

ADOPTED RULES

Adopted rules include new rules, amendments to existing rules, and repeals of existing rules. A rule adopted by a state agency takes effect 20 days after the date on which it is filed with the Secretary of State unless a later date is required by statute or specified in the rule (Government Code, §2001.036). If a rule is adopted without change to the text of the proposed rule, then the *Texas Register* does not republish the rule text here. If a rule is adopted with change to the text of the proposed rule, then the final rule text is included here. The final rule text will appear in the Texas Administrative Code on the effective date.

TITLE 16. ECONOMIC REGULATION

PART 2. PUBLIC UTILITY COMMISSION OF TEXAS

CHAPTER 22. PROCEDURAL RULES SUBCHAPTER M. PROCEDURES AND FILING REQUIREMENTS IN PARTICULAR COMMISSION PROCEEDINGS

16 TAC §22.242

The Public Utility Commission of Texas (commission) adopts amendments to §22.242 relating to Complaints with changes to the proposed text as published in the May 1, 2026, issue of the *Texas Register* (51 TexReg 2856). The rule will be republished.

The adopted rule will streamline the commission's complaints process for all utilities under the commission's jurisdiction and bring the commission's complaint process in line with the processes of other agencies across the state.

Public Comments

Comments were received by Vikki Payne; Kim Graff; NEC Co-Op Energy; John Deare; Tessa Comstock; Jessica Moreno; Gloria Hanes; Hunter Hanes; Jared Wynne; Stephen Shimeall; Tammy Chambers; Texas Association of Water Companies, Inc (TAWC); Texas-New Mexico Power Company (TNMP); Texas REP Coalition; Office of Public Utility Counsel (OPUC); Southwestern Public Service Company (SPS); City of Royse City, City of Sanger, City of Terrell, County Line Special Utility District, and Springs Hill Special Utility District (City/SUD Commenters); Connie Glass; Richard McCaffrey; Melissa Stanley; and Leslie Rodas.

The commission also received substantially identical comments from Alyxandra Dykema, Anita Kay Long, Desiree Frantz, Daniel Bookner, Elise K Long, Heather Screws, Jared Wynne, Johnathan Stewart, Johnathan Monjaras, James Kelly, Mary Lou Marroquin; Karen Ladd, Susan Bacon, Troy Henry, Wendy Abramson (collectively, Consumer Commenters).

On July 25, 2026, the commission held a public hearing in response to hearing requests filed by the Consumer Commenters. At this hearing, commission staff received comments from Sierra Club, Bianca Guerrero, Sydney Holzman, Pam Hubbert on behalf of Tyler Croft, Pam Hubbert (herself), Jim Smith, Kim Bond, OPUC, and CenterPoint.

Clarification of Commission Divisions and Processes

The commission notes that at the time of publication and public comment, the commission's Office of Consumer Assistance (OCA) was called the Consumer Protection Division. For clar-

ity, the commission has modified the proposed rules to properly refer to the OCA and uses the division's current name uniformly throughout this order.

The commission also clarifies that any reference to an "informal" complaint or complaint process is a reference to the process whereby the OCA investigates an individual's complaint against an entity under the commission's jurisdiction to evaluate whether a possible violation of commission rule has taken place and assists the parties in coming to an informal resolution. For example, if a consumer and a service provider disagree as to whether a charge was properly applied to the consumer's bill, an investigator from the OCA will review the commission's substantive rules and any available documentation, communicate with both parties, and attempt to reach an agreement between the complainant and the regulated entity as to whether the charge was appropriate and whether any additional action, such as a refund, is required by commission rule.

At the conclusion of the complaint resolution process, the OCA will provide the complainant and the regulated entity with a closing letter with a summary of the complaint, any known remedial actions that were taken, and an assessment of whether the available documentation suggests the regulated entity may have committed any violations of commission rules. Critically, this is not a formal legal decision made by the commission. Historically, this process successfully resolves a significant majority of complaints. By contrast, any reference to a "formal" complaint or complaint process is a reference to a contested case proceeding in which an individual complainant submits a complaint against an entity under the commission's jurisdiction for formal adjudication. A formal complaint is docketed, usually referred to the State Office of Administrative Hearings (SOAH) for a hearing, and concludes with a binding legal determination in the form of a final order by the commission. At the conclusion of the formal complaint process, including any motions for rehearing, if either party is unsatisfied with the result, they can appeal the commission's decision in a court of proper jurisdiction.

Unlike the informal complaint process, which is designed to efficiently resolve complaints in a manner that does not require legal training, the formal complaint process is an adversarial legal proceeding with strict procedural and evidentiary rules, like a proceeding in civil court. An attorney from the commission's Legal Division participates as a party in each formal proceeding. However, this staff attorney represents the public interest throughout the proceeding, not the individual complainant or the entity against whom the complaint is brought. Accordingly, the complainant is required to either hire their own legal counsel or represent themselves throughout the proceeding.

In addition to the formal and informal complaint processes, the commission also has a Division of Compliance and Enforcement (DICE). DICE is staffed with enforcement attorneys and analysts

and is primarily tasked with bringing entities that are under the commission's jurisdiction into compliance with applicable rules and statutes. DICE is also responsible for bringing enforcement actions against entities for violations of these rules and statutes. Like the formal complaint process, a DICE enforcement action is a contested case that is docketed, may be referred to SOAH for a hearing, and ends with a final order issued by the commission. However, DICE investigations differ from formal complaints in several meaningful ways. Unlike the formal complaint process, in which the commission can typically only grant the relief requested by the individual complainant, DICE has the discretion to seek a wide array of outcomes, such as license revocation, disgorgement, or administrative penalties. DICE may also identify additional violations or seek beneficial outcomes for an entire customer base. For example, an individual ratepayer may file a formal complaint to seek a refund for a particular billing error; a DICE investigation into that service provider might uncover dozens or hundreds of consumers that experienced that same error and that the billing documents themselves do not comply with commission rules. Further, DICE can monitor compliance over time and seek escalating penalties for recurring violations.

A DICE investigation is also different from a formal complaint, because the litigants are DICE and the regulated entity. Individual complainants do not participate in these proceedings as named parties. In nearly every instance, this leads to better outcomes for consumers than the formal complaint process, because DICE has more leverage over regulated entities and more experience with the commission's rules than an individual complainant. DICE is also able to exercise enforcement discretion in its investigations, avoiding protracted legal disputes over frivolous claims, providing benefit to consumers and regulated entities. Further, because a DICE investigation is not an individual remedy sought by a single complainant like a formal complaint, a complainant is not prohibited from pursuing a separate action in a court of proper jurisdiction during the pendency of the DICE investigation.

Process Sequencing under Existing and Amended Rules

Existing Complaint Process

Under existing rules, a complainant is required to begin the complaint process by filing an informal complaint with the OCA. As described above, an investigator from the OCA attempts to resolve the complaint within 35 days from the date on which the complaint is received. At the conclusion of this informal process, the investigator will issue a closing letter that notifies the complainant that if the complaint was not resolved to their satisfaction, the complainant may file a formal complaint with the commission. In some instances, such as when the complaint involves accusations of anti-competitive practices, abandonment, or improper disconnection of service, the complainant is permitted to bypass the informal complaint process and proceed directly to the formal complaint stage. The existing process also permits a complainant to request a good cause exception and bypass the informal complaint process for other reasons. These provisions exist because some issues are poorly suited for informal resolution and are better determined by the commission or another court of proper jurisdiction.

Amended Complaint Process

Under the amended process, the informal complaint process will proceed as described above. At the conclusion of the informal complaint process, if a complainant is not satisfied with the outcome of the process, they are then free to pursue an action in

a court of proper jurisdiction. Additionally, if the OCA identifies a possible violation during its investigation, it will refer the complaint to DICE for evaluation. As described above, DICE will investigate the regulated entity for compliance with applicable law and use reasonable enforcement discretion in determining whether to pursue a separate enforcement action against the regulated entity. Finally, the amended process also preserves the list of exceptions and the ability for a complainant to request a good cause exception to the informal resolution process for good cause. Under the amended process, this takes the form of a request to OCA to issue a closing letter and refer the matter to DICE. As with the existing process, this allows interested litigants to exhaust their administrative entities sooner and clears the way for DICE to bring a separate enforcement action against the entity, if it is deemed appropriate to do so.

Ongoing Formal and Informal Complaints

On the effective date of amended §22.242, complainants will no longer be able to file a formal complaint as a contested case at the commission upon the conclusion of the informal complaint process. This includes any pending informal complaints. However, any formal complaint properly filed up until the day before that section's effective date will be processed as a contested case under the existing rule and is eligible for adjudication at SOAH.

DICE Investigation Process

A number of commenters had questions related to how the commission's enforcement process will operate under the new rule. To provide more transparency on this subject, the commission provides the following discussion of DICE's current process.

Broadly speaking, DICE has discretion to investigate entities under the jurisdiction of the commission for compliance with applicable legal requirements. With regards to informal complaints, DICE currently has several processes in place for reviewing informal complaints for potential violations, including a periodic review of the complaint database. This periodic review identifies entities with multiple complaints for increased scrutiny to ensure prudent use of the commission's resources. DICE also targets complaints based on the severity of the alleged violation and complaints flagged by the OCA for further review. Under the new rule, the coordination of efforts between the two divisions will increase by establishing a more direct pipeline to DICE for complaints involving potential violations identified by the OCA and, if appropriate, an increased cadence of DICE's periodic review of the complaint database. However, in every instance, DICE will base its decision on whether to pursue enforcement on its own evaluation of the regulated entity's compliance with applicable law, which is not limited to the issues, evidence, or consumers involved in a referred complaint.

As stated above, a DICE enforcement action is a contested case that, with a few exceptions involving preventing imminent harm to the public, affords the regulated entity with notice and opportunity to request a hearing. As with formal complaints, these contested cases are public and conclude with formal commission action at an open meeting.

Several comments by regulated entities also expressed concerns regarding notice of a DICE investigation or the expenditure of resources associated with enforcement actions. Because DICE will continue to conduct a periodic review of every complaint, it is not practicable for DICE to provide notice in every instance in which it is reviewing an informal complaint. However, DICE will continue its general practice of contacting most regu-

lated entities when it opens an actual investigation prior to taking formal enforcement action (in certain instances, DICE will forego informal communications and proceed immediately to taking formal action in front of the commission). These contacts typically include an opening letter, notifying the regulated entity that an investigation has been opened and providing the investigation number, and a finding of violation, which includes a description of suspected violations and any punitive measures, such as an administrative penalty, that DICE intends to recommend to the commission. DICE also requests any necessary documentation from the regulated entity it needs to continue its investigation. Historically, DICE is often able to secure the agreement of the regulated entity to come into compliance with commission rules and remediate any suspected violations without the need for a burdensome administrative hearing at SOAH. Even in situations in which DICE and the regulated entity reach a settlement agreement on the facts and appropriate remedy, however, the decision is not final until it is publicly filed and approved by the commission at an open meeting, ensuring transparency.

Other Proceedings

The commission has broad jurisdiction under PURA and TWC over a variety of matters involving utilities and other regulated entities. Amended §22.242's streamlined complaint process should not be read to foreclose parties from petitioning the commission for relief that other laws may afford. And, the rule should not be read to limit the commission's authority over (or interest in resolving) other types of disputes not addressed in the amended rule. For example, the adoption of this rule would not affect a person's right to dispute ERCOT conduct under §22.251, relating to Review of Electric Reliability Council of Texas (ERCOT) Conduct. Nor would it preclude a retail public utility's ability to request cease and desist relief from the commission under TWC § 13.252. Accordingly, the commission modifies §22.242 to include a savings clause that clarifies that §22.242 does not alter the jurisdiction and processes established in other laws.

General Comments - Individual complaints

A number of comments were filed that contained complaints against specific regulated entities. These complaints addressed a variety of issues including rate increases, high base rates, subdivision fees, and system improvement charges. Commenters also described water quality issues, inaccurate or inconsistent meter reads, and concern over utility billing practices. As a result of these issues, commenters indicated that they were experiencing financial strain and, in some cases, poor health outcomes. The contents of these complaints are beyond the scope of this rulemaking proceeding. For complaints within the commission's jurisdiction, the commission recommends the commenters file a complaint with OCA under the provisions of adopted §22.272, which can be located on the commission's website or in the rule text contained in this order.

Some of the commenters described water quality issues over which the commission does not have primary jurisdiction. To file a water quality complaint that is not related to water rates or billing with the Texas Commission of Environmental Quality (TCEQ), a complainant may email TCEQ with further details at complaint@tceq.texas.gov or fill out a survey at https://www.surveymonkey.com/r/Environmental_Complaints.

General Comments - Formal complaints

As described above, one of the primary features of the proposed rules is the elimination of the formal complaint process. Several

commenters expressed support or opposition to this procedural shift in general comments and with regards to specific rule sections associated with the formal complaint process. Because these comments all hinge on whether the commission retains its current formal complaint process, it addresses these comments together (e.g. if the commission eliminates the formal complaint process, provisions related to the docketing of formal complaints are unnecessary).

The Texas REP Coalition, TAWC, and SPS expressed support for the proposed elimination of the formal complaint process. TAWC argued that its members have often experienced lengthy and costly formal complaint proceedings that involve issues that have already been favorably evaluated by OCA. TAWC supported leaving discretion over whether a complaint merits additional treatment beyond the informal complaint stage with DICE. TAWC indicated that the proposed changes will "reduce the level of resources devoted to complaint proceedings by stakeholders and the commission while still affording each complaint the appropriate level of review based on its merits." The Texas REP Coalition argued the proposal represents a customer-friendly approach that offers an accessible and efficient process for competitive retail electric service dispute resolution. OCA, they argued, has robust experience with disputes between consumers and retail electric providers (REPs) and has more frequent engagement with the commission's customer protection rules than a SOAH administrative law judge.

In opposition to the proposed rule, OPUC and TNMP noted that the proposal exceeds what is contemplated by SB 790, which authorized streamlining of water and wastewater billing disputes between tenants and property owners. These commenters requested the commission align its proposal with the scope of SB 790.

Several commenters, including Consumer Commenters, Sydney Holzman, Pam Hubbert on behalf of Tyler Croft, and Bianca Guerrero, TNMP, and OPUC argued that formal complaints are necessary to preserve the ability of a complainant to seek relief directly before the commission. Bianca Guerrero argued that the formal complaint process allows communities to present evidence on water quality and peer reviewed research to hold utilities responsible. OPUC argued that the formal complaint process is an important tool that provides consumers with a means of obtaining relief before the Commission. OPUC also argued that administrative feasibility and efficiency "should never occur at the sacrifice of the voice of the public citizen." Conversely, TNMP argued that it was important to leave discretion over whether to bring a formal complaint with the complainant (rather than DICE), because in many instances the complainant may elect not to pursue the formal complaint process. TNMP argues that this blurs the line between informal resolution and enforcement, potentially leading to duplicative reviews and subjecting regulated entities to enforcement review without a clearly articulated basis.

Consumer Commenters, OPUC, Sydney Holzman, Sierra Club, Pam Hubbert on behalf of Tyler Croft, Bianca Guerrero, and Stephen Shimeall argued that the formal complaint process, and specifically the docketing of formal complaints, was necessary for transparency. Pam Hubbert on behalf of Tyler Croft argued that docketed complaints established a public evidentiary record that could be used to prove repeat issues, and that internal agency processing may obscure recurring issues. The Sierra Club argued for public facing data and outcomes regarding complaints against utilities and the resolutions displayed on the

commission's website. Sydney Holzman expressed concerns that the new process will allow utilities to bury complaints, and Bianca Guerrero argued that the new process will result in less effective oversight. OPUC argued that the potential docketing of a complaint encourages regulated entities to help efficiently resolve informal complaints.

