 4, 16	Electric	<ul style="list-style-type: none"> Critical Natural Gas Facilities
SB 3: Section 7	Electric	<ul style="list-style-type: none"> Increases PUCT penalty authority to \$1 million a day for failing to weatherize
SB 3: Section 8	Electric	<ul style="list-style-type: none"> Defines "critical care residential customer" and "critical load industrial customer"
SB 3: Section 13	Electric	<ul style="list-style-type: none"> Weatherization of generators in ERCOT
SB 3: Section 14	Electric	<ul style="list-style-type: none"> Review of ERCOT Ancillary services
SB 3: Section 16	Electric	<ul style="list-style-type: none"> Weatherization of TDSPs and load shedding procedures
SB 3: Section 17	Electric	<ul style="list-style-type: none"> Texas Electricity Supply Chain Security and Mapping Committee
SB 3: Section 18	Electric	<ul style="list-style-type: none"> Ensure sufficient dispatchable generation Review of wholesale pricing procedures
SB 3: Section 19	Electric	<ul style="list-style-type: none"> Non-residential DG has to register with ERCOT and the TDSP
SB 3: Section 24	Electric	<ul style="list-style-type: none"> Annual Extreme Weather and Emergency Preparedness Report
SB 3: Section 34	Electric	<ul style="list-style-type: none"> Annual review of conflict of interest provisions for PUCT Commissioners and ERCOT Board Members
SB 398	Electric	<ul style="list-style-type: none"> Use of DG for grocery stores inside municipally owned utilities and electric cooperatives in ERCOT
SB 415	Electric	<ul style="list-style-type: none"> Clarifies ownership or operation of energy storage by a Transmission and Distribution Utility allowing for contractual arrangements between a power generating company and a TDU.
SB 1202	Electric	<ul style="list-style-type: none"> Makes clear that EV charging stations can provide charging services to their customers without incurring the regulatory jurisdiction imposed on electric utilities and retail electric providers
SB 1281	Electric	<ul style="list-style-type: none"> Requires a cost-benefit analysis of consumer benefits as a consideration for granting a CCN for a transmission line in ERCOT proposed for economic reasons Requires biennial grid reliability assessment from ERCOT.

Self-Evaluation Report

PUCT-Related Bills Passed by the 87 th Legislature		
Bill No.	Industry	Description
SB 1876	Electric	<ul style="list-style-type: none"> Adds "end stage renal disease facility" to the list of health facilities prioritized in system restoration.
HB 2667	Telecom	<ul style="list-style-type: none"> Adds VOIP to TUSF revenues, reserves TUSF support to small providers
HB 3853	Telecom	<ul style="list-style-type: none"> Allows electric utilities to own or operate facilities providing middle-mile broadband services and removes references to broadband over power lines in PURA. Allows rate recovery for middle-mile infrastructure.
HB 837	Water	Regarding expedited release from water CCNs, if the PUCT requires an award of compensation, the petitioner must file a report with the PUCT that the compensation has been paid to the decertified retail public utility.
HB 1484	Water	Water Utility Filed rate doctrine
HB 3717	Water	Fair Market Value of a city's water system that is financially or technically unable to restore the system to compliance with applicable laws or regulations
HB 3476	Water	Water CCNs inside ETJs
HB 3689	Water	Water Rate appeals
SB 3 Sections 26-32	Water	Water utilities, no late fees and disconnections for nonpayment during and extreme weather event
SB 387	Water	Water Rate appeals of certain municipal customers - allows for appeals when a municipality takes over an area and there is a rate change to the customers being taken over by the municipality
SB 997	Water	Raw water and contractual wholesale appeals
SB 713	Admin	<ul style="list-style-type: none"> Moves the PUCT Sunset review from 2025 to 2023
SB 2154	Admin	<ul style="list-style-type: none"> Increases the number of PUCT Commissioners from three to five commissioners

Self-Evaluation Report*Legislation Not Passed³⁷*

Bill No.	Industry	Summary of Key Provisions / Reason Bill Did Not Pass
HB 2667	Telecom	Added to Voice-over-Internet-Providers (VoIP) to the list of entities required to pay the surcharge to help fund USF. This bill was passed by the Legislature but was vetoed by Governor Abbott.
HB 11	Electric	This bill would have required each provider of generation in the ERCOT power region to implement measures to ensure adequate electric generation during extreme weather emergencies and make all reasonable efforts to prevent service interruptions during these extreme weather events. Similar weatherization requirements were instead passed under SB 3.
HB 10	Electric	These bills provided various alternative proposals for changing the makeup of ERCOT's Board. Ultimately, however, the Board changes set forth in SB 2 were adopted.
HB 2467	Electric	
HB 2529	Electric	
HB 2544	Electric	
HB 3468	Electric	
SB 1624	Electric	
HB 3062	Electric	
HB 13	Electric	This bill would have created the Texas Energy Disaster Reliability Council to prevent extended natural gas supply failures and/or power outages during disasters; coordinate the delivery of natural gas in a disaster; and study and report to the Legislature on the reliability of the Texas electric supply chain. The council would have included the ERCOT President and CEO as one of its members. The bill passed the House but was left pending in the Senate Committee on Jurisprudence after a hearing.
HB 14	Electric	This bill would have created the Texas Electricity Supply Chain Mapping Committee tasked with mapping Texas's electricity supply chain and natural gas delivery system; identifying critical infrastructure sources in those systems; and establishing practices to prepare electric and natural gas providers for extreme weather events. The committee would have included the ERCOT President and CEO as one of its members, and would have further required ERCOT to provide staffing as necessary to carry out the committee's duties. The bill passed the House but was left pending in the Senate Committee on Jurisprudence after a hearing.
HB 1607	Electric	This bill would have modified the criteria used by the ERCOT and PUCT in the transmission planning and approval process. The bill passed the House but was never referred to committee in the Senate.

³⁷ The list and description of electric industry bills in this table was compiled by ERCOT staff.

Self-Evaluation Report

Bill No.	Industry	Summary of Key Provisions / Reason Bill Did Not Pass
HB 1731	Electric	This bill would have required ERCOT to consider electromagnetic field levels when determining the public need for a transmission line. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 1951	Electric	This bill would have required ERCOT to adopt protocols and procedures to eliminate, or compensate for, any distortion in electricity pricing caused by a federal tax credit under 26 U.S.C. 45. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 1965	Electric	This bill would have required ERCOT to contract with power generation companies for a defined amount of emergency reserve power generation capacity to prevent load shedding. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 2470	Electric	Similar to the above, this bill would have required ERCOT to adopt procedures and enter into contracts as necessary to ensure the availability of a defined amount of emergency reserve power generation capacity to prevent load shedding. The bill was also referred to the House Committee on State Affairs, but never received a committee hearing.
HB 2050	Electric	This bill would have changed the threshold for each level of ERCOT Energy Emergency Alert. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 2562	Electric	This bill would have decertified ERCOT as the Independent System Operator, and certified the Texas Railroad Commission as the ISO for the ERCOT region. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 2686	Electric	This bill would have required ERCOT to interconnect with transmission facilities outside the state for the express purpose of allowing federal regulation of transmission services and sale of wholesale power in the ERCOT region. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 2687	Electric	This bill sets forth alternative weatherization requirements than those contained in SB 3, and would have required ERCOT to contract with various qualified loads, electric storage companies, and power generation companies for a defined amount of emergency response capacity to avoid load shedding. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.

Self-Evaluation Report

Bill No.	Industry	Summary of Key Provisions / Reason Bill Did Not Pass
HB 2785	Electric	This bill would have made ERCOT a "governmental body" subject to the Texas Public Information Act. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 2816	Electric	This bill would have required ERCOT to determine the amount of reserve capacity needed to maintain a 1 in 10 reliability standard in the ERCOT region. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 2820	Electric	This bill would have required ERCOT to submit a biennial analysis of potential demand response opportunity and penetration in the ERCOT region. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 2991	Electric	This bill would have required electric providers to exclude certain circuits from ERCOT-ordered load shedding, and prevented these providers from shedding load in an area for more than 12 hours in a 24-hour period. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 3166	Electric	This bill would have limited the wholesale market cap during a state of disaster to an amount not to exceed 200 percent of the average daily peak price of wholesale energy sold in the previous 90 days. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 3177	Electric	This bill would have authorized TDSPs, MOUs and electric co-ops to construct any facilities necessary to access transmission services and purchase wholesale power outside of the ERCOT region. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 3179	Electric	This bill would have prohibited ERCOT from purchasing an amount of electricity from a generation facility that exceeds the facility's base generation capacity. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 3184	Electric	This bill would have required ERCOT to use adaptive model data analytics software in generation forecasting in order to maintain ISO certification. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 3371	Electric	This bill would have required ERCOT to annually develop a comprehensive emergency operations and weatherization plan satisfying certain enumerated criteria. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.