Commission Response

The commission declines to modify the rule to retain the existing formal complaint process, as requested by commenters. The commission also declines to retain various individual provisions of the existing rules related to the formal complaint process, such as the docketing of formal complaints, as requested by commenters, because these provisions are unnecessary.

As described above, the formal complaint process has resulted in protracted and resource intensive contested cases, often involving claims requesting relief the commission is incapable of granting, minor disputes relative to the arduousness of the process, and delayed judicial or enforcement action. Under the adopted rules, the commission anticipates the enforcement-driven approach will achieve better, more efficient results for a greater number of consumers, especially those without the resources to obtain legal counsel to litigate a formal complaint. This brings the commission's complaint process in line with many of its peer agencies across the state that do not address complaints through contested cases.

The commission agrees with OPUC and TNMP that the proposed rule exceeds what is contemplated by SB 790. However, as noted by OPUC, the intent of SB 790 was to provide, for certain water and wastewater billing disputes, a "simple, inexpensive, and expeditious complaint process rather than only the complex, expensive, and long contested case route." The commission endorses this policy goal for water and wastewater billing disputes and extends this same reasoning to other areas with its jurisdiction. Additionally, the commission is not under any statutory obligation to utilize contested cases to process complaints, so exceeding what was specifically contemplated by SB 790 is permissible.

The commission appreciates the concerns related to the ability of individual complainants to bring their own cases in front of the commission. However, the commission expects the amended process to produce significantly better results for consumers and to be significantly more user friendly. Under the current process, potential complainants often express frustration over having to bring their own formal case at the conclusion of an informal complaint in which OCA identifies a possible violation that the regulated entity does not agree to remedy. The time and resources required to litigate a formal complaint is a significant barrier to doing so. By increasing DICE's role in the review of potential rule violations identified during the complaint process, experienced enforcement attorneys can act, not only on behalf of the individual customer, but on behalf of all similarly situated customers. Under the current process, enforcement actions are sometimes delayed until after the outcome of an ongoing formal complaint. The adopted rules eliminate that delay. Further, the elimination of the formal complaint process enables an individual complainant who is interested in pursuing legal action in a court of proper jurisdiction to do so sooner.

Regarding TNMP's claim that the revised process may lead to enforcement actions in scenarios in which an individual complainant may have decided not to file a formal complaint, the commission agrees. However, this is a benefit of the new

process. If a consumer does not file a formal complaint because the regulated entity decides to offer an individual refund or because they do not have the resources to pursue the complaint, it is still incumbent upon the commission to ensure that the regulated entity comes into compliance with the commission's rules. This is especially the case when an issue affects a large number of consumers, but the cost of litigation would exceed the possible benefit for any individual customer. However, as described above, DICE will exercise independent discretion over whether an enforcement action is appropriate, so increase in referrals to DICE will only result in more enforcement actions for entities that are not in compliance with commission rules.

The commission also agrees with commenters that value transparency and the benefit of a public record of compliance issues. As described above, an enforcement action - even one resolved via settlement agreement between DICE and the regulated entity - is not official until it is publicly docketed and acted on by the commission. Further, because a DICE investigation is likely to involve a more comprehensive audit of the compliance issue, the information in the record from an enforcement case will provide more details on the extent of the compliance issue without, in many cases, requiring the public filing of information related to individual complainants (e.g. rather than a single bill being offered as evidence, DICE may be able to show that hundreds of consumers experienced a billing error).

With regards to the Sierra Club's request for complaint data to be published on the commission's website, the commission declines to modify the rule to publicly post information related to complaints, because this data contains individual account information and other private customer data. However, the commission notes that aggregate complaint data is available on the commission's website, and information related to docketed enforcement actions is accessible on the filing interchange.

Comments Regarding Municipal Jurisdiction

TNMP and City/SUD Commenters each expressed concern over the proposed deletion of existing §22.242(e)(1), which required a complainant receiving electric, water, or sewer service within the limits of a city that has original jurisdiction over the applicable service type to present the complaint to the city prior to filing a formal complaint with the commission. These commenters argued that this obscured jurisdictional boundaries and may lead to consumers bypassing municipal complaint processes or result in a waste of commission resources on matters over which it has no jurisdiction. City/SUD Commenters explained that under existing processes, complaints outside of the commission's jurisdiction can be identified and dismissed early by the presiding officer. TNMP recommended that the rule clarify that certain complaints may be required to be submitted to municipalities retaining original jurisdiction, whereas City/SUD Commenters recommended that the rule requires OCA and DICE to perform jurisdictional checks before proceeding with their respective processes.

Commission Response

The commission declines to amend the rule as recommended by TNMP or City/SUD Commenters, because it is unnecessary. From a legal perspective, the commission cannot alter its jurisdiction by rule and the proposed rule already appropriately recognizes that complaints can only be filed against persons "under the jurisdiction of the commission" regarding statutes "the commission has jurisdiction to administer" or any commission order or rule (which only apply to matters and entities within the commission's jurisdiction). Accordingly, the proposed amendments

do not alter the jurisdictional landscape regarding municipal jurisdiction.

The commission disagrees that the recommended revisions are required to prevent issues outside of the jurisdiction from consuming commission resources. Under the existing process, an individual complainant that may be unfamiliar with the commission's jurisdiction was able to initiate a contested case proceeding unilaterally, resulting in unnecessary delays and litigation expenses for the parties even in instances where dismissal was appropriate. Under the revised rule, OCA can informally work with complainants and, as necessary, refer them to municipal complaint processes. Further, DICE attorneys should only bring enforcement actions that are within the commission's jurisdiction. Should they overstep the commission's authority, the cases can be dismissed just as formal complaints are under the existing process.

General Comments - Judicial Review

OPUC stated that the final rule needs to clarify if individuals can file complaints in district court and provide the level of judicial review so complainants can provide enough evidence on front-end of complaint process. OPUC stated that the proposed rule does not adequately outline contingencies in complaint process.

Commission Response

The commission cannot, by rule, determine what legal remedies are available to a dissatisfied complainant in district court. Once a consumer exhausts their administrative remedies with the commission, it is up to the consumer and their legal counsel, if any, to determine if a civil action is appropriate, and what type. However, the commission clarifies that the closing letter issued by OCA is not a formal action of the commission. It is documentation of the complaint resolution process and informal assessment of whether the entity complained against acted in accordance with commission rules.

However, to provide additional clarity for consumers, the commission modifies subsection (b) of the proposed rule to explicitly note that the closing of a complaint by OCA represents the exhaustion of remedies available under this section. The commission also modified the rule to explain that when the complainant exhausts its remedies at the commission, the complainant can seek any available remedies in a court of competent jurisdiction.

General Comments - REP complaint reporting

NEC requested that the commission reconsider how complaints against retail electric providers are reported by the commission in instances in which the OCA investigation determines that the provider fully complied with all applicable rules. NEC argued that reporting complaints that are ultimately found to be without merit can damage the reputation and goodwill a REP has worked to build. NEC offers an example of a complaint by an elderly customer that was unable to reach the intended recipient due to misdialing although they were provided a correct contact number by the REP.

Commission Response

The commission declines to modify how complaints are reported by the commission as requested by NEC. The commission agrees that there are instances in which complaints without substantive merit are filed, but this is a risk that is born equally by all REPs. As customer service entities, it is the prerogative of each REP to provide service and information to its customers in a manner that best serves those customers and minimizes

the risk of such mistakes occurring. Furthermore, the number of complaints received, and the number of violations found measure different variables and provide different insights into the performance of the REP. Finally, the way the commission reports complaints is beyond the noticed scope of this rulemaking proceeding.

Proposed §22.242 - Complaints

Proposed §22.242 establishes the procedural requirements for filing a complaint with the commission.

The commission significantly modifies the organization of the proposed rule for clarity and readability. The commission also makes minor phrasing adjustments throughout the rule to better align the language with the commission's processes, as described at the beginning of this order.

Proposed §22.242(c)(2) - Direct Reports to Enforcement

Proposed §22.242(c)(2) allows for a complainant to provide a complaint directly to DICE for evaluation, if the complaint meets specific exceptions in §22.242(c)(1). These exceptions mirror existing exceptions that allow a complainant to bypass the informal complaint process and file a formal complaint. The proposed rule does not include an equivalent provision that permitted a complainant to request to bypass the informal complaint process for other good cause.

OPUC and Consumer Commenters requested that the commission maintain the existing requirement that permitted a complainant to request a waiver of the informal complaint process for good cause, arguing that some issues are not appropriate for informal resolution.

SPS requests that regulated entities be provided notice when a complaint is submitted directly to DICE and be provided clear timelines and an opportunity to respond.

Commission Response

The commission agrees with OPUC and Consumer Commenters that there are issues that are not appropriate for informal resolution. To restore the requested provision in the absence of a formal complaint process, the commission modifies the rule such that a complainant can request OCA issue a closing letter and refer the complaint to DICE without informal resolution if the complaint meets one of the existing exceptions or for other good cause. This provides the OCA with the discretion to identify instances where its involvement is not likely to produce a successful resolution and allows the complainant to pursue other remedies. The closing letter will allow the complainant to demonstrate that they have exhausted their administrative remedies under this section, and the referral to DICE will allow enforcement staff to investigate the issue for potential compliance issues.

With regards to SPS's request for notice, timelines, and an opportunity to respond, the commission declines implement the specific modifications requested by SPS. Under the amended rule, OCA will issue a closing letter when a complaint bypasses informal resolution, which will serve as notice to the regulated entity, in addition to separate contacts from DICE if it elects to open an investigation. A regulated entity will generally have an opportunity to discuss any matters under investigation with DICE, as previously discussed. This addresses SPS's stated concerns. With regards to timelines, the commission declines to impose a timeline on DICE for reasons previously discussed.

Proposed §22.242(d) - Termination of informal resolution

Under proposed §22.242(d), commissions staff will attempt to resolve all complaints within 35 days of the date of the receipt of the complaint, and notify, in writing, the complainant and the regulated entity the status of the dispute at the end of the 35-day period. If OCA "finds or suspects" a violation at the conclusion of the investigation, the complaint and record will be transferred to DICE for review.

SPS recommended that the commission make revisions that clearly outline the commission's standard for when complaints rise to the level of being transferred to DICE, including a narrowing of the language "finds or suspects a violation" to complaints with a sufficiently defined bias. SPS and TNMP also recommended omitting the ambiguous language "suspects," which SPS argued could lead to an "excessive transfer of complaints in which no actual violation exists." SPS and TAWC requested that the commission provide notice when a complaint is transferred to DICE, and SPS requested clarification that a complaint being transferred to DICE is procedural and is not a comment on whether an actual violation has occurred.

Commission Response

The commission modifies language describing referrals to DICE to read: "If the Office of Consumer Assistance identifies a possible violation, the Office of Consumer Assistance will, after closing the complaint, refer the complaint and record to the commission's Division of Compliance and Enforcement for review." This revision addresses the commenters' concern with the proposed use of the term "suspects." It also clarifies that a referral is only required for a "possible violation," which addresses SPS's concern that a referral will be construed as a determination that a violation occurred.

The commission declines to require notice when a complaint is being referred to DICE for review because it is unnecessary. Under the amended rule, OCA will issue a closing letter that, among other things, will indicate whether it identified a possible violation, which is also the standard for referring a complaint to DICE for review. As described above, the regulated entity will also typically receive a contact from DICE when it opens an investigation. Further, any formal enforcement action brought by DICE will provide the regulated entity with notice and all other procedural rights required by law.

The commission disagrees, however, with the general premise that internal transfers of information between OCA and DICE implicate the rights of regulated entities. As previously described, DICE already performs a period review of the complaint database, including complaints that are flagged by OCA for further review. Under PURA § 14.002, "the commission shall adopt and enforce rules reasonably required in the exercise of its power and jurisdiction" and under the Texas Water Code § 13.041(b) the "utility commission shall adopt and enforce rules reasonably required in the exercise of [its] powers and jurisdiction." The commission's authorizing statutes each charge the commission with enforcing its rules, which is most important when there are directly-affected customers. The language in this rule represents the minimum standard for when OCA will refer a complaint to DICE for review, not a strictly defined and exclusive standard. For example, if a regulated entity receives multiple complaints alleging related issues, even if there is not enough evidence in any single complaint to conclude that there is a possible violation or specific nature of the violation is unclear, OCA may still elect to notify DICE of a possible issue.

TAWC recommended extending the 35-day review deadline to DICE to eliminate the need for responsive action from utilities after the review period ends, unless otherwise notified. SPS and City/SUD Commenters requested a procedural timeline for DICE's decisions.

Commission Response

The commission declines to modify the rule to extend the 35-day review deadline to DICE investigations as requested by TAWC. The 35-day review period is specifically intended to ensure that issues that can be resolved informally are done so efficiently. This narrow window encourages regulated entities to engage productively with the OCA and consumers, because it is typically in the entity's interest to resolve any disagreements with the customer rather than risk litigation. Under the adopted rule, this incentive will increase, because instead of risking the formal complaint process, an entity that has - for example, overbilled a customer - risks an enforcement investigation and administrative penalties. Additionally, a 35-day review period would hinder the ability of DICE to thoroughly investigate the entity. As described above, unlike an individual complaint that is intended to address a single issue, in many cases DICE will investigate the entire group of consumers experiencing the issue. This may take longer than informal resolution, but it will still often take less time than the full formal complaint process while potentially providing relief to more consumers.

The commission further declines to impose any other specific timelines on DICE, as requested by SPS and City/SUD Commenters for similar reasons.

Existing §22.242(h) - Continuation of service during processing of complaint

Existing §22.242(h) allowed the presiding officer over a formal complaint to issue an order requiring the service provider to continue to provide service during the processing of the complaint.

OPUC requested that the commission maintain existing language that directs utilities to continue providing service to customers through the complaint process so that aggrieved customers do not have to fear retaliation.

Commission Response

The commission declines to modify the rule to include the existing language allowing a presiding officer to issue an order requiring the person to continue to provide service during the processing of a formal complaint, because the adopted rule does not preserve the formal complaint process.

Statutory Authority

The amendment is adopted under Public Utility Regulatory Act (PURA) §14.001, which grants the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by this title that is necessary and convenient to the exercise of that power and jurisdiction; §14.002, which authorizes the commission to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction.

Cross Reference to Statute: Public Utility Regulatory Act §14.001 and §14.002.

§22.242. Complaints.

(a) Complaint submission. Any affected person may submit a complaint to the commission regarding any act or thing done or omitted to be done by any person under the jurisdiction of the commission

in violation or claimed violation of any law which the commission has jurisdiction to administer or of any order, ordinance, rule, or regulation of the commission. A complaint under this section must be submitted, either in writing or by telephone, to the commission's Office of Consumer Assistance. Any requirements related to a complaint filed against a particular type of entity contained in other commission rules apply to a complaint filed against that type of entity under this rule. The Office of Consumer Assistance may request a complaint submitted by telephone be resubmitted in writing if necessary to complete investigation of the complaint.

(b) Complaint processing.

(1) The Office of Consumer Assistance will provide to the person filing the complaint and to the persons or entities complained about the commission's policies and procedures pertaining to complaint investigation and resolution.

(2) The Office of Consumer Assistance will investigate the complaint and attempt to resolve the complaint.

(3) The Office of Consumer Assistance will close the complaint and issue a written letter notifying the complainant and the person against whom the complainant is seeking relief of the status of the dispute no later than 35 days after the complaint is submitted, unless unexpected complaint volume, emergency conditions, or other good cause exists to leave a complaint open for longer than 35 days.