Self-Evaluation Report

Bill No.	Industry	Summary of Key Provisions / Reason Bill Did Not Pass
HB 3470	Electric	As it directly impacts ERCOT, this bill would have changed the process by which ERCOT drafts and approves new protocols and would have required that ERCOT establish a new advisory committee to oversee this process. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 3700	Electric	This bill would have required every TDSP, MOU, and electric co-op to submit an annual report identifying the entity's peak load for the summer and winter seasons and required ERCOT to use this information to make annual determinations of load shed percentages. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 4236	Electric	This bill would have mandated a target reserve margin of not less than 15 percent. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 4323	Electric	This bill would have required the PUCT to develop a plan to re-regulate the electric market in Texas. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 4466	Electric	This bill would have required ERCOT to assign ancillary service costs arising from reliability issues of intermittent resources directly to those intermittent resources. The bill received a hearing in the House Committee on State Affairs, but was not voted out of committee.
HB 4502	Electric	This bill would have required ERCOT to assign any capital costs incurred to interconnect with transmission system generation resources and electric energy storage resources directly to the generation resource or electric energy storage resource receiving interconnection service. The bill received a hearing in the House Committee on State Affairs, but was not voted out of committee.
HB 4512	Electric	This bill would have prohibited the PUCT from raising wholesale energy prices during a state of disaster in response to an extreme weather event. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.
HB 4542	Electric	This bill would have allowed MOUs to make requests, obtain approvals, enter into contracts, or construct facilities as necessary to access transmission and purchase wholesale power outside the ERCOT region. The bill was referred to the House Committee on State Affairs, but never received a committee hearing.

Self-Evaluation Report

Bill No.	Industry	Summary of Key Provisions / Reason Bill Did Not Pass
SB 2142	Electric	This bill would have required the PUCT to order ERCOT to correct the prices of wholesale power and ancillary services sold in the ERCOT market during the February 2021 extreme winter weather event. The bill passed the Senate and was referred to the House Committee on State Affairs; it did not receive a hearing in State Affairs.
SB 2238	Electric	This bill would have changed the wholesale market cap from \$9,000 per MWh to \$3,000 per MWh. The bill was referred to the Senate Committee on Jurisprudence, but never received a committee hearing.
SB 28 (87(1))	Electric	This bill would have formed the Texas Grid Security Commission, upon which an ERCOT member would have served, to determine threats to and vulnerabilities of the electric grid. ERCOT would have been required to store and maintain all confidential information for the Commission. The bill was filed, but no further action was taken.
HB 161 (87(1))	Electric	This bill would have required the PUCT to identify transmission facilities in the ERCOT region that may be interconnected with transmission facilities outside the ERCOT region for the purposes of allowing federal regulation of transmission service and wholesale power sales in ERCOT. The bill was filed, but no further action was taken.
HB 277 (87(1))	Electric	This bill would have authorized transmission and distribution utilities, municipally owned utilities, and electric cooperatives to construct and operate facilities as necessary to access transmission. The bill was filed, but no further action was taken.
HB 63 (87(1))	Electric	This bill would have required ERCOT to submit a report to the PUCT if and when it ever determines that power supply is, or may be, inadequate to meet demand. The bill was filed, but no further action was taken.
HB 142 (87(1))	Electric	This bill would have further modified the ERCOT Board selection process and required that the ERCOT Board Selection Committee ensure that ERCOT's Board include members representing the various geographic regions of the State. The bill was filed, but no further action was taken.

IX. MAJOR ISSUES

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. Inclusion of an issue does not indicate support, or opposition, for the issue by the agency's board or staff. Instead, this section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during our detailed research on your agency. Some questions to ask in preparing this section may include: (1) How can your agency do a better job in meeting the needs of customers or in achieving agency goals? (2) What barriers exist that limit your agency's ability to get the job done?

Emphasis should be given to issues appropriate for resolution through changes in state law. Issues related to funding or actions by other governmental entities (federal, local, quasi-governmental, etc.) may be included, but the Sunset Commission has no authority in the appropriations process or with other units of government. If these types of issues are included, the focus should be on solutions that can be enacted in state law.

For river authorities, Texas Government Code, Section 325.025 limits the scope of Sunset reviews to each authority's governance, management, operating structure, and compliance with legislative requirements. However, river authorities may provide information about major issues facing the authority even if they are outside this limited scope. Previously, this type of information has provided valuable context for understanding the authority's current situation and operations.

This section contains the following three components.

A. Brief Description of Issue

B. Discussion

Background. Include enough information to give context for the issue. Information helpful in building context includes:

- What specific problems or concerns are involved in this issue?
- Who does this issue affect?
- What is the agency's role related to the issue?
- Any previous legislative action related to the issue?

Self-Evaluation Report**C. Possible Solutions and Impact**

Provide potential recommendations to solve the problem. Feel free to add a more detailed discussion of each proposed solution, including:

- **How will the proposed solution fix the problem or issue?**
- **How will the proposed change impact any entities or interest groups?**
- **How will your agency's performance be impacted by the proposed change?**
- **What are the benefits of the recommended change?**
- **What are the possible drawbacks of the recommended change?**
- **What is the fiscal impact of the proposed change?**

Complete this section for each issue. Copy and paste components A through C as many times as needed to discuss each issue. See *Major Issue Example*.

Administrative

Under PURA§ 39.151(g-1), as amended by SB 2 adopted by the 87th Legislature, only the chairman of the PUCT is an ex officio member of the ERCOT Board. The remaining four commissioners are not members of the ERCOT Board. The Commission recommends that § 39.151(g-1) be amended to include all commissioners of the PUC as ex officio members of the ERCOT board. This change is intended to allow all commissioners to have an active role in fulfilling the PUC's statutory responsibilities over ERCOT. The PUC also wants to ensure that all commissioners be allowed to attend closed sessions of the ERCOT board.

TUSF

The financial challenges of the Texas Universal Service (TUSF) Program were discussed in Section VII of this Report. TUSF issues were also addressed in the PUCT's 2021 Biennial Agency Report to the 87th Legislature. The concerns raised by the Commission in these reports regarding the financial health of the TUSF remain. Unless action is taken to address these issues, the financial health of the TUSF will continue to decline.

Another TSUF issue is PURA § 56.025, which requires the PUCT to use TUSF funds to make companies whole for reductions in federal USF support. PURA § 56.025 provides in part:

"(c) [t]he commission shall implement a mechanism to replace the reasonably projected change in revenue caused by a Federal Communications Commission order, rule or policy that changes:

- (1) The federal universal service fund revenue of a local exchange company; or
- (2) Costs or revenue assigned to the intrastate jurisdiction."

Self-Evaluation Report

PURA § 56.025(c) exacerbates the precarious financial condition of the TUSF. The TUSF does not have sufficient revenue to fund fully all the current state TUSF programs. The PUCT therefore recommends that §56.025(c) be repealed.

Water Issues

Notice for Hearings. TWC §13.1871(n) requires that a utility mail notice of a hearing to each ratepayer before the hearing. Many customers often now prefer notice by email or text. The PUCT recommends amending the law to allow for electronic communication if it is the customer's preference and the utility has the capability to do so.

STM process. The regulated community often comments that the STM process in TWC §13.301 is lengthy and often impedes investment in repairing or upgrading a nonfunctioning water or sewer utility. Nonfunctioning utilities are those that are in temporary management, receivership, supervision, or that have been referred to for the appointment of a temporary manager, supervisor, or receiver. The PUCT recommends a streamlined STM process in only those instances where the selling utility is a nonfunctioning utility. Specifically, if the temporary manager appointed to manage a water or sewer utility applies to acquire the nonfunctioning utility, a streamlined STM process for the acquisition of the nonfunctioning utility would expedite getting the system into better financial, managerial, and technical capability. Once a change in ownership of a nonfunctioning system has occurred, the new owner could begin investing in the utility to bring it into compliance.

Temporary Managers and Receivers. The shared responsibilities and authorities of the receivership and temporary manager programs of the TCEQ and PUCT make for a cumbersome process when seeking the appointment of a temporary manager or receiver. Coordination between both agencies to address problems with nonfunctioning utilities is essential. TCEQ must address health and safety problems with public water systems and sewer systems. Concurrently, it is essential for PUCT to address problems service area matters, managerial matters and financial issues with water and sewer utilities. SB 700 of the 85th Legislature transferred economic regulation of water and sewer utility matters to the PUCT, except for the receivership and temporary management programs. Although a utility may have multiple public water or sewer systems, only the utility can be placed into receivership or temporary management under TWC Chapter 13. Specifically, only investor-owned utilities can be placed into temporary management or receivership under TWC Chapter 13. Regardless of whether TCEQ or PUCT is the lead agency on a temporary manager or receivership appointment, the matter will eventually be before the PUCT for a sale/transfer/merger or rate related matter. Therefore, the PUCT recommends that the PUCT alone be given the authority over temporary managers and receiverships. If the PUCT were to gain sole responsibility of the temporary manager and receivership program, the PUCT would need to transfer four full-time employees along with budget money to cover the added responsibilities. As an alternative, the PUCT recommends amending the statute to give clarity regarding the length of the term for the appointment of a temporary manager so that both the TCEQ and PUCT will have the

Self-Evaluation Report

same interpretation. This issue was discussed above in the Water Regulation section of Section VII of this report. In short, the PUC interprets the Water Code to allow more than one 180 day term for the appointment of a temporary manager. TCEQ believes a temporary manager may only be appointed for one term of 180 days.