(4) The Office of Consumer Assistance's closure of a complaint concludes the complaint process established by this section and exhausts any administrative remedy available under this section with respect to the subject matter of the complaint. A complainant who has exhausted administrative remedies at the commission may pursue available remedies in a court of competent jurisdiction.

(5) If the Office of Consumer Assistance identifies a possible violation, the Office of Consumer Assistance will, after closing the complaint, refer the complaint and record to the commission's Division of Compliance and Enforcement for review.

(6) Any investigation or enforcement proceeding initiated by the Division of Compliance and Enforcement related to any matter contained in a complaint submitted under this section is a separate action to which the original complainant is not a party. The procedures and standards for any subsequent enforcement proceeding are governed by the rules and statutes applicable to that action.

(c) Complaint records. The Office of Consumer Assistance will keep a file about each complaint submitted under this section that the commission has the authority to resolve, including the complaint and other documentation related to the complaint. The Office of Consumer Assistance will also record and retain information about each complaint submitted under this section. The commission will retain the file and information in conformance with the agency's records retention schedule as approved by the Texas State Library and Archives Commission. The information must include:

- (1) the date the complaint is received;
- (2) the name of the complainant;
- (3) the subject matter of the complaint;
- (4) a record of all persons contacted in relation to the complaint;
- (5) a summary of the results of the review or investigation of the complaint; and

(6) for complaints for which the commission took no action, an explanation of the reason the complaint was closed without action.

(d) Exceptions to informal resolution.

(1) A complainant may request the Office of Consumer Assistance issue a closing letter and refer a complaint to the Division of Compliance and Enforcement without informal resolution, if:

(A) the complainant is commission staff, the Office of Public Utility Counsel, or any city;

(B) the complaint is filed by a person alleging that an electric utility or a telecommunications utility has engaged in anti-competitive practices;

(C) the complaint has been the subject of a complaint proceeding conducted by a city;

(D) the complaint is filed by a person alleging that a water or sewer utility has abandoned the service of the utility; or

(E) the complaint is filed by a person alleging that a wholesale water or sewer provider has discontinued, reduced, or impaired its wholesale water or sewer service to its customers for reasons other than those specified in §24.88 of this title (relating to Discontinuance of Service).

(2) For any complaint that is not listed in paragraph (1) of this subsection, the complainant may submit to the Office of Consumer Assistance a written request to issue a closing letter and or refer the complaint to the Division of Compliance and Enforcement without informal resolution. The complainant must clearly state the reasons informal resolution is not appropriate. The Office of Consumer Assistance may grant the request for good cause.

(e) List of cities without regulatory authority. The commission will maintain and make available to the public a list of the municipalities that do not have exclusive original jurisdiction over all electric rates, operations, and services provided by an electric utility within its city or town limits and a list of the municipalities that have surrendered to the commission original jurisdiction over the rates charged by a utility for retail water or sewer service within the corporate boundaries of the municipality.

(f) This section does not affect the availability of any other proceeding, petition, application, appeal, or other avenue for relief otherwise available before the commission. Additionally, nothing in this section limits the commission's authority to consider and resolve matters within its jurisdiction.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on October 1, 2026.

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Public Utility Commission of Texas

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For further information, please call: (512) 936-7044

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CHAPTER 24. SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS SUBCHAPTER F. CUSTOMER SERVICE AND PROTECTION

16 TAC §24.153

The Public Utility Commission of Texas (commission) adopts amendments §24.153, relating to Customer Relations with changes to the proposed text as published in the May 1, 2026, issue of the *Texas Register* (51 TexReg 2859). The rule will be republished.

This adopted rule will implement Texas Water Code (TWC) §13.5051 as enacted by Senate Bill (SB) 790 during the Texas 89th Regular Legislative Session and Texas TWC §13.153 as enacted by SB 1778 during the Texas 88th Regular Legislative Session. The adopted rules streamline the commission's complaints process for all utilities under the commission's jurisdiction and bring the commission's complaint process in line with the processes of other agencies across the state. The adopted rules additionally allow, upon customer request, a retail public utility to initiate, transfer, or terminate a customer's retail water or sewer service.

Public Comments

Comments were received by Vikki Payne; Kim Graff; NEC Co-Op Energy; John Deare; Tessa Comstock; Jessica Moreno; Gloria Hanes; Hunter Hanes; Jared Wynne; Stephen Shimeall; Tammy Chambers; Texas Association of Water Companies, Inc (TAWC); Texas-New Mexico Power Company (TNMP); Texas REP Coalition; Office of Public Utility Counsel (OPUC); Southwestern Public Service Company (SPS); City of Royse City, City of Sanger, City of Terrell, County Line Special Utility District, and Springs Hill Special Utility District (City/SUD Commenters); Connie Glass; Richard McCaffrey; Melissa Stanley; and Leslie Rodas.

The commission also received substantially identical comments from Alyxandra Dykema, Anita Kay Long, Desiree Frantz, Daniel Bookner, Elise K. Long, Heather Screws, Jared Wynne, Johnathan Stewart, Johnathan Monjaras, James Kelly, Mary Lou Marroquin; Karen Ladd, Susan Bacon, Troy Henry, Wendy Abramson (collectively, Consumer Commenters).

On July 25, 2026, the commission held a public hearing in response to hearing requests filed by the Consumer Commenters. At this hearing, commission staff received comments from Sierra Club, Bianca Guerrero, Sydney Holzman, Pam Hubbert on behalf of Tyler Croft, Pam Hubbert (herself), Jim Smith, Kim Bond, OPUC, and CenterPoint.

Clarification of Commission Divisions and Processes

The commission notes that at the time of publication and public comment, the commission's Office of Consumer Assistance (OCA) was called the Consumer Protection Division. For clarity, the commission has modified the proposed rules to properly refer to the OCA and uses the division's current name uniformly throughout this order.

The commission also clarifies that any reference to an "informal" complaint or complaint process is a reference to the process whereby the OCA investigates an individual's complaint against an entity under the commission's jurisdiction to evaluate whether

a possible violation of commission rule has taken place and assists the parties in coming to an informal resolution. For example, if a consumer and a service provider disagree as to whether a charge was properly applied to the consumer's bill, an investigator from the OCA will review the commission's substantive rules and any available documentation, communicate with both parties, and attempt to reach an agreement between the complainant and the regulated entity as to whether the charge was appropriate and whether any additional action, such as a refund, is required by commission rule.

At the conclusion of the complaint resolution process, the OCA will provide the complainant and the regulated entity with a closing letter with a summary of the complaint, any known remedial actions that were taken, and an assessment of whether the available documentation suggests the regulated entity may have committed any violations of commission rules. Critically, this is not a formal legal decision made by the commission. Historically, this process successfully resolves a significant majority of complaints. By contrast, any reference to a "formal" complaint or complaint process is a reference to a contested case proceeding in which an individual complainant submits a complaint against an entity under the commission's jurisdiction for formal adjudication. A formal complaint is docketed, usually referred to the State Office of Administrative Hearings (SOAH) for a hearing, and concludes with a binding legal determination in the form of a final order by the commission. At the conclusion of the formal complaint process, including any motions for rehearing, if either party is unsatisfied with the result, they can appeal the commission's decision in a court of proper jurisdiction.

Unlike the informal complaint process, which is designed to efficiently resolve complaints in a manner that does not require legal training, the formal complaint process is an adversarial legal proceeding with strict procedural and evidentiary rules, like a proceeding in civil court. An attorney from the commission's Legal Division participates as a party in each formal proceeding. However, this staff attorney represents the public interest throughout the proceeding, not the individual complainant or the entity against whom the complaint is brought. Accordingly, the complainant is required to either hire their own legal counsel or represent themselves throughout the proceeding.

In addition to the formal and informal complaint processes, the commission also has a Division of Compliance and Enforcement (DICE). DICE is staffed with enforcement attorneys and analysts and is primarily tasked with bringing entities that are under the commission's jurisdiction into compliance with applicable rules and statutes. DICE is also responsible for bringing enforcement actions against entities for violations of these rules and statutes. Like the formal complaint process, a DICE enforcement action is a contested case that is docketed, may be referred to SOAH for a hearing, and ends with a final order issued by the commission. However, DICE investigations differ from formal complaints in several meaningful ways. Unlike the formal complaint process, in which the commission can typically only grant the relief requested by the individual complainant, DICE has the discretion to seek a wide array of outcomes, such as license revocation, disgorgement, or administrative penalties. DICE may also identify additional violations or seek beneficial outcomes for an entire customer base. For example, an individual ratepayer may file a formal complaint to seek a refund for a particular billing error; a DICE investigation into that service provider might uncover dozens or hundreds of consumers that experienced that same error and that the billing documents themselves do not comply

with commission rules. Further, DICE can monitor compliance over time and seek escalating penalties for recurring violations.

A DICE investigation is also different from a formal complaint, because the litigants are DICE and the regulated entity. Individual complainants do not participate in these proceedings as named parties. In nearly every instance, this leads to better outcomes for consumers than the formal complaint process, because DICE has more leverage over regulated entities and more experience with the commission's rules than an individual complainant. DICE is also able to exercise enforcement discretion in its investigations, avoiding protracted legal disputes over frivolous claims, providing benefit to consumers and regulated entities. Further, because a DICE investigation is not an individual remedy sought by a single complainant like a formal complaint, a complainant is not prohibited from pursuing a separate action in a court of proper jurisdiction during the pendency of the DICE investigation.

Process Sequencing under Existing and Amended Rules

Existing Complaint Process

Under existing rules, a complainant is required to begin the complaint process by filing an informal complaint with the OCA. As described above, an investigator from the OCA attempts to resolve the complaint within 35 days from the date on which the complaint is received. At the conclusion of this informal process, the investigator will issue a closing letter that notifies the complainant that if the complaint was not resolved to their satisfaction, the complainant may file a formal complaint with the commission. In some instances, such as when the complaint involves accusations of anti-competitive practices, abandonment, or improper disconnection of service, the complainant is permitted to bypass the informal complaint process and proceed directly to the formal complaint stage. The existing process also permits a complainant to request a good cause exception and bypass the informal complaint process for other reasons. These provisions exist because some issues are poorly suited for informal resolution and are better determined by the commission or another court of proper jurisdiction.

Amended Complaint Process

Under the amended process, the informal complaint process will proceed as described above. At the conclusion of the informal complaint process, if a complainant is not satisfied with the outcome of the process, they are then free to pursue an action in a court of proper jurisdiction. Additionally, if the OCA identifies a possible violation during its investigation, it will refer the complaint to DICE for evaluation. As described above, DICE will investigate the regulated entity for compliance with applicable law and use reasonable enforcement discretion in determining whether to pursue a separate enforcement action against the regulated entity. Finally, the amended process also preserves the list of exceptions and the ability for a complainant to request a good cause exception to the informal resolution process for good cause. Under the amended process, this takes the form of a request to OCA to issue a closing letter and refer the matter to DICE. As with the existing process, this allows interested litigants to exhaust their administrative entities sooner and clears the way for DICE to bring a separate enforcement action against the entity, if it is deemed appropriate to do so.

Ongoing Formal and Informal Complaints

On the effective date of amended §22.242, complainants will no longer be able to file a formal complaint as a contested case at

the commission upon the conclusion of the informal complaint process. This includes any pending informal complaints. However, any formal complaint properly filed up until the day before that section's effective date will be processed as a contested case under the existing rule and is eligible for adjudication at SOAH.

DICE Investigation Process

A number of commenters had questions related to how the commission's enforcement process will operate under the new rule. To provide more transparency on this subject, the commission provides the following discussion of DICE's current process.

Broadly speaking, DICE has discretion to investigate entities under the jurisdiction of the commission for compliance with applicable legal requirements. With regards to informal complaints, DICE currently has several processes in place for reviewing informal complaints for potential violations, including a periodic review of the complaint database. This periodic review identifies entities with multiple complaints for increased scrutiny to ensure prudent use of the commission's resources. DICE also targets complaints based on the severity of the alleged violation and complaints flagged by the OCA for further review. Under the new rule, the coordination of efforts between the two divisions will increase by establishing a more direct pipeline to DICE for complaints involving potential violations identified by the OCA and, if appropriate, an increased cadence of DICE's periodic review of the complaint database. However, in every instance, DICE will base its decision on whether to pursue enforcement on its own evaluation of the regulated entity's compliance with applicable law, which is not limited to the issues, evidence, or consumers involved in a referred complaint.

As stated above, a DICE enforcement action is a contested case that, with a few exceptions involving preventing imminent harm to the public, affords the regulated entity with notice and opportunity to request a hearing. As with formal complaints, these contested cases are public and conclude with formal commission action at an open meeting.

Several comments by regulated entities also expressed concerns regarding notice of a DICE investigation or the expenditure of resources associated with enforcement actions. Because DICE will continue to conduct a periodic review of every complaint, it is not practicable for DICE to provide notice in every instance in which it is reviewing an informal complaint. However, DICE will continue its general practice of contacting most regulated entities when it opens an actual investigation prior to taking formal enforcement action (in certain instances, DICE will forego informal communications and proceed immediately to taking formal action in front of the commission). These contacts typically include an opening letter, notifying the regulated entity that an investigation has been opened and providing the investigation number, and a finding of violation, which includes a description of suspected violations and any punitive measures, such as an administrative penalty, that DICE intends to recommend to the commission. DICE also requests any necessary documentation from the regulated entity it needs to continue its investigation. Historically, DICE is often able to secure the agreement of the regulated entity to come into compliance with commission rules and remediate any suspected violations without the need for a burdensome administrative hearing at SOAH. Even in situations in which DICE and the regulated entity reach a settlement agreement on the facts and appropriate remedy, however, the decision is not final until it is publicly filed and approved by the commission at an open meeting, ensuring transparency.

Other Proceedings

The commission has broad jurisdiction under PURA and TWC over a variety of matters involving utilities and other regulated entities. Amended §22.242's streamlined complaint process should not be read to foreclose parties from petitioning the commission for relief that other laws may afford. And, the rule should not be read to limit the commission's authority over (or interest in resolving) other types of disputes not addressed in the amended rule. For example, the adoption of this rule would not affect a person's right to dispute ERCOT conduct under §22.251, relating to Review of Electric Reliability Council of Texas (ERCOT) Conduct. Nor would it preclude a retail public utility's ability to request cease and desist relief from the commission under TWC § 13.252. Accordingly, the commission modifies §22.242 to include a savings clause that clarifies that §22.242 does not alter the jurisdiction and processes established in other laws.

General Comments - Individual complaints

A number of comments were filed that contained complaints against specific regulated entities. These complaints addressed a variety of issues including rate increases, high base rates, subdivision fees, and system improvement charges. Commenters also described water quality issues, inaccurate or inconsistent meter reads, and concern over utility billing practices. As a result of these issues, commenters indicated that they were experiencing financial strain and, in some cases, poor health outcomes. The contents of these complaints are beyond the scope of this rulemaking proceeding. For complaints within the commission's jurisdiction, the commission recommends the commenters file a complaint with OCA under the provisions of adopted §22.272, which can be located on the commission's website or in the rule text contained in this order.

Some of the commenters described water quality issues over which the commission does not have primary jurisdiction. To file a water quality complaint that is not related to water rates or billing with the Texas Commission of Environmental Quality (TCEQ), a complainant may email TCEQ with further details at complaint@tceq.texas.gov or fill out a survey at https://www.surveymonkey.com/r/Environmental_Complaints.