Regulatory Assessment Fee for Water Programs. TWC § 5.701(n) requires each provider of potable water or sewer utility service to collect a regulatory assessment fee (RAF) from each retail customer. Investor-owned utilities (IOUs) are required to remit one percent of the charge for retail water or sewer service. Water Supply Corporations (WSCs) and districts are required to remit one-half of one percent of the charge for retail water or sewer service. TWC §5.701(n)(3) specifies that the RAF collected under this subsection may be appropriated by a rider to the General Appropriations Act to an agency with duties related to water and sewer utility regulation to pay for costs and expenses incurred by the agency in the regulation of districts, water supply or sewer service corporations and public utilities under TWC Chapter 13. Currently, the RAF collected from IOUs and WSCs are remitted appropriated by a rider to the General Appropriations Act to the PUCT. The RAF collected from districts remains with the TCEQ as does the administration of the fee.

The PUCT believes that it should be appropriated more funds from the RAF to help Districts. The RAF collected by TCEQ from Districts is not currently shared with PUCT. It solely remains with the TCEQ. The PUCT processes district rate appeals, wholesale rate appeals, and service area applications. In addition, the PUCT provides onsite technical assistance to districts as part of its contract with Superior Water Management of Texas, LLC. The PUCT also assists Districts with regulatory compliance regarding the provision of retail water and sewer utility service. While the TCEQ has statutory authority to create and supervise districts as well as administration of the districts bond review program, TWC §5.701(e) gives the TCEQ the authority to charge a one-time nonrefundable application fee for district creation applications. In addition, TWC § 5.701(f) requires a person who files a district bond issue application to pay an application fee. If the bonds are approved by the TCEQ, the seller of the bonds pays a percentage of the bond proceeds to the TCEQ. Because the TCEQ has an alternate source of funds for its districts program, the PUCT strongly believes the Districts portion of the RAF should be transferred or shared with the PUCT.

Based on its experience with the water and sewer program, the PUCT recommends that the following additional changes be made to the Water Code:

1. Allow Consolidation of Multiple Systems Under One Tariff

Eliminate the substantial similarity determination allow a utility to charge one rate to customers across all its water systems or sewer systems. This would eliminate confusion customers have when determining which part of a tariff applies to them. It would also treat water more like electric rate setting and encourage regionalization and consolidation. In addition, it would eliminate staff processing time required to produce multiple rates for one utility with several systems and would, in turn, eliminate testimony and rate case expenses born by a Class A utility or additional information

Self-Evaluation Report

and potential testimony required by a Class B, C or D utility seeking a consolidated tariff. (Repeal TWC §13.145)

2. Staff Assisted Temporary Rate Case for A Nonfunctioning Utility

Authorize PUCT staff to work with a temporary manager or receiver to determine an adequate temporary rate to maintain and operate the utility. PUCT Staff would then file the temporary rate request on behalf of the temporary manager or receiver. This should accelerate the influx of cash to utilities in situations where the temporary manager or receiver does not have experience with setting rates. (Amend TWC §13.046)

3. Simplified Sale, Transfer or Merger Process for Non-functioning Utilities

Establish a streamlined sale, transfer, or merger process for non-functioning utilities. Under this process, a temporary manager or receiver can demonstrate financial, managerial, and technical capability to acquire the nonfunctioning utility through its monthly reports and duties. This would allow for faster acquisitions of nonfunctioning utilities and for the purchaser to immediately begin making capital improvements. (Modify TWC §13.301)

4. Staff Assisted Rate Case for Class C and Class D Utilities

Authorize designated PUCT staff to assist a Class C or D utility with preparing and filing a rate filing package. Notice of the increase would be required and customers can still request to intervene. This process would require PUCT staff to work independently and directly with the utility attempting to increase its rates and to provide testimony when needed.

5. Modifying STM Process for Void Sales

Clarify that any sale of water or sewer utility that does not get approval from the PUCT "may" be void. The purpose of saying "may" is that it would give the PUCT discretion when a utility has closed a sale on paper without completing the STM process in advance. If the parties have documentation that the transaction did indeed occur and the "new" owner has been operating the utility for some time, then that can be used as evidence that the transaction did indeed occur. (Amend TWC §13.301)

6. Clean up issues for Water and Sewer Regulation

- Incorrect reference in the Health and Safety Code: Clean up incorrect reference in Health & Safety Code §341.0359(g) to correctly reference that the PUCT and not the TCEQ may amend a tariff and rate schedule as needed to permit an IOU to comply with a municipal ordinance that requires the IOU to maintain a minimum sufficient water flow and pressure to fire hydrants in a residential area located in a municipality.

Self-Evaluation Report

- Pass Through Adjustments for Credit Card Payment Charges: Amend Business and Commerce Code, Title 12 §604A.002(b) to allow utilities to recover costs incurred to enable alternative payment methods (such as credit cards to pay the water and sewer bills).
- Allow for allocation of administrative penalties into a fund for use by TMs to support distressed utilities: Amend TWC §13.4151 and Health & Safety Code §341.0359(g) to allow administrative penalties to be directed to the Water Utility Improvement Account consistent with TWC §13.418 instead of sending it to state general revenue fund.
- Drainage Fees: Repeal "drainage" fee in TWC §13.043(b). This would eliminate the PUCT's appellate jurisdiction over drainage fees. There is no definition in the Water Code, PUCT's rules, TCEQ's rules or TWDB's rules for drainage fees and its applicability.

X. OTHER CONTACTS

- A. Fill in the following charts with updated information on people with an interest in your agency, and be sure to include the most recent email address.**

Public Utility Commission Exhibit 16: Contacts

INTEREST GROUPS (groups affected by agency actions or that represent others served by or affected by agency actions)			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
The Electric Reliability Council of Texas (ERCOT)/Kristi Hobbs	7620 Metro Center Drive Austin, Texas 78744	(512) 248-6730	khobbs@ercot.com
Association of Electric Companies of Texas/JP Urban	1005 Congress, Suite 1000, Austin, TX 78701	512-474-6725	jp@aect.net
Alliance for Retail Markets (ARM) Carrie Collier-Brown	600 Congress Ave., Ste. 2200	512-305-4732	Carrie.CollierBrown@lockelord.com

Self-Evaluation Report**INTEREST GROUPS**

(groups affected by agency actions or that represent others served by or affected by agency actions)

Gulf Coast Power Association (GCPA)/Kim Casey	2800 W. Whitestone Blvd. Ste 120 PMB 222, Cedar Park, TX 78613	281-306-1008	gcpa@gulfcoastpower.org
Public Citizen / Adrian Shelley	309 E 11 th Street, Ste 2, Austin, TX 78701	512-477-1155	ashelley@citizen.org
Texas Energy Association for Marketers (TEAM)/Catherine Webking	303 Colorado Street, Suite 2400 Austin, TX 78701	512-495-6300	cwebking@scottdoug.com
Texas Competitive Power Advocates/Michele Richmond		512-653-7447	Michele@competitivepower.org
Texas Electric Cooperatives, Inc. (TEC)/Julia Harvey	1122 Colorado, 24 th Floor, Austin, TX 78701	512-454-0311	jharvey@texas-ec.org
Texas Industrial Energy Consumers (TIEC)/Katie Coleman	500 W 2nd Street, Suite 1900 Austin, TX 78701	737-261-8600	kcoleman@omm.com
Texas Public Power Association (TPPA)/Bob Kahn	PO Box 82768 Austin, TX 78708	(512) 472-5965	bkahn@tpa.com
Texas Renewables Energy Industries Association/Russel Smith	P.O. Box 16469, Austin, TX 78761	512-345-5446	rsmith@treia.org
Texas Solar Power Association (TSPA)/Charlie Hemmeline	PO Box 1485 Austin, TX 78767	(512) 593-2015	charlie@txsolarpower.org

Self-Evaluation Report**INTEREST GROUPS**

(groups affected by agency actions or that represent others served by or affected by agency actions)

Advanced Power Alliance (APA)/Jeff Clark	P.O. Box 28112 Austin, TX 78755	512-651-0291	Jeff@poweralliance.org
Texas Advanced Energy Business Association (TAEBA)/Suzanne Bertin	P.O. Box 301151 Austin, TX 78703	(512) 739-4678	suzanne.bertin@texasadvancedenergy.org
Texas Telephone Association (TTA)/Mark Seale	208 West 14th Street Austin, Texas 78701	(512) 472-1183	
Texas Statewide Telephone Cooperative, Inc. (TSTCI)/Weldon R. Gray	3112 Windsor Road, Suite A #338 Austin, TX 78703	(512) 343-2587	weldon@tstci.org
Texas Rural Water Association (TRWA)/Lara Zent	1616 Rio Grande Austin, TX 78701	(512) 472-8591	Lara.Zent@trwa.org
Texas Water Conservation Association (TWCA) Stacey Steinbach	3755 S. Capital of TX Hwy, Ste. 105 Austin, TX 78704	(512) 472-7216	ssteinbach@twca.org
National Association of Water Companies-Texas (NAWC-Texas)/Jim Grace	6608 Wesleyan St., Houston, TX 77005	(713) 306-5419	jim@gracewan.com
Communities Unlimited, Inc./Harold Hunter	P.O. Box 1341 Richmond, TX 77406-1341	(903) 261-9161	Harold.Hunter@communitiesu.org
Association of Water Board Directors (AWBD)/Trey Lary	1700 Katy Freeway, Suite 450 Houston, TX 77079	(512) 518-2422	tlary@abhr.com