General Comments - Formal complaints

As described above, one of the primary features of the proposed rules is the elimination of the formal complaint process. Several commenters expressed support or opposition to this procedural shift in general comments and with regards to specific rule sections associated with the formal complaint process. Because these comments all hinge on whether the commission retains its current formal complaint process, it addresses these comments together (e.g. if the commission eliminates the formal complaint process, provisions related to the docketing of formal complaints are unnecessary).

The Texas REP Coalition, TAWC, and SPS expressed support for the proposed elimination of the formal complaint process. TAWC argued that its members have often experienced lengthy and costly formal complaint proceedings that involve issues that have already been favorably evaluated by OCA. TAWC supported leaving discretion over whether a complaint merits additional treatment beyond the informal complaint stage with DICE. TAWC indicated that the proposed changes will "reduce the level of resources devoted to complaint proceedings by stakeholders and the commission while still affording each complaint the appropriate level of review based on its merits." The Texas REP

Coalition argued the proposal represents a customer-friendly approach that offers an accessible and efficient process for competitive retail electric service dispute resolution. OCA, they argued, has robust experience with disputes between consumers and retail electric providers (REPs) and has more frequent engagement with the commission's customer protection rules than a SOAH administrative law judge.

In opposition to the proposed rule, OPUC and TNMP noted that the proposal exceeds what is contemplated by SB 790, which authorized streamlining of water and wastewater billing disputes between tenants and property owners. These commenters requested the commission align its proposal with the scope of SB 790.

Several commenters, including Consumer Commenters, Sydney Holzman, Pam Hubbert on behalf of Tyler Croft, and Bianca Guerrero, TNMP, and OPUC argued that formal complaints are necessary to preserve the ability of a complainant to seek relief directly before the commission. Bianca Guerrero argued that the formal complaint process allows communities to present evidence on water quality and peer reviewed research to hold utilities responsible. OPUC argued that the formal complaint process is an important tool that provides consumers with a means of obtaining relief before the Commission. OPUC also argued that administrative feasibility and efficiency "should never occur at the sacrifice of the voice of the public citizen." Conversely, TNMP argued that it was important to leave discretion over whether to bring a formal complaint with the complainant (rather than DICE), because in many instances the complainant may elect not to pursue the formal complaint process. TNMP argues that this blurs the line between informal resolution and enforcement, potentially leading to duplicative reviews and subjecting regulated entities to enforcement review without a clearly articulated basis.

Consumer Commenters, OPUC, Sydney Holzman, Sierra Club, Pam Hubbert on behalf of Tyler Croft, Bianca Guerrero, and Stephen Shimeall argued that the formal complaint process, and specifically the docketing of formal complaints, was necessary for transparency. Pam Hubbert on behalf of Tyler Croft argued that docketed complaints established a public evidentiary record that could be used to prove repeat issues, and that internal agency processing may obscure recurring issues. The Sierra Club argued for public facing data and outcomes regarding complaints against utilities and the resolutions displayed on the commission's website. Sydney Holzman expressed concerns that the new process will allow utilities to bury complaints, and Bianca Guerrero argued that the new process will result in less effective oversight. OPUC argued that the potential docketing of a complaint encourages regulated entities to help efficiently resolve informal complaints.

Commission Response

The commission declines to modify the rule to retain the existing formal complaint process, as requested by commenters. The commission also declines to retain various individual provisions of the existing rules related to the formal complaint process, such as the docketing of formal complaints, as requested by commenters, because these provisions are unnecessary.

As described above, the formal complaint process has resulted in protracted and resource intensive contested cases, often involving claims requesting relief the commission is incapable of granting, minor disputes relative to the arduousness of the process, and delayed judicial or enforcement action. Under

the adopted rules, the commission anticipates the enforcement-driven approach will achieve better, more efficient results for a greater number of consumers, especially those without the resources to obtain legal counsel to litigate a formal complaint. This brings the commission's complaint process in line with many of its peer agencies across the state that do not address complaints through contested cases.

The commission agrees with OPUC and TNMP that the proposed rule exceeds what is contemplated by SB 790. However, as noted by OPUC, the intent of SB 790 was to provide, for certain water and wastewater billing disputes, a "simple, inexpensive, and expeditious complaint process rather than only the complex, expensive, and long contested case route." The commission endorses this policy goal for water and wastewater billing disputes and extends this same reasoning to other areas with its jurisdiction. Additionally, the commission is not under any statutory obligation to utilize contested cases to process complaints, so exceeding what was specifically contemplated by SB 790 is permissible.

The commission appreciates the concerns related to the ability of individual complainants to bring their own cases in front of the commission. However, the commission expects the amended process to produce significantly better results for consumers and to be significantly more user friendly. Under the current process, potential complainants often express frustration over having to bring their own formal case at the conclusion of an informal complaint in which OCA identifies a possible violation that the regulated entity does not agree to remedy. The time and resources required to litigate a formal complaint is a significant barrier to doing so. By increasing DICE's role in the review of potential rule violations identified during the complaint process, experienced enforcement attorneys can act, not only on behalf of the individual customer, but on behalf of all similarly situated customers. Under the current process, enforcement actions are sometimes delayed until after the outcome of an ongoing formal complaint. The adopted rules eliminate that delay. Further, the elimination of the formal complaint process enables an individual complainant who is interested in pursuing legal action in a court of proper jurisdiction to do so sooner.

Regarding TNMP's claim that the revised process may lead to enforcement actions in scenarios in which an individual complainant may have decided not to file a formal complaint, the commission agrees. However, this is a benefit of the new process. If a consumer does not file a formal complaint because the regulated entity decides to offer an individual refund or because they do not have the resources to pursue the complaint, it is still incumbent upon the commission to ensure that the regulated entity comes into compliance with the commission's rules. This is especially the case when an issue affects a large number of consumers, but the cost of litigation would exceed the possible benefit for any individual customer. However, as described above, DICE will exercise independent discretion over whether an enforcement action is appropriate, so increase in referrals to DICE will only result in more enforcement actions for entities that are not in compliance with commission rules.

The commission also agrees with commenters that value transparency and the benefit of a public record of compliance issues. As described above, an enforcement action - even one resolved via settlement agreement between DICE and the regulated entity - is not official until it is publicly docketed and acted on by the commission. Further, because a DICE investigation is likely to involve a more comprehensive audit of the compliance issue,

the information in the record from an enforcement case will provide more details on the extent of the compliance issue without, in many cases, requiring the public filing of information related to individual complainants (e.g. rather than a single bill being offered as evidence, DICE may be able to show that hundreds of consumers experienced a billing error).

With regards to the Sierra Club's request for complaint data to be published on the commission's website, the commission declines to modify the rule to publicly post information related to complaints, because this data contains individual account information and other private customer data. However, the commission notes that aggregate complaint data is available on the commission's website, and information related to docketed enforcement actions is accessible on the filing interchange.

Comments Regarding Municipal Jurisdiction

TNMP and City/SUD Commenters each expressed concern over the proposed deletion of existing §22.242(e)(1), which required a complainant receiving electric, water, or sewer service within the limits of a city that has original jurisdiction over the applicable service type to present the complaint to the city prior to filing a formal complaint with the commission. These commenters argued that this obscured jurisdictional boundaries and may lead to consumers bypassing municipal complaint processes or result in a waste of commission resources on matters over which it has no jurisdiction. City/SUD Commenters explained that under existing processes, complaints outside of the commission's jurisdiction can be identified and dismissed early by the presiding officer. TNMP recommended that the rule clarify that certain complaints may be required to be submitted to municipalities retaining original jurisdiction, whereas City/SUD Commenters recommended that the rule requires OCA and DICE to perform jurisdictional checks before proceeding with their respective processes.

Commission Response

The commission declines to amend the rule as recommended by TNMP or City/SUD Commenters, because it is unnecessary. From a legal perspective, the commission cannot alter its jurisdiction by rule and the proposed rule already appropriately recognizes that complaints can only be filed against persons "under the jurisdiction of the commission" regarding statutes "the commission has jurisdiction to administer" or any commission order or rule (which only apply to matters and entities within the commission's jurisdiction). Accordingly, the proposed amendments do not alter the jurisdictional landscape regarding municipal jurisdiction.

The commission disagrees that the recommended revisions are required to prevent issues outside of the jurisdiction from consuming commission resources. Under the existing process, an individual complainant that may be unfamiliar with the commission's jurisdiction was able to initiate a contested case proceeding unilaterally, resulting in unnecessary delays and litigation expenses for the parties even in instances where dismissal was appropriate. Under the revised rule, OCA can informally work with complainants and, as necessary, refer them to municipal complaint processes. Further, DICE attorneys should only bring enforcement actions that are within the commission's jurisdiction. Should they overstep the commission's authority, the cases can be dismissed just as formal complaints are under the existing process.

General Comments - Judicial Review

OPUC stated that the final rule needs to clarify if individuals can file complaints in district court and provide the level of judicial review so complainants can provide enough evidence on front-end of complaint process. OPUC stated that the proposed rule does not adequately outline contingencies in complaint process.

Commission Response

The commission cannot, by rule, determine what legal remedies are available to a dissatisfied complainant in district court. Once a consumer exhausts their administrative remedies with the commission, it is up to the consumer and their legal counsel, if any, to determine if a civil action is appropriate, and what type. However, the commission clarifies that the closing letter issued by OCA is not a formal action of the commission. It is documentation of the complaint resolution process and informal assessment of whether the entity complained against acted in accordance with commission rules.

However, to provide additional clarity for consumers, the commission modifies subsection (b) of the proposed rule to explicitly note that the closing of a complaint by OCA represents the exhaustion of remedies available under this section. The commission also modified the rule to explain that when the complainant exhausts its remedies at the commission, the complainant can seek any available remedies in a court of competent jurisdiction.

General Comments - REP complaint reporting

NEC requested that the commission reconsider how complaints against retail electric providers are reported by the commission in instances in which the OCA investigation determines that the provider fully complied with all applicable rules. NEC argued that reporting complaints that are ultimately found to be without merit can damage the reputation and goodwill a REP has worked to build. NEC offers an example of a complaint by an elderly customer that was unable to reach the intended recipient due to misdialing although they were provided a correct contact number by the REP.

Commission Response

The commission declines to modify how complaints are reported by the commission as requested by NEC. The commission agrees that there are instances in which complaints without substantive merit are filed, but this is a risk that is born equally by all REPs. As customer service entities, it is the prerogative of each REP to provide service and information to its customers in a manner that best serves those customers and minimizes the risk of such mistakes occurring. Furthermore, the number of complaints received, and the number of violations found measure different variables and provide different insights into the performance of the REP. Finally, the way the commission reports complaints is beyond the noticed scope of this rulemaking proceeding.

Proposed §24.153(e) - Customer Request to Modify Service

Proposed §24.153(e) allows a retail public utility to initiate, transfer, or terminate a customer's retail water or sewer service upon receipt of a customer's request by mail, telephone, through an Internet website, or through another means of transmission.

OPUC recommended that the commission modify the proposed rule language to require, rather than allow, the retail public utility to initiate, transfer, or terminate retail water or sewer service upon receipt of a customer request. OPUC also requested the rule be modified to require the transfer within three days or allow the customer to file a complaint with the commission. Finally,

OPUC requested the rule be amended to require the utility to verify the identity of the customer prior to initiating the requested action.

Commission Response

The commission declines to modify the rule, as requested by OPUC. The proposed amendments to this rule implement the provisions of SB 1778 (88th R.S.), and the proposed language mirrors the statutory language from the legislation. As indicated by the bill analysis, this legislation was intended to improve the ease of initiating service changes by expanding the permissible methods of requesting such changes beyond United States mail. The statute does not require every retail public utility to accept every method, or impose the additional requirements recommended by OPUC.

Proposed §25.485(c) - Complaint Handling

Existing §25.485(c) includes provisions that prohibit the ability of a REP to, as part of the terms of service, require residential or small commercial customers to engage in alternative dispute resolution.

The Texas REP Coalition recommended redlines to this provision that would only prohibit REPs from requiring alternative dispute resolution as a prerequisite or alternative to filing a complaint with the commission. The Texas REP Coalition also recommended that the commission clarify that voluntary arbitration agreements, which exclusively apply to circumstances that would involve transitional litigation in district court, can be included in a REP's terms of service. The Texas REP Coalition argued that these revisions would ensure that commission rules were consistent with Section 2 of the Federal Arbitration Act and related court decisions and eliminate the risk of federal preemption.

Commission Response

The commission declines to modify the rule's prohibitions against requiring residential and small commercial customers to agree to alternative dispute resolution as part of a terms of service document. These rule provisions were initially adopted as important customer protections that were not noticed for amendment in this project. Even if, as the Texas REP Coalition contends, the rule is inconsistent with federal law, the possible amendments to address the inconsistency require public scrutiny prior to adoption.

Statutory Authority

The amendment is adopted under Texas Water Code §13.041(a), which provides the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by the Texas Water Code that is necessary and convenient to the exercise of that power and jurisdiction; Texas Water Code §13.041(b), which provides the commission with the authority to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction Texas Water Code §13.153, which provides a retail public utility to initiate, transfer, or terminate a customer's service upon receipt of a request from the customer, which can be made via various means such as mail, telephone, or electronic transmission.

Cross Reference to Statute: Texas Water Code §13.041(a); §13.041(b); and §13.153.

§24.153. *Customer Relations.*

(a) Information to customers.

(1) Upon receipt of a request for service or service transfer, the utility must fully inform the service applicant or customer of the cost of initiating or transferring service. The utility must clearly inform the service applicant which service initiation costs will be borne by the utility and which costs are to be paid by the service applicant. The utility must inform the service applicant if any cost information is estimated. Also see §24.161 of this title (relating to Response to Requests for Service by a Retail Public Utility Within Its Certificated Area).

(2) The utility must notify each service applicant or customer who is required to have a customer service inspection performed. This notification must be in writing and include the applicant's or customer's right to get a second customer service inspection performed by a qualified inspector at their expense and their right to use the least expensive backflow prevention assembly acceptable under 30 TAC §290.44(h) (relating to Water Distribution) if such is required. The utility must ensure that the customer or service applicant receives a copy of the completed and signed customer service inspection form and information related to thermal expansion problems that may be created if a backflow prevention assembly or device is installed.

(3) Upon request, the utility must provide the customer or service applicant with a free copy of the applicable rate schedule from its approved tariff. A complete copy of the utility's approved tariff must be available at its local office for review by a customer or service applicant upon request.

(4) Each utility must maintain a current set of maps showing the physical locations of its facilities. All facilities (production, transmission, distribution or collection lines, treatment plants, etc.) must be labeled to indicate the size, design capacity, and any pertinent information that will accurately describe the utility's facilities. These maps, and such other maps as may be required by the commission, must be kept by the utility in a central location and must be available for commission inspection during normal working hours.

(5) Each utility must maintain a current copy of the commission's substantive rules of this chapter at each office location and make them available for customer inspection during normal working hours.

(6) Each water utility must maintain a current copy of 30 TAC Chapter 290, Subchapter D (relating to Rules and Regulations for Public Water Systems), at each office location and make them available for customer inspection during normal working hours.

(b) Customer complaints. Customer complaints are also addressed in §24.155 of this title (relating to Resolution of Disputes).

(1) Upon receipt of a complaint from a customer or service applicant, either in person, by letter or by telephone, the utility must promptly conduct an investigation and report its finding(s) to the complainant.

(2) In the event the complainant is dissatisfied with the utility's report, the utility must advise the complainant of recourse through the Public Utility Commission of Texas complaint process. The commission encourages all complaints to be made in writing to assist the commission in maintaining records on the quality of service of each utility.