Self-Evaluation Report**INTEREST GROUPS**

(groups affected by agency actions or that represent others served by or affected by agency actions)

American Water Works Association (AWWA - Texas) /Elston Johnson		(512) 809-7552	elston@ejohnsonconsulting.com
Independent Water and Sewer Companies of Texas (IWSCOT)/Geoffrey Kirschbaum	810 West 10 th St Austin, TX 78701	(512) 474-9100	gkirschbaum@terrillwaldrop.com

INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS

(that serve as an information clearinghouse or regularly interact with your agency)

OAG Attorney John Hulme	300 W 15 th Street Austin, TX 78701	512-475-4229	John.hulme@oag.texas.gov
OAG Attorney Kellie Billings-Ray	300 W 15 th Street Austin, TX 78701	512-475-4014	Kellie.billings-ray@oag.texas.gov
SOAH Judge Elizabeth Drews	300 W 15 th Street Austin, TX 78701	512 936 0725	Elizabeth.drews@soah.texas.gov
Federal Energy Regulatory Commission (FERC)/Sarah Venuto, Director of External Affairs	888 First Street, NE Washington, D.C. 20426	(202) 502-8004	customer@ferc.gov
North American Electric Reliability Corporation (NERC)/James B. Robb, President and CEO	1325 G Street, NW Suite 600, Washington, DC 20005	202-400-3000	www.nerc.com
National Association of Regulatory Utility Commissioners (NARUC)/Greg R. White, Executive Director	1101 Vermont Avenue, NW Suite 200 Washington, DC 20005	(202) 898.2200	gwhite@naruc.org

Self-Evaluation Report

XI. ADDITIONAL INFORMATION

- A. Texas Government Code, Section 325.0075 requires agencies under review to submit a report about their reporting requirements to Sunset with the same due date as the SER. Include a list of each agency-specific report that the agency is required by statute to prepare and an evaluation of the need for each report based on whether factors or conditions have changed since the statutory requirement was put in place. Please do not include general reporting requirements applicable to all agencies, reports that have an expiration date, routine notifications or notices, posting requirements, federally mandated reports, or reports required by G.A.A. rider. If the list is longer than one page, please include it as an attachment.**

This list is longer than one page and is included as Exhibit 17.

- B. Does the agency's statute use "person-first respectful language" as required by Texas Government Code, Section 325.0123? Please explain and include any statutory provisions that prohibit these changes.**

The PUCT is not a "health and human services agency," so this statute does not apply to the PUCT. However, a search of the Public Utility Regulatory Act, Title II, Texas Utilities Code, finds no instances of the phrase "mental retardation," which is targeted by Texas Government Code, Section 325.0123.

- C. Please describe how your agency receives and investigates complaints about the agency and its operations.**

The PUCT receives very few complaints directed at the agency itself. Typically, such complaints involve a person's perception that an agency employee has not been helpful, e.g. failure to timely return a phone call. Such complaints are usually made by telephone, and are dealt with by ensuring that the customer's problem is addressed, and by following up with the individual employee whose conduct may have been questioned.

Because the number of complaints received against the agency is so small, the PUCT does not keep records of the complaints other than to maintain any correspondence received in accordance with our records management policy.