(3) Each utility must make an initial response to the commission within 15 days of receipt of a complaint from the commission on behalf of a customer or service applicant. The commission may require a utility to provide a written response to the complainant, to the commission, or both. Pending resolution of a complaint, the commission may require continuation or restoration of service.

(4) The utility must keep a record of all complaints for a period of two years following the final settlement of each complaint. The record of complaint must include the name and address of the complainant, the date the complaint was received by the utility, a description of the nature of the complaint, and the adjustment or disposition of the complaint.

(c) Telephone number. For each of the systems it operates, the utility must maintain and note on the customer's monthly bill either a local or toll-free telephone number (or numbers) to which a customer can direct questions about their utility service.

(d) Local office.

(1) Unless otherwise authorized by the commission in response to a written request, each utility must have an office in the county or immediate area (within 20 miles) of a portion of its utility service area in which it keeps all books, records, tariffs, and memoranda required by the commission.

(2) Unless otherwise authorized by the commission in response to a written request, each utility must make available and notify customers of a business location where applications for service can be submitted and payments can be made to prevent disconnection of service or to restore service after disconnection for nonpayment, nonuse, or other reasons specified in §24.167 of this title (relating to Discontinuance of Service). The business location must be located:

(A) in each county where utility service is provided; or

(B) not more than 20 miles from any residential customer if there is no location to receive payments in that county.

(3) Upon request by the utility, the requirement for a local office may be waived by the commission if the utility can demonstrate that these requirements would cause a rate increase or otherwise harm or inconvenience customers. Unless otherwise authorized by the commission in response to a written request, such utility must make available and notify customers of a location within 20 miles of each of its utility service facilities where applications for service can be submitted and payments can be made to prevent disconnection of service or restore service after disconnection for nonpayment, nonuse, or other reasons specified in §24.167 of this title.

(c) A retail public utility may initiate, transfer, or terminate a customer's retail water or sewer service on receipt of a customer's request by mail, by telephone, through an Internet website, or through another electronic transmission.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

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Katelyn Lewis

Rules Coordinator

Public Utility Commission of Texas

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For further information, please call: (512) 936-7044

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

SUBCHAPTER R. CUSTOMER PROTECTION RULES FOR RETAIL ELECTRIC SERVICE PROVIDERS

16 TAC §25.485

The Public Utility Commission of Texas (commission) adopts amendments §25.485, relating to Customer Access and Complaint Handling with changes to the proposed text as published in the May 1, 2026, issue of the *Texas Register* (51 TexReg 2861). The rule will be republished.

The adopted rule will streamline the commission's complaints process for all utilities under the commission's jurisdiction and bring the commission's complaint process in line with the processes of other agencies across the state.

Public Comments

Comments were received by Vikki Payne; Kim Graff; NEC Co-Op Energy; John Deare; Tessa Comstock; Jessica Moreno; Gloria Hanes; Hunter Hanes; Jared Wynne; Stephen Shimeall; Tammy Chambers; Texas Association of Water Companies, Inc (TAWC); Texas-New Mexico Power Company (TNMP); Texas REP Coalition; Office of Public Utility Counsel (OPUC); Southwestern Public Service Company (SPS); City of Royse City, City of Sanger, City of Terrell, County Line Special Utility District, and Springs Hill Special Utility District (City/SUD Commenters); Connie Glass; Richard McCaffrey; Melissa Stanley; and Leslie Rodas.

The commission also received substantially identical comments from Alyxandra Dykema, Anita Kay Long, Desiree Frantz, Daniel Bookner, Elise K Long, Heather Screws, Jared Wynne, Johnathan Stewart, Johnathan Monjaras, James Kelly, Mary Lou Marroquin; Karen Ladd, Susan Bacon, Troy Henry, Wendy Abramson (collectively, Consumer Commenters).

On July 25, 2026, the commission held a public hearing in response to hearing requests filed by the Consumer Commenters. At this hearing, commission staff received comments from Sierra Club, Bianca Guerrero, Sydney Holzman, Pam Hubbert on behalf of Tyler Croft, Pam Hubbert (herself), Jim Smith, Kim Bond, OPUC, and CenterPoint.

Clarification of Commission Divisions and Processes

The commission notes that at the time of publication and public comment, the commission's Office of Consumer Assistance (OCA) was called the Consumer Protection Division. For clarity, the commission has modified the proposed rules to properly refer to the OCA and uses the division's current name uniformly throughout this order.

The commission also clarifies that any reference to an "informal" complaint or complaint process is a reference to the process whereby the OCA investigates an individual's complaint against an entity under the commission's jurisdiction to evaluate whether a possible violation of commission rule has taken place and assists the parties in coming to an informal resolution. For example, if a consumer and a service provider disagree as to whether a charge was properly applied to the consumer's bill, an investigator from the OCA will review the commission's substantive rules and any available documentation, communicate with both parties, and attempt to reach an agreement between the complainant and the regulated entity as to whether the charge was appropriate and whether any additional action, such as a refund, is required by commission rule.

At the conclusion of the complaint resolution process, the OCA will provide the complainant and the regulated entity with a closing letter with a summary of the complaint, any known remedial actions that were taken, and an assessment of whether the available documentation suggests the regulated entity may have committed any violations of commission rules. Critically, this is not a formal legal decision made by the commission. Historically, this process successfully resolves a significant majority of complaints. By contrast, any reference to a "formal" complaint or complaint process is a reference to a contested case proceeding in which an individual complainant submits a complaint against an entity under the commission's jurisdiction for formal adjudication. A formal complaint is docketed, usually referred to the State Office of Administrative Hearings (SOAH) for a hearing, and concludes with a binding legal determination in the form of a final order by the commission. At the conclusion of the formal complaint process, including any motions for rehearing, if either party is unsatisfied with the result, they can appeal the commission's decision in a court of proper jurisdiction.

Unlike the informal complaint process, which is designed to efficiently resolve complaints in a manner that does not require legal training, the formal complaint process is an adversarial legal proceeding with strict procedural and evidentiary rules, like a proceeding in civil court. An attorney from the commission's Legal Division participates as a party in each formal proceeding. However, this staff attorney represents the public interest throughout the proceeding, not the individual complainant or the entity against whom the complaint is brought. Accordingly, the complainant is required to either hire their own legal counsel or represent themselves throughout the proceeding.

In addition to the formal and informal complaint processes, the commission also has a Division of Compliance and Enforcement (DICE). DICE is staffed with enforcement attorneys and analysts and is primarily tasked with bringing entities that are under the commission's jurisdiction into compliance with applicable rules and statutes. DICE is also responsible for bringing enforcement actions against entities for violations of these rules and statutes. Like the formal complaint process, a DICE enforcement action is a contested case that is docketed, may be referred to SOAH for a hearing, and ends with a final order issued by the commission. However, DICE investigations differ from formal complaints in several meaningful ways. Unlike the formal complaint process, in which the commission can typically only grant the relief requested by the individual complainant, DICE has the discretion to seek a wide array of outcomes, such as license revocation, disgorgement, or administrative penalties. DICE may also identify additional violations or seek beneficial outcomes for an entire customer base. For example, an individual ratepayer may file a formal complaint to seek a refund for a particular billing error; a DICE investigation into that service provider might uncover dozens or hundreds of consumers that experienced that same error and that the billing documents themselves do not comply with commission rules. Further, DICE can monitor compliance over time and seek escalating penalties for recurring violations.

A DICE investigation is also different from a formal complaint, because the litigants are DICE and the regulated entity. Individual complainants do not participate in these proceedings as named parties. In nearly every instance, this leads to better outcomes for consumers than the formal complaint process, because DICE has more leverage over regulated entities and more experience with the commission's rules than an individual complainant. DICE is also able to exercise enforcement discretion in its investigations, avoiding protracted legal dis-

putes over frivolous claims, providing benefit to consumers and regulated entities. Further, because a DICE investigation is not an individual remedy sought by a single complainant like a formal complaint, a complainant is not prohibited from pursuing a separate action in a court of proper jurisdiction during the pendency of the DICE investigation.

Process Sequencing under Existing and Amended Rules

Existing Complaint Process

Under existing rules, a complainant is required to begin the complaint process by filing an informal complaint with the OCA. As described above, an investigator from the OCA attempts to resolve the complaint within 35 days from the date on which the complaint is received. At the conclusion of this informal process, the investigator will issue a closing letter that notifies the complainant that if the complaint was not resolved to their satisfaction, the complainant may file a formal complaint with the commission. In some instances, such as when the complaint involves accusations of anti-competitive practices, abandonment, or improper disconnection of service, the complainant is permitted to bypass the informal complaint process and proceed directly to the formal complaint stage. The existing process also permits a complainant to request a good cause exception and bypass the informal complaint process for other reasons. These provisions exist because some issues are poorly suited for informal resolution and are better determined by the commission or another court of proper jurisdiction.

Amended Complaint Process

Under the amended process, the informal complaint process will proceed as described above. At the conclusion of the informal complaint process, if a complainant is not satisfied with the outcome of the process, they are then free to pursue an action in a court of proper jurisdiction. Additionally, if the OCA identifies a possible violation during its investigation, it will refer the complaint to DICE for evaluation. As described above, DICE will investigate the regulated entity for compliance with applicable law and use reasonable enforcement discretion in determining whether to pursue a separate enforcement action against the regulated entity. Finally, the amended process also preserves the list of exceptions and the ability for a complainant to request a good cause exception to the informal resolution process for good cause. Under the amended process, this takes the form of a request to OCA to issue a closing letter and refer the matter to DICE. As with the existing process, this allows interested litigants to exhaust their administrative entities sooner and clears the way for DICE to bring a separate enforcement action against the entity, if it is deemed appropriate to do so.

Ongoing Formal and Informal Complaints

On the effective date of amended §22.242, complainants will no longer be able to file a formal complaint as a contested case at the commission upon the conclusion of the informal complaint process. This includes any pending informal complaints. However, any formal complaint properly filed up until the day before that section's effective date will be processed as a contested case under the existing rule and is eligible for adjudication at SOAH.

DICE Investigation Process

A number of commenters had questions related to how the commission's enforcement process will operate under the new rule. To provide more transparency on this subject, the commission provides the following discussion of DICE's current process.

Broadly speaking, DICE has discretion to investigate entities under the jurisdiction of the commission for compliance with applicable legal requirements. With regards to informal complaints, DICE currently has several processes in place for reviewing informal complaints for potential violations, including a periodic review of the complaint database. This periodic review identifies entities with multiple complaints for increased scrutiny to ensure prudent use of the commission's resources. DICE also targets complaints based on the severity of the alleged violation and complaints flagged by the OCA for further review. Under the new rule, the coordination of efforts between the two divisions will increase by establishing a more direct pipeline to DICE for complaints involving potential violations identified by the OCA and, if appropriate, an increased cadence of DICE's periodic review of the complaint database. However, in every instance, DICE will base its decision on whether to pursue enforcement on its own evaluation of the regulated entity's compliance with applicable law, which is not limited to the issues, evidence, or consumers involved in a referred complaint.

As stated above, a DICE enforcement action is a contested case that, with a few exceptions involving preventing imminent harm to the public, affords the regulated entity with notice and opportunity to request a hearing. As with formal complaints, these contested cases are public and conclude with formal commission action at an open meeting.

Several comments by regulated entities also expressed concerns regarding notice of a DICE investigation or the expenditure of resources associated with enforcement actions. Because DICE will continue to conduct a periodic review of every complaint, it is not practicable for DICE to provide notice in every instance in which it is reviewing an informal complaint. However, DICE will continue its general practice of contacting most regulated entities when it opens an actual investigation prior to taking formal enforcement action (in certain instances, DICE will forego informal communications and proceed immediately to taking formal action in front of the commission). These contacts typically include an opening letter, notifying the regulated entity that an investigation has been opened and providing the investigation number, and a finding of violation, which includes a description of suspected violations and any punitive measures, such as an administrative penalty, that DICE intends to recommend to the commission. DICE also requests any necessary documentation from the regulated entity it needs to continue its investigation. Historically, DICE is often able to secure the agreement of the regulated entity to come into compliance with commission rules and remediate any suspected violations without the need for a burdensome administrative hearing at SOAH. Even in situations in which DICE and the regulated entity reach a settlement agreement on the facts and appropriate remedy, however, the decision is not final until it is publicly filed and approved by the commission at an open meeting, ensuring transparency.

Other Proceedings

The commission has broad jurisdiction under PURA and TWC over a variety of matters involving utilities and other regulated entities. Amended §22.242's streamlined complaint process should not be read to foreclose parties from petitioning the commission for relief that other laws may afford. And, the rule should not be read to limit the commission's authority over (or interest in resolving) other types of disputes not addressed in the amended rule. For example, the adoption of this rule would not affect a person's right to dispute ERCOT conduct under §22.251, relating to Review of Electric Reliability Council

of Texas (ERCOT) Conduct. Nor would it preclude a retail public utility's ability to request cease and desist relief from the commission under TWC § 13.252. Accordingly, the commission modifies §22.242 to include a savings clause that clarifies that §22.242 does not alter the jurisdiction and processes established in other laws.

General Comments - Individual complaints

A number of comments were filed that contained complaints against specific regulated entities. These complaints addressed a variety of issues including rate increases, high base rates, subdivision fees, and system improvement charges. Commenters also described water quality issues, inaccurate or inconsistent meter reads, and concern over utility billing practices. As a result of these issues, commenters indicated that they were experiencing financial strain and, in some cases, poor health outcomes. The contents of these complaints are beyond the scope of this rulemaking proceeding. For complaints within the commission's jurisdiction, the commission recommends the commenters file a complaint with OCA under the provisions of adopted §22.272, which can be located on the commission's website or in the rule text contained in this order.

Some of the commenters described water quality issues over which the commission does not have primary jurisdiction. To file a water quality complaint that is not related to water rates or billing with the Texas Commission of Environmental Quality (TCEQ), a complainant may email TCEQ with further details at complaint@tceq.texas.gov or fill out a survey at https://www.surveymonkey.com/r/Environmental_Complaints.

General Comments - Formal complaints

As described above, one of the primary features of the proposed rules is the elimination of the formal complaint process. Several commenters expressed support or opposition to this procedural shift in general comments and with regards to specific rule sections associated with the formal complaint process. Because these comments all hinge on whether the commission retains its current formal complaint process, it addresses these comments together (e.g. if the commission eliminates the formal complaint process, provisions related to the docketing of formal complaints are unnecessary).

The Texas REP Coalition, TAWC, and SPS expressed support for the proposed elimination of the formal complaint process. TAWC argued that its members have often experienced lengthy and costly formal complaint proceedings that involve issues that have already been favorably evaluated by OCA. TAWC supported leaving discretion over whether a complaint merits additional treatment beyond the informal complaint stage with DICE. TAWC indicated that the proposed changes will "reduce the level of resources devoted to complaint proceedings by stakeholders and the commission while still affording each complaint the appropriate level of review based on its merits." The Texas REP Coalition argued the proposal represents a customer-friendly approach that offers an accessible and efficient process for competitive retail electric service dispute resolution. OCA, they argued, has robust experience with disputes between consumers and retail electric providers (REPs) and has more frequent engagement with the commission's customer protection rules than a SOAH administrative law judge.

In opposition to the proposed rule, OPUC and TNMP noted that the proposal exceeds what is contemplated by SB 790, which authorized streamlining of water and wastewater billing disputes between tenants and property owners. These commenters re-

quested the commission align its proposal with the scope of SB 790.

Several commenters, including Consumer Commenters, Sydney Holzman, Pam Hubbert on behalf of Tyler Croft, and Bianca Guerrero, TNMP, and OPUC argued that formal complaints are necessary to preserve the ability of a complainant to seek relief directly before the commission. Bianca Guerrero argued that the formal complaint process allows communities to present evidence on water quality and peer reviewed research to hold utilities responsible. OPUC argued that the formal complaint process is an important tool that provides consumers with a means of obtaining relief before the Commission. OPUC also argued that administrative feasibility and efficiency "should never occur at the sacrifice of the voice of the public citizen." Conversely, TNMP argued that it was important to leave discretion over whether to bring a formal complaint with the complainant (rather than DICE), because in many instances the complainant may elect not to pursue the formal complaint process. TNMP argues that this blurs the line between informal resolution and enforcement, potentially leading to duplicative reviews and subjecting regulated entities to enforcement review without a clearly articulated basis.

Consumer Commenters, OPUC, Sydney Holzman, Sierra Club, Pam Hubbert on behalf of Tyler Croft, Bianca Guerrero, and Stephen Shimeall argued that the formal complaint process, and specifically the docketing of formal complaints, was necessary for transparency. Pam Hubbert on behalf of Tyler Croft argued that docketed complaints established a public evidentiary record that could be used to prove repeat issues, and that internal agency processing may obscure recurring issues. The Sierra Club argued for public facing data and outcomes regarding complaints against utilities and the resolutions displayed on the commission's website. Sydney Holzman expressed concerns that the new process will allow utilities to bury complaints, and Bianca Guerrero argued that the new process will result in less effective oversight. OPUC argued that the potential docketing of a complaint encourages regulated entities to help efficiently resolve informal complaints.

Commission Response

The commission declines to modify the rule to retain the existing formal complaint process, as requested by commenters. The commission also declines to retain various individual provisions of the existing rules related to the formal complaint process, such as the docketing of formal complaints, as requested by commenters, because these provisions are unnecessary.

As described above, the formal complaint process has resulted in protracted and resource intensive contested cases, often involving claims requesting relief the commission is incapable of granting, minor disputes relative to the arduousness of the process, and delayed judicial or enforcement action. Under the adopted rules, the commission anticipates the enforcement-driven approach will achieve better, more efficient results for a greater number of consumers, especially those without the resources to obtain legal counsel to litigate a formal complaint. This brings the commission's complaint process in line with many of its peer agencies across the state that do not address complaints through contested cases.

The commission agrees with OPUC and TNMP that the proposed rule exceeds what is contemplated by SB 790. However, as noted by OPUC, the intent of SB 790 was to provide, for certain water and wastewater billing disputes, a "simple, in-

expensive, and expeditious complaint process rather than only the complex, expensive, and long contested case route." The commission endorses this policy goal for water and wastewater billing disputes and extends this same reasoning to other areas with its jurisdiction. Additionally, the commission is not under any statutory obligation to utilize contested cases to process complaints, so exceeding what was specifically contemplated by SB 790 is permissible.

The commission appreciates the concerns related to the ability of individual complainants to bring their own cases in front of the commission. However, the commission expects the amended process to produce significantly better results for consumers and to be significantly more user friendly. Under the current process, potential complainants often express frustration over having to bring their own formal case at the conclusion of an informal complaint in which OCA identifies a possible violation that the regulated entity does not agree to remedy. The time and resources required to litigate a formal complaint is a significant barrier to doing so. By increasing DICE's role in the review of potential rule violations identified during the complaint process, experienced enforcement attorneys can act, not only on behalf of the individual customer, but on behalf of all similarly situated customers. Under the current process, enforcement actions are sometimes delayed until after the outcome of an ongoing formal complaint. The adopted rules eliminate that delay. Further, the elimination of the formal complaint process enables an individual complainant who is interested in pursuing legal action in a court of proper jurisdiction to do so sooner.

Regarding TNMP's claim that the revised process may lead to enforcement actions in scenarios in which an individual complainant may have decided not to file a formal complaint, the commission agrees. However, this is a benefit of the new process. If a consumer does not file a formal complaint because the regulated entity decides to offer an individual refund or because they do not have the resources to pursue the complaint, it is still incumbent upon the commission to ensure that the regulated entity comes into compliance with the commission's rules. This is especially the case when an issue affects a large number of consumers, but the cost of litigation would exceed the possible benefit for any individual customer. However, as described above, DICE will exercise independent discretion over whether an enforcement action is appropriate, so increase in referrals to DICE will only result in more enforcement actions for entities that are not in compliance with commission rules.

The commission also agrees with commenters that value transparency and the benefit of a public record of compliance issues. As described above, an enforcement action - even one resolved via settlement agreement between DICE and the regulated entity - is not official until it is publicly docketed and acted on by the commission. Further, because a DICE investigation is likely to involve a more comprehensive audit of the compliance issue, the information in the record from an enforcement case will provide more details on the extent of the compliance issue without, in many cases, requiring the public filing of information related to individual complainants (e.g. rather than a single bill being offered as evidence, DICE may be able to show that hundreds of consumers experienced a billing error).

With regards to the Sierra Club's request for complaint data to be published on the commission's website, the commission declines to modify the rule to publicly post information related to complaints, because this data contains individual account information and other private customer data. However, the commis-

sion notes that aggregate complaint data is available on the commission's website, and information related to docketed enforcement actions is accessible on the filing interchange.

Comments Regarding Municipal Jurisdiction

TNMP and City/SUD Commenters each expressed concern over the proposed deletion of existing §22.242(e)(1), which required a complainant receiving electric, water, or sewer service within the limits of a city that has original jurisdiction over the applicable service type to present the complaint to the city prior to filing a formal complaint with the commission. These commenters argued that this obscured jurisdictional boundaries and may lead to consumers bypassing municipal complaint processes or result in a waste of commission resources on matters over which it has no jurisdiction. City/SUD Commenters explained that under existing processes, complaints outside of the commission's jurisdiction can be identified and dismissed early by the presiding officer. TNMP recommended that the rule clarify that certain complaints may be required to be submitted to municipalities retaining original jurisdiction, whereas City/SUD Commenters recommended that the rule requires OCA and DICE to perform jurisdictional checks before proceeding with their respective processes.

Commission Response

The commission declines to amend the rule as recommended by TNMP or City/SUD Commenters, because it is unnecessary. From a legal perspective, the commission cannot alter its jurisdiction by rule and the proposed rule already appropriately recognizes that complaints can only be filed against persons "under the jurisdiction of the commission" regarding statutes "the commission has jurisdiction to administer" or any commission order or rule (which only apply to matters and entities within the commission's jurisdiction). Accordingly, the proposed amendments do not alter the jurisdictional landscape regarding municipal jurisdiction.

The commission disagrees that the recommended revisions are required to prevent issues outside of the jurisdiction from consuming commission resources. Under the existing process, an individual complainant that may be unfamiliar with the commission's jurisdiction was able to initiate a contested case proceeding unilaterally, resulting in unnecessary delays and litigation expenses for the parties even in instances where dismissal was appropriate. Under the revised rule, OCA can informally work with complainants and, as necessary, refer them to municipal complaint processes. Further, DICE attorneys should only bring enforcement actions that are within the commission's jurisdiction. Should they overstep the commission's authority, the cases can be dismissed just as formal complaints are under the existing process.

General Comments - Judicial Review

OPUC stated that the final rule needs to clarify if individuals can file complaints in district court and provide the level of judicial review so complainants can provide enough evidence on front-end of complaint process. OPUC stated that the proposed rule does not adequately outline contingencies in complaint process.

Commission Response

The commission cannot, by rule, determine what legal remedies are available to a dissatisfied complainant in district court. Once a consumer exhausts their administrative remedies with the commission, it is up to the consumer and their legal counsel, if any, to determine if a civil action is appropriate, and what type. However, the commission clarifies that the closing letter

issued by OCA is not a formal action of the commission. It is documentation of the complaint resolution process and informal assessment of whether the entity complained against acted in accordance with commission rules.

However, to provide additional clarity for consumers, the commission modifies subsection (b) of the proposed rule to explicitly note that the closing of a complaint by OCA represents the exhaustion of remedies available under this section. The commission also modified the rule to explain that when the complainant exhausts its remedies at the commission, the complainant can seek any available remedies in a court of competent jurisdiction.

General Comments - REP complaint reporting

NEC requested that the commission reconsider how complaints against retail electric providers are reported by the commission in instances in which the OCA investigation determines that the provider fully complied with all applicable rules. NEC argued that reporting complaints that are ultimately found to be without merit can damage the reputation and goodwill a REP has worked to build. NEC offers an example of a complaint by an elderly customer that was unable to reach the intended recipient due to misdialing although they were provided a correct contact number by the REP.

Commission Response

The commission declines to modify how complaints are reported by the commission as requested by NEC. The commission agrees that there are instances in which complaints without substantive merit are filed, but this is a risk that is born equally by all REPs. As customer service entities, it is the prerogative of each REP to provide service and information to its customers in a manner that best serves those customers and minimizes the risk of such mistakes occurring. Furthermore, the number of complaints received, and the number of violations found measure different variables and provide different insights into the performance of the REP. Finally, the way the commission reports complaints is beyond the noticed scope of this rulemaking proceeding.

The commission significantly modifies the organization of the proposed rule for clarity and readability. The commission also makes minor phrasing adjustments throughout the rule to better align the language with the commission's processes, as described at the beginning of this order.

Proposed §25.485(c) - Complaint Handling

Existing §25.485(c) includes provisions that prohibit the ability of a REP to, as part of the terms of service, require residential or small commercial customers to engage in alternative dispute resolution.

The Texas REP Coalition recommended redlines to this provision that would only prohibit REPs from requiring alternative dispute resolution as a prerequisite or alternative to filing a complaint with the commission. The Texas REP Coalition also recommended that the commission clarify that voluntary arbitration agreements, which exclusively apply to circumstances that would involve transitional litigation in district court, can be included in a REP's terms of service. The Texas REP Coalition argued that these revisions would ensure that commission rules were consistent with Section 2 of the Federal Arbitration Act and related court decisions and eliminate the risk of federal preemption.

Commission Response

The commission declines to modify the rule's prohibitions against requiring residential and small commercial customers to agree to alternative dispute resolution as part of a terms of service document. These rule provisions were initially adopted as important customer protections that were not noticed for amendment in this project. Even if, as the Texas REP Coalition contends, the rule is inconsistent with federal law, the possible amendments to address the inconsistency require public scrutiny prior to adoption.

Proposed §25.485(d) - Complaints to REPs or aggregators.

Proposed §25.485(d) allows a consumer or applicant for service to submit a complaint to a REP or aggregator.

The Texas REP Coalition recommended that the commission require a customer to submit a complaint to the REP before it can submit the complaint to the commission unless the complaint is in relation to a disconnection of service, allowing REPs to manage complaints internally before they are escalated to the commission.

The Texas REP Coalition also recommends removing "facsimile transmission" as a submission method.

Commission Response

The commission agrees with the Texas REP Coalition that consumers should begin by directly contacting their service provider, regardless of service type, and recommends customers do so on the consumer assistance page on its website. However, the commission will not require consumers to participate in a REP's complaint process prior to being allowed to file a complaint with the commission. Currently, consumers have the right to file a complaint directly with the commission and removing this right was not proposed for public comment as part of this rulemaking proceeding. Furthermore, such a requirement would be difficult to administer, because it would require the commission to verify participation with external processes over which it has very little oversight, leading to potential disagreements over whether a consumer had satisfied this burden. Moreover, the consumers most in need of commission assistance (i.e. those being served by the least accessible REPs or potentially willful bad actors) would likely be subject to the least helpful REP complaint processes.

As a consumer-facing entity, it is the responsibility of each REP to cultivate a relationship with its customers such that said customers have confidence in and desire to engage with their REP's complaint process. Insofar as the Texas REP Coalition is correct, and a REP can quickly resolve a complaint, it will have the opportunity to do so when contacted by the OCA.

However, the commission agrees with the Texas REP Coalition that facsimile transmission is an antiquated method of complaint submission and modifies the rule accordingly.

Proposed §25.485(e)(1)(A)(i)

Proposed §25.485(e)(A)(i) dictates the requirements of a complaint submitted against a REP.

The Texas REP Coalition recommended that the commission require a complaint to include confirmation that the customer completed the REP's complaint resolution process consistent with the REPs proposed requirement for §25.485(d).

Commission Response

The commission declines to add language consistent with the Texas REP Coalition's proposed changes to subsection (d), because the commission did not adopt those proposed changes.

Proposed §25.485(e)(1)(B)(ii) - Prohibited activities during pendency of complaint

Existing §25.485(e)(1)(B)(ii) requires a customer to pay any undisputed portion of the bill and permits a REP to pursue disconnection of service for nonpayment of the undisputed portion after appropriate notice.

OPUC requested that the commission modify this provision to clarify that in the event of a disagreement between the REP and the customer over which portions of a bill are disputed, the interpretation of the customer prevails until the ultimate resolution of the complaint. OPUC also requested the rule specify that any past representation from a complainant that a portion of the bill is not disputed cannot be used to "defeat the complainant's later assertion that the portion is disputed."

Commission Response

The commission declines to modify the rule as requested by OPUC, because it would result in unpredictable compliance requirements for REPs without a corresponding increase in customer protections. Which portions of a bill are disputed is determined by the content of a submitted complaint and any other relevant facts and circumstances. OPUC's recommended language would result in a situation where a REP may, based on the content of the complaint, reasonably conclude that a portion of a bill is undisputed and initiate a collection activity, disconnection, or other activity authorized with respect to undisputed portions of a bill, only to later discover that the customer believed that portion to be disputed. This situation is made even less predictable if, as OPUC recommends, even a statement from the customer indicating that a portion of the bill is not disputed cannot be used to defeat a later assertion that the bill is disputed. The combined effect of these two provisions would not only subject the REP to enforcement for misinterpreting a moving target, it would also actively incentivize gamesmanship by customers. The current rules permit a customer to dispute all or any part of a bill at their discretion. This flexibility provides customers with an appropriate level of customer protection without exposing REPs to unreasonable compliance risks.

Statutory Authority

The amendment is adopted under Public Utility Regulatory Act (PURA) §14.001, which grants the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by this title that is necessary and convenient to the exercise of that power and jurisdiction; §14.002, which authorizes the commission to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction.

Cross Reference to Statute: Public Utility Regulatory Act §14.001 and §14.002.

§25.485. *Customer Access and Complaint Handling.*

(a) **Applicability.** This section contains a customer's entitlement to reasonable access to a retail electric provider's (REP) or aggregator's representatives and identifies a customer's ability make a complaint against a REP or aggregator. REPs and aggregators are subject to processes of this section to ensure that retail electric customers have the opportunity for impartial and prompt resolution of disputes with REPs or aggregators.

(b) **Customer access.**

(1) A retail electric provider (REP) or aggregator must ensure that customers have reasonable access to its service representatives

to make inquiries and complaints, discuss charges on customer's bills, terminate competitive service, and transact any other pertinent business.

(2) Telephone access must be toll-free and must afford customers a prompt answer during normal business hours.

(3) A REP must provide a 24-hour automated telephone message instructing the caller how to report any service interruptions or electrical emergencies.

(4) A REP or aggregator must employ 24-hour capability for accepting a customer's rescission of the terms of service by telephone, under rights of cancellation in §25.474(j) of this title (relating to Selection of Retail Electric Provider).

(c) **Complaint handling.** A residential or small commercial customer has the right to make a complaint to the commission, and a terms of service agreement cannot impair this right. A REP or aggregator must not require a residential or small commercial customer as part of the terms of service to engage in alternative dispute resolution, including requiring complaints to be submitted to arbitration or mediation by third parties. A customer other than a residential or small commercial customer may agree as part of the terms of service to engage in alternative dispute resolution, including requiring complaints to be submitted to arbitration or mediation by third parties. However, nothing in this subsection is intended to prevent a customer other than a residential or small commercial customer from filing complaint with the commission if dissatisfied with the results of the alternative dispute resolution.