- D. Fill in the following charts detailing your agency's Historically Underutilized Business (HUB) purchases. Sunset is required by law to review and report this information to the Legislature.**

Public Utility Commission
Exhibit 19: Purchases from HUBs

Fiscal Year 2018

Self-Evaluation Report

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal*	Statewide Goal
Heavy Construction					11.2%
Building Construction					21.1%
Special Trade					32.9%
Professional Services					23.7%
Other Services	\$795,441	\$55,394	6.96%	26%	26.0%
Commodities	\$457,216	\$217,871	47.65%	21.1%	21.1%
TOTAL	\$1,260,158	\$273,265	21.69%		

Fiscal Year 2019

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal*	Statewide Goal
Heavy Construction	(number)	(number)	(number)	(number)	11.2%
Building Construction	(number)	(number)	(number)	(number)	21.1%
Special Trade	(number)	(number)	(number)	(number)	32.9%
Professional Services	\$315	(number)	(number)	(number)	23.7%
Other Services	\$470,929	\$62,554	13.28%	26%	26.0%
Commodities	\$542,569	\$204,012	37.60%	21.1	21.1%
TOTAL	\$1, 013,813	\$266,567	26.29%		

Fiscal Year 2020

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal*	Statewide Goal
Heavy Construction	(number)	(number)	(number)	(number)	11.2%
Building Construction	(number)	(number)	(number)	(number)	21.1%
Special Trade	(number)	(number)	(number)	(number)	32.9%
Professional Services	(number)	(number)	(number)	(number)	23.7%
Other Services	\$557,013	\$75,702	13.59%	26%	26.0%
Commodities	\$573,936	\$98,896	17.23%	21.1%	21.1%
TOTAL	\$1,130,950	\$174,599	15.44%		

E. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Section 2161.003; TAC Title 34, Part 1, Rule 20.286c)

The PUCT has an extensive process to maximize HUB utilization for contracted services. The PUCT's purchaser reviews each individual requisition to determine

Self-Evaluation Report

whether a HUB opportunity exists. If a HUB opportunity does exist and the procurement method through a HUB vendor will result in the best value for the agency and the State, Purchasing will plan to process the purchase through such means. The PUCT HUB Coordinator actively participates in Good Faith Efforts by attending HUB events, networking with other agencies and HUB business owners to share strategies on promoting and to increase the usage of HUBs. PUCT hosts internal forums to allow HUB vendors to market their services and products to the agency, allowing them to gain insight on the agency's needs, get positive criticism on promoting their business and to establish a connection with the agency. The Commission also encourages HUBs to register as vendors with the Texas Comptroller of Public Accounts (CPA). The PUCT's website provides links to the CPA website to make it easier for HUBs to register and become certified. The PUCT's website also provides information on the agency's HUB program and other purchasing related information.

F. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Section 2161.252; TAC Title 34, Part 1, Rule 20.285)

Yes, the PUCT promotes the usage of HUBS when soliciting for contracts at \$100,000 or more with required HSPs per RFP requirements.

G. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.

1. Do you have a HUB coordinator? If yes, provide name and contact information. (Texas Government Code, Section 2161.062; TAC Title 34, Part 1, Rule 20.296)

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2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Texas Government Code, Section 2161.066; TAC Title 34, Part 1, Rule 20.297)

The PUCT's HUB forum program is based on the Comptroller of Public Accounts' guidelines and statutes. The purpose of the program is to sponsor forums in which HUBs are invited to deliver technical and business presentations that demonstrate their capability to conduct business with the agency. The HUB Coordinator is responsible for: 1) organizing the PUCT's HUB business forums; 2) collaborating with other agencies on HUB business forums; 3) informing HUBs about potential contract opportunities; 4) and preparing the annual report. The PUCT sponsors forums in the agency's offices but may also sponsor forums in concert with other agencies in other

Self-Evaluation Report

agreed locations. When possible, the agency may attend regional and statewide HUB forums.

3. Has your agency developed a mentor-protégé program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, Section 2161.065; TAC Title 34, Part 1, Rule 20.298)

Yes. The PUCT has a mentor-protégé program. The PUCT HUB Coordinator is responsible for the administration, outreach, education, program evaluation, compliance, and reporting of the program.

H. Fill in the charts below detailing your agency's Equal Employment Opportunity (EEO) statistics. Sunset is required by law to review and report this information to the Legislature. Please use only the categories provided below. For example, some agencies use the classification "paraprofessionals," which is not tracked by the state civilian workforce. Please reclassify all employees within the appropriate categories below.

Public Utility Commission

Exhibit 20: Equal Employment Opportunity Statistics

1. Officials / Administration

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2018	15	0%	8.1%	13.33%	22.4%	40.0%	38.8%
2019	14	0%	8.1%	14.29%	22.4%	35.71%	38.8%
2020	16	6.25%	8.1%	6.25%	22.4%	31.25%	38.8%

2. Professional

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2018	121	8.26%	10.9%	20.66%	20.3%	45.45%	54.5%
2019	119	10.92%	10.9%	21.01%	20.3%	44.54%	54.5%
2020	109	9.17%	10.9%	22.02%	20.3%	47.71%	54.5%