(d) **Complaints to REPs or aggregators.** A customer or applicant for service may submit a complaint in person, or by letter, e-mail, or by telephone to a REP or aggregator. The REP or aggregator must promptly investigate and advise the complainant of the results within 21 days. A customer who is dissatisfied with the REP's or aggregator's review must be informed of the right to file a complaint with the REP's or aggregator's supervisory review process, if available, and, if not available, with the commission and the Office of Attorney General, Consumer Protection Division. Any supervisory review conducted by the REP or aggregator must result in a decision communicated to the complainant within ten business days of the request. If the REP or aggregator does not respond to the customer's complaint in writing, the REP or aggregator must orally inform the customer of the ability to obtain the REP's or aggregator's response in writing upon request.

(e) **Complaints to the commission.**

(1) **Complaints.** If a complainant is dissatisfied with the results of a REP's or aggregator's complaint investigation or supervisory review, the REP or aggregator must advise the complainant of the commission's complaint resolution process and the following contact information for the commission: Public Utility Commission of Texas, Office of Consumer Assistance, P.O. Box 13326, Austin, Texas 78711-3326; (512) 936-7120 or in Texas (toll-free) 1-888-782-8477, fax (512) 936-7003, e-mail address: customer@puc.texas.gov, Internet website address: www.puc.texas.gov, and Relay Texas (toll-free) 1-800-735-2989.

(A) **Requirements applicable to complaints.**

(i) A complaint must include sufficient information to identify the complainant and the company for which the complaint is made and describe the issue specifically. The following information must be included in the complaint:

(I) The account holder's name, billing and service addresses, and telephone number;

(II) The name of the REP or aggregator;

(III) The customer account number or electric service identifier (ESI-ID);

(IV) An explanation of the facts relevant to the complaint;

(V) The complainant's requested resolution; and

(VI) Any documentation that supports the complaint, including copies of bills or terms of service documents.

(ii) All REPs and aggregators must provide the commission an email address to receive notification of customer complaints from the commission.

(iii) The REP or aggregator must investigate all complaints and advise the commission in writing of the results of the investigation within 15 days after the complaint is forwarded to the REP or aggregator.

(iv) The commission must review the complaint information and the REP or aggregator's response and notify the complainant of the results of the commission's investigation.

(B) Prohibited activities during pendency of complaint. While an informal complaint process is pending:

(i) The REP or aggregator must not initiate collection activities, including disconnection of service or report the customer's delinquency to a credit reporting agency with respect to the disputed portion of the bill.

(ii) A customer must pay any undisputed portion of the bill and the REP may pursue disconnection of service for nonpayment of the undisputed portion after appropriate notice.

(C) Complaint record retention. The REP or aggregator must keep a record for two years after closure by the commission of all informal complaints forwarded to it by the commission. This record must show the name and address of the complainant, the date, nature and adjustment or disposition of the complaint. Protests regarding commission-approved rates or rates and charges that are not regulated by the commission, but which are disclosed to the customer in the terms of service disclosures, need not be recorded.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

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Katelyn Lewis

Rules Coordinator

Public Utility Commission of Texas

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For further information, please call: (512) 936-7044



CHAPTER 26. SUBSTANTIVE RULES APPLICABLE TO TELECOMMUNICATIONS SERVICE PROVIDERS

SUBCHAPTER B. CUSTOMER SERVICE AND PROTECTION

16 TAC §26.30

The Public Utility Commission of Texas (commission) adopts amendments §26.30 relating to Complaints with changes to the proposed text as published in the May 1, 2026, issue of the *Texas Register* (51 TexReg 2863). The rule will be republished.

The adopted rule will streamline the commission's complaints process for all utilities under the commission's jurisdiction and bring the commission's complaint process in line with the processes of other agencies across the state.

Public Comments

Comments were received by Vikki Payne; Kim Graff; NEC Co-Op Energy; John Deare; Tessa Comstock; Jessica Moreno; Gloria Hanes; Hunter Hanes; Jared Wynne; Stephen Shimeall; Tammy Chambers; Texas Association of Water Companies, Inc (TAWC); Texas-New Mexico Power Company (TNMP); Texas REP Coalition; Office of Public Utility Counsel (OPUC); Southwestern Public Service Company (SPS); City of Royse City, City of Sanger, City of Terrell, County Line Special Utility District, and Springs Hill Special Utility District (City/SUD Commenters); Connie Glass; Richard McCaffrey; Melissa Stanley; and Leslie Rodas.

The commission also received substantially identical comments from Alyxandra Dykema, Anita Kay Long, Desiree Frantz, Daniel Bookner, Elise K Long, Heather Screws, Jared Wynne, Johnathan Stewart, Johnathan Monjaras, James Kelly, Mary Lou Marroquin; Karen Ladd, Susan Bacon, Troy Henry, Wendy Abramson (collectively, Consumer Commenters).

On July 25, 2026, the commission held a public hearing in response to hearing requests filed by the Consumer Commenters. At this hearing, commission staff received comments from Sierra Club, Bianca Guerrero, Sydney Holzman, Pam Hubbert on behalf of Tyler Croft, Pam Hubbert (herself), Jim Smith, Kim Bond, OPUC, and CenterPoint.

Clarification of Commission Divisions and Processes

The commission notes that at the time of publication and public comment, the commission's Office of Consumer Assistance (OCA) was called the Consumer Protection Division. For clarity, the commission has modified the proposed rules to properly refer to the OCA and uses the division's current name uniformly throughout this order.

The commission also clarifies that any reference to an "informal" complaint or complaint process is a reference to the process whereby the OCA investigates an individual's complaint against an entity under the commission's jurisdiction to evaluate whether a possible violation of commission rule has taken place and assists the parties in coming to an informal resolution. For example, if a consumer and a service provider disagree as to whether a charge was properly applied to the consumer's bill, an investigator from the OCA will review the commission's substantive rules and any available documentation, communicate with both parties, and attempt to reach an agreement between the complainant and the regulated entity as to whether the charge was appropriate and whether any additional action, such as a refund, is required by commission rule.

At the conclusion of the complaint resolution process, the OCA will provide the complainant and the regulated entity with a closing letter with a summary of the complaint, any known remedial actions that were taken, and an assessment of whether the available documentation suggests the regulated entity may have committed any violations of commission rules. Critically, this is not a formal legal decision made by the commission. Histori-

cally, this process successfully resolves a significant majority of complaints. By contrast, any reference to a "formal" complaint or complaint process is a reference to a contested case proceeding in which an individual complainant submits a complaint against an entity under the commission's jurisdiction for formal adjudication. A formal complaint is docketed, usually referred to the State Office of Administrative Hearings (SOAH) for a hearing, and concludes with a binding legal determination in the form of a final order by the commission. At the conclusion of the formal complaint process, including any motions for rehearing, if either party is unsatisfied with the result, they can appeal the commission's decision in a court of proper jurisdiction.

Unlike the informal complaint process, which is designed to efficiently resolve complaints in a manner that does not require legal training, the formal complaint process is an adversarial legal proceeding with strict procedural and evidentiary rules, like a proceeding in civil court. An attorney from the commission's Legal Division participates as a party in each formal proceeding. However, this staff attorney represents the public interest throughout the proceeding, not the individual complainant or the entity against whom the complaint is brought. Accordingly, the complainant is required to either hire their own legal counsel or represent themselves throughout the proceeding.

In addition to the formal and informal complaint processes, the commission also has a Division of Compliance and Enforcement (DICE). DICE is staffed with enforcement attorneys and analysts and is primarily tasked with bringing entities that are under the commission's jurisdiction into compliance with applicable rules and statutes. DICE is also responsible for bringing enforcement actions against entities for violations of these rules and statutes. Like the formal complaint process, a DICE enforcement action is a contested case that is docketed, may be referred to SOAH for a hearing, and ends with a final order issued by the commission. However, DICE investigations differ from formal complaints in several meaningful ways. Unlike the formal complaint process, in which the commission can typically only grant the relief requested by the individual complainant, DICE has the discretion to seek a wide array of outcomes, such as license revocation, disgorgement, or administrative penalties. DICE may also identify additional violations or seek beneficial outcomes for an entire customer base. For example, an individual ratepayer may file a formal complaint to seek a refund for a particular billing error; a DICE investigation into that service provider might uncover dozens or hundreds of consumers that experienced that same error and that the billing documents themselves do not comply with commission rules. Further, DICE can monitor compliance over time and seek escalating penalties for recurring violations.

A DICE investigation is also different from a formal complaint, because the litigants are DICE and the regulated entity. Individual complainants do not participate in these proceedings as named parties. In nearly every instance, this leads to better outcomes for consumers than the formal complaint process, because DICE has more leverage over regulated entities and more experience with the commission's rules than an individual complainant. DICE is also able to exercise enforcement discretion in its investigations, avoiding protracted legal disputes over frivolous claims, providing benefit to consumers and regulated entities. Further, because a DICE investigation is not an individual remedy sought by a single complainant like a formal complaint, a complainant is not prohibited from pursuing a separate action in a court of proper jurisdiction during the pendency of the DICE investigation.

Process Sequencing under Existing and Amended Rules

Existing Complaint Process

Under existing rules, a complainant is required to begin the complaint process by filing an informal complaint with the OCA. As described above, an investigator from the OCA attempts to resolve the complaint within 35 days from the date on which the complaint is received. At the conclusion of this informal process, the investigator will issue a closing letter that notifies the complainant that if the complaint was not resolved to their satisfaction, the complainant may file a formal complaint with the commission. In some instances, such as when the complaint involves accusations of anti-competitive practices, abandonment, or improper disconnection of service, the complainant is permitted to bypass the informal complaint process and proceed directly to the formal complaint stage. The existing process also permits a complainant to request a good cause exception and bypass the informal complaint process for other reasons. These provisions exist because some issues are poorly suited for informal resolution and are better determined by the commission or another court of proper jurisdiction.

Amended Complaint Process

Under the amended process, the informal complaint process will proceed as described above. At the conclusion of the informal complaint process, if a complainant is not satisfied with the outcome of the process, they are then free to pursue an action in a court of proper jurisdiction. Additionally, if the OCA identifies a possible violation during its investigation, it will refer the complaint to DICE for evaluation. As described above, DICE will investigate the regulated entity for compliance with applicable law and use reasonable enforcement discretion in determining whether to pursue a separate enforcement action against the regulated entity. Finally, the amended process also preserves the list of exceptions and the ability for a complainant to request a good cause exception to the informal resolution process for good cause. Under the amended process, this takes the form of a request to OCA to issue a closing letter and refer the matter to DICE. As with the existing process, this allows interested litigants to exhaust their administrative entities sooner and clears the way for DICE to bring a separate enforcement action against the entity, if it is deemed appropriate to do so.

Ongoing Formal and Informal Complaints

On the effective date of amended §22.242, complainants will no longer be able to file a formal complaint as a contested case at the commission upon the conclusion of the informal complaint process. This includes any pending informal complaints. However, any formal complaint properly filed up until the day before that section's effective date will be processed as a contested case under the existing rule and is eligible for adjudication at SOAH.

DICE Investigation Process

A number of commenters had questions related to how the commission's enforcement process will operate under the new rule. To provide more transparency on this subject, the commission provides the following discussion of DICE's current process.

Broadly speaking, DICE has discretion to investigate entities under the jurisdiction of the commission for compliance with applicable legal requirements. With regards to informal complaints, DICE currently has several processes in place for reviewing informal complaints for potential violations, including a periodic review of the complaint database. This periodic review identifies

entities with multiple complaints for increased scrutiny to ensure prudent use of the commission's resources. DICE also targets complaints based on the severity of the alleged violation and complaints flagged by the OCA for further review. Under the new rule, the coordination of efforts between the two divisions will increase by establishing a more direct pipeline to DICE for complaints involving potential violations identified by the OCA and, if appropriate, an increased cadence of DICE's periodic review of the complaint database. However, in every instance, DICE will base its decision on whether to pursue enforcement on its own evaluation of the regulated entity's compliance with applicable law, which is not limited to the issues, evidence, or consumers involved in a referred complaint.

As stated above, a DICE enforcement action is a contested case that, with a few exceptions involving preventing imminent harm to the public, affords the regulated entity with notice and opportunity to request a hearing. As with formal complaints, these contested cases are public and conclude with formal commission action at an open meeting.

Several comments by regulated entities also expressed concerns regarding notice of a DICE investigation or the expenditure of resources associated with enforcement actions. Because DICE will continue to conduct a periodic review of every complaint, it is not practicable for DICE to provide notice in every instance in which it is reviewing an informal complaint. However, DICE will continue its general practice of contacting most regulated entities when it opens an actual investigation prior to taking formal enforcement action (in certain instances, DICE will forego informal communications and proceed immediately to taking formal action in front of the commission). These contacts typically include an opening letter, notifying the regulated entity that an investigation has been opened and providing the investigation number, and a finding of violation, which includes a description of suspected violations and any punitive measures, such as an administrative penalty, that DICE intends to recommend to the commission. DICE also requests any necessary documentation from the regulated entity it needs to continue its investigation. Historically, DICE is often able to secure the agreement of the regulated entity to come into compliance with commission rules and remediate any suspected violations without the need for a burdensome administrative hearing at SOAH. Even in situations in which DICE and the regulated entity reach a settlement agreement on the facts and appropriate remedy, however, the decision is not final until it is publicly filed and approved by the commission at an open meeting, ensuring transparency.

Other Proceedings

The commission has broad jurisdiction under PURA and TWC over a variety of matters involving utilities and other regulated entities. Amended §22.242's streamlined complaint process should not be read to foreclose parties from petitioning the commission for relief that other laws may afford. And, the rule should not be read to limit the commission's authority over (or interest in resolving) other types of disputes not addressed in the amended rule. For example, the adoption of this rule would not affect a person's right to dispute ERCOT conduct under §22.251, relating to Review of Electric Reliability Council of Texas (ERCOT) Conduct. Nor would it preclude a retail public utility's ability to request cease and desist relief from the commission under TWC § 13.252. Accordingly, the commission modifies §22.242 to include a savings clause that clarifies that §22.242 does not alter the jurisdiction and processes established in other laws

General Comments - Individual complaints

A number of comments were filed that contained complaints against specific regulated entities. These complaints addressed a variety of issues including rate increases, high base rates, subdivision fees, and system improvement charges. Commenters also described water quality issues, inaccurate or inconsistent meter reads, and concern over utility billing practices. As a result of these issues, commenters indicated that they were experiencing financial strain and, in some cases, poor health outcomes. The contents of these complaints are beyond the scope of this rulemaking proceeding. For complaints within the commission's jurisdiction, the commission recommends the commenters file a complaint with OCA under the provisions of adopted §22.272, which can be located on the commission's website or in the rule text contained in this order.

Some of the commenters described water quality issues over which the commission does not have primary jurisdiction. To file a water quality complaint that is not related to water rates or billing with the Texas Commission of Environmental Quality (TCEQ), a complainant may email TCEQ with further details at complaint@tceq.texas.gov or fill out a survey at https://www.surveymonkey.com/r/Environmental_Complaints.

General Comments - Formal complaints

As described above, one of the primary features of the proposed rules is the elimination of the formal complaint process. Several commenters expressed support or opposition to this procedural shift in general comments and with regards to specific rule sections associated with the formal complaint process. Because these comments all hinge on whether the commission retains its current formal complaint process, it addresses these comments together (e.g. if the commission eliminates the formal complaint process, provisions related to the docketing of formal complaints are unnecessary).

The Texas REP Coalition, TAWC, and SPS expressed support for the proposed elimination of the formal complaint process. TAWC argued that its members have often experienced lengthy and costly formal complaint proceedings that involve issues that have already been favorably evaluated by OCA. TAWC supported leaving discretion over whether a complaint merits additional treatment beyond the informal complaint stage with DICE. TAWC indicated that the proposed changes will "reduce the level of resources devoted to complaint proceedings by stakeholders and the commission while still affording each complaint the appropriate level of review based on its merits." The Texas REP Coalition argued the proposal represents a customer-friendly approach that offers an accessible and efficient process for competitive retail electric service dispute resolution. OCA, they argued, has robust experience with disputes between consumers and retail electric providers (REPs) and has more frequent engagement with the commission's customer protection rules than a SOAH administrative law judge.

In opposition to the proposed rule, OPUC and TNMP noted that the proposal exceeds what is contemplated by SB 790, which authorized streamlining of water and wastewater billing disputes between tenants and property owners. These commenters requested the commission align its proposal with the scope of SB 790.

Several commenters, including Consumer Commenters, Sydney Holzman, Pam Hubbert on behalf of Tyler Croft, and Bianca Guerrero, TNMP, and OPUC argued that formal complaints are necessary to preserve the ability of a complainant to seek relief

directly before the commission. Bianca Guerrero argued that the formal complaint process allows communities to present evidence on water quality and peer reviewed research to hold utilities responsible. OPUC argued that the formal complaint process is an important tool that provides consumers with a means of obtaining relief before the Commission. OPUC also argued that administrative feasibility and efficiency "should never occur at the sacrifice of the voice of the public citizen." Conversely, TNMP argued that it was important to leave discretion over whether to bring a formal complaint with the complainant (rather than DICE), because in many instances the complainant may elect not to pursue the formal complaint process. TNMP argues that this blurs the line between informal resolution and enforcement, potentially leading to duplicative reviews and subjecting regulated entities to enforcement review without a clearly articulated basis.

Consumer Commenters, OPUC, Sydney Holzman, Sierra Club, Pam Hubbert on behalf of Tyler Croft, Bianca Guerrero, and Stephen Shimeall argued that the formal complaint process, and specifically the docketing of formal complaints, was necessary for transparency. Pam Hubbert on behalf of Tyler Croft argued that docketed complaints established a public evidentiary record that could be used to prove repeat issues, and that internal agency processing may obscure recurring issues. The Sierra Club argued for public facing data and outcomes regarding complaints against utilities and the resolutions displayed on the commission's website. Sydney Holzman expressed concerns that the new process will allow utilities to bury complaints, and Bianca Guerrero argued that the new process will result in less effective oversight. OPUC argued that the potential docketing of a complaint encourages regulated entities to help efficiently resolve informal complaints.

Commission Response

The commission declines to modify the rule to retain the existing formal complaint process, as requested by commenters. The commission also declines to retain various individual provisions of the existing rules related to the formal complaint process, such as the docketing of formal complaints, as requested by commenters, because these provisions are unnecessary.

As described above, the formal complaint process has resulted in protracted and resource intensive contested cases, often involving claims requesting relief the commission is incapable of granting, minor disputes relative to the arduousness of the process, and delayed judicial or enforcement action. Under the adopted rules, the commission anticipates the enforcement-driven approach will achieve better, more efficient results for a greater number of consumers, especially those without the resources to obtain legal counsel to litigate a formal complaint. This brings the commission's complaint process in line with many of its peer agencies across the state that do not address complaints through contested cases.

The commission agrees with OPUC and TNMP that the proposed rule exceeds what is contemplated by SB 790. However, as noted by OPUC, the intent of SB 790 was to provide, for certain water and wastewater billing disputes, a "simple, inexpensive, and expeditious complaint process rather than only the complex, expensive, and long contested case route." The commission endorses this policy goal for water and wastewater billing disputes and extends this same reasoning to other areas with its jurisdiction. Additionally, the commission is not under any statutory obligation to utilize contested cases to process com-

plaints, so exceeding what was specifically contemplated by SB 790 is permissible.

The commission appreciates the concerns related to the ability of individual complainants to bring their own cases in front of the commission. However, the commission expects the amended process to produce significantly better results for consumers and to be significantly more user friendly. Under the current process, potential complainants often express frustration over having to bring their own formal case at the conclusion of an informal complaint in which OCA identifies a possible violation that the regulated entity does not agree to remedy. The time and resources required to litigate a formal complaint is a significant barrier to doing so. By increasing DICE's role in the review of potential rule violations identified during the complaint process, experienced enforcement attorneys can act, not only on behalf of the individual customer, but on behalf of all similarly situated customers. Under the current process, enforcement actions are sometimes delayed until after the outcome of an ongoing formal complaint. The adopted rules eliminate that delay. Further, the elimination of the formal complaint process enables an individual complainant who is interested in pursuing legal action in a court of proper jurisdiction to do so sooner.

Regarding TNMP's claim that the revised process may lead to enforcement actions in scenarios in which an individual complainant may have decided not to file a formal complaint, the commission agrees. However, this is a benefit of the new process. If a consumer does not file a formal complaint because the regulated entity decides to offer an individual refund or because they do not have the resources to pursue the complaint, it is still incumbent upon the commission to ensure that the regulated entity comes into compliance with the commission's rules. This is especially the case when an issue affects a large number of consumers, but the cost of litigation would exceed the possible benefit for any individual customer. However, as described above, DICE will exercise independent discretion over whether an enforcement action is appropriate, so increase in referrals to DICE will only result in more enforcement actions for entities that are not in compliance with commission rules.

The commission also agrees with commenters that value transparency and the benefit of a public record of compliance issues. As described above, an enforcement action - even one resolved via settlement agreement between DICE and the regulated entity - is not official until it is publicly docketed and acted on by the commission. Further, because a DICE investigation is likely to involve a more comprehensive audit of the compliance issue, the information in the record from an enforcement case will provide more details on the extent of the compliance issue without, in many cases, requiring the public filing of information related to individual complainants (e.g. rather than a single bill being offered as evidence, DICE may be able to show that hundreds of consumers experienced a billing error).

With regards to the Sierra Club's request for complaint data to be published on the commission's website, the commission declines to modify the rule to publicly post information related to complaints, because this data contains individual account information and other private customer data. However, the commission notes that aggregate complaint data is available on the commission's website, and information related to docketed enforcement actions is accessible on the filing interchange.

Comments Regarding Municipal Jurisdiction

TNMP and City/SUD Commenters each expressed concern over the proposed deletion of existing §22.242(e)(1), which required a complainant receiving electric, water, or sewer service within the limits of a city that has original jurisdiction over the applicable service type to present the complaint to the city prior to filing a formal complaint with the commission. These commenters argued that this obscured jurisdictional boundaries and may lead to consumers bypassing municipal complaint processes or result in a waste of commission resources on matters over which it has no jurisdiction. City/SUD Commenters explained that under existing processes, complaints outside of the commission's jurisdiction can be identified and dismissed early by the presiding officer. TNMP recommended that the rule clarify that certain complaints may be required to be submitted to municipalities retaining original jurisdiction, whereas City/SUD Commenters recommended that the rule requires OCA and DICE to perform jurisdictional checks before proceeding with their respective processes.

Commission Response

The commission declines to amend the rule as recommended by TNMP or City/SUD Commenters, because it is unnecessary. From a legal perspective, the commission cannot alter its jurisdiction by rule and the proposed rule already appropriately recognizes that complaints can only be filed against persons "under the jurisdiction of the commission" regarding statutes "the commission has jurisdiction to administer" or any commission order or rule (which only apply to matters and entities within the commission's jurisdiction). Accordingly, the proposed amendments do not alter the jurisdictional landscape regarding municipal jurisdiction.

The commission disagrees that the recommended revisions are required to prevent issues outside of the jurisdiction from consuming commission resources. Under the existing process, an individual complainant that may be unfamiliar with the commission's jurisdiction was able to initiate a contested case proceeding unilaterally, resulting in unnecessary delays and litigation expenses for the parties even in instances where dismissal was appropriate. Under the revised rule, OCA can informally work with complainants and, as necessary, refer them to municipal complaint processes. Further, DICE attorneys should only bring enforcement actions that are within the commission's jurisdiction. Should they overstep the commission's authority, the cases can be dismissed just as formal complaints are under the existing process.

General Comments - Judicial Review

OPUC stated that the final rule needs to clarify if individuals can file complaints in district court and provide the level of judicial review so complainants can provide enough evidence on front-end of complaint process. OPUC stated that the proposed rule does not adequately outline contingencies in complaint process.

Commission Response

The commission cannot, by rule, determine what legal remedies are available to a dissatisfied complainant in district court. Once a consumer exhausts their administrative remedies with the commission, it is up to the consumer and their legal counsel, if any, to determine if a civil action is appropriate, and what type. However, the commission clarifies that the closing letter issued by OCA is not a formal action of the commission. It is documentation of the complaint resolution process and informal assessment of whether the entity complained against acted in accordance with commission rules.

However, to provide additional clarity for consumers, the commission modifies subsection (b) of the proposed rule to explicitly note that the closing of a complaint by OCA represents the exhaustion of remedies available under this section. The commission also modified the rule to explain that when the complainant exhausts its remedies at the commission, the complainant can seek any available remedies in a court of competent jurisdiction.

General Comments - REP complaint reporting

NEC requested that the commission reconsider how complaints against retail electric providers are reported by the commission in instances in which the OCA investigation determines that the provider fully complied with all applicable rules. NEC argued that reporting complaints that are ultimately found to be without merit can damage the reputation and goodwill a REP has worked to build. NEC offers an example of a complaint by an elderly customer that was unable to reach the intended recipient due to misdialing although they were provided a correct contact number by the REP.

Commission Response

The commission declines to modify how complaints are reported by the commission as requested by NEC. The commission agrees that there are instances in which complaints without substantive merit are filed, but this is a risk that is born equally by all REPs. As customer service entities, it is the prerogative of each REP to provide service and information to its customers in a manner that best serves those customers and minimizes the risk of such mistakes occurring. Furthermore, the number of complaints received, and the number of violations found measure different variables and provide different insights into the performance of the REP. Finally, the way the commission reports complaints is beyond the noticed scope of this rulemaking proceeding.

Statutory Authority

The amendment is adopted under Public Utility Regulatory Act (PURA) §14.001, which grants the commission the general power to regulate and supervise the business of each public utility within its jurisdiction and to do anything specifically designated or implied by this title that is necessary and convenient to the exercise of that power and jurisdiction; §14.002, which authorizes the commission to adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction.

Cross Reference to Statute: Public Utility Regulatory Act §14.001 and §14.002.

§26.30. Complaints.

(a) Complaints to a certificated telecommunications utility (CTU). A customer or applicant for a service may submit a complaint to a CTU either in person, by letter, telephone, or by any other means determined by the CTU. For purposes of this section, a complainant is a customer or applicant for a service that has submitted a complaint to a CTU or to the commission.

(1) Initial investigation. The CTU must investigate the complaint and advise the complainant of the results of the investigation within 21 days of receipt of the complaint. A CTU must inform customers of the right to receive these results in writing.

(2) Supervisory review by the CTU. If a complainant is not satisfied with the initial response to the complaint, the complainant may request a supervisory review by the CTU.

(A) A CTU supervisor must conduct the supervisory review and inform the complainant of the results of the review within ten

days of receipt of the complainant's request for a review. A CTU must inform customers of the right to receive these results in writing.

(B) A complainant who is dissatisfied with a CTU's supervisory review must be informed of:

- (i) the right to file a complaint with the commission;
- (ii) the commission's complaint resolution process;
- (iii) the following contact information for the commission:

(I) Mailing Address: PUCT, Office of Consumer Assistance, P.O. Box 13326, Austin, Texas 78711-3326;

(II) Phone Number: (512) 936-7120 or in Texas (toll-free) 1-888-782-8477;

(III) FAX: (512) 936-7003;

(IV) E-mail address: consumer@puc.texas.gov;

(V) Internet address: <http://www.puc.texas.gov>;

(VI) Relay Texas (toll-free): 1-800-735-2989.

(b) Complaints to the commission. The commission may only review a complaint of a retail or wholesale customer against a deregulated company or exempt carrier that is within the scope of the commission's authority provided in Public Utility Regulatory Act (PURA) §65.102.

(1) Complaints.

(A) The complaint to the commission should include:

- (i) The complainant's name, address, and telephone number.
- (ii) The name of the CTU or subsidiary company against which the complaint is being made.
- (iii) The customer's account or phone number.
- (iv) An explanation of the facts relevant to the complaint.
- (v) Any other information or documentation which supports the complaint.

(B) Upon receipt of a complaint from the commission, a CTU must investigate and advise the commission in writing of the results of its investigation within 15 days of the date the complaint was forwarded by the commission.

(C) The commission will:

- (i) review the CTU's investigative results;
- (ii) determine a resolution for the complaint; and
- (iii) notify the complainant and the CTU in writing of the resolution.

(D) While any complaint process is ongoing at the commission:

- (i) basic local telecommunications service must not be suspended or disconnected for the nonpayment of disputed charges; and
- (ii) a customer is obligated to pay any undisputed portion of the bill.

(E) The CTU must keep a record of any complaint forwarded to it by the commission for two years after the determination of that complaint.

(i) This record must show the name and address of the complainant, and the date, nature, and adjustment or disposition of the complaint.

(ii) A CTU is not required to keep records of protests regarding commission-approved rates or charges that require no further action by the CTU.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

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Katelyn Lewis

Rules Coordinator

Public Utility Commission of Texas

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For further information, please call: (512) 936-7044



TITLE 28. INSURANCE

PART 1. TEXAS DEPARTMENT OF INSURANCE

CHAPTER 1. GENERAL ADMINISTRATION SUBCHAPTER C. ASSESSMENT OF MAINTENANCE TAXES AND FEES

28 TAC §1.414

The commissioner of insurance adopts amendments to 28 TAC §1.414, concerning assessment of maintenance taxes, surcharges, and fees collected from the sale of insurance policies. The commissioner adopts §1.414 with a nonsubstantive change to the proposed text published in the July 31, 2026 issue of the *Texas Register* (51 TexReg 4981) text to correct punctuation. The rule will be republished.

REASONED JUSTIFICATION. The amended section is necessary to implement Senate Bill 1455, 89th Legislature, 2025, which amended the Insurance Code and Labor Code to replace the collection of maintenance taxes for workers' compensation insurance with the collection of workers' compensation surcharges.

The amendments to §1.414 replace "maintenance tax" with "surcharge" and add "surcharge" to subsections pertaining to workers' compensation to conform with the terminology change in SB 1455. The text of §1.414 as proposed has been changed to insert necessary commas in subsections (a) and (h).

In addition, the adopted amendments include nonsubstantive rule drafting and formatting changes for plain language and to conform the section to the agency's current style and to improve the rule's clarity. These changes include lowercasing "Commissioner" and adding the title of statutory citations for transparency.

SUMMARY OF COMMENTS. The department provided an opportunity for public comment on the rule proposal for a period that ended on August 31, 2026. The department did not receive any comments on the proposed amendments. No commenters

spoke at a public hearing on the proposal held on August 25, 2026.

STATUTORY AUTHORITY. The commissioner adopts amended §1.414 under Insurance Code §251.001 and §36.001.

Insurance Code §251.001 requires the commissioner to annually determine the rate of assessment of each maintenance tax or workers' compensation surcharge imposed under Title 3, Subtitle C, of the Insurance Code.

Insurance Code §36.001 authorizes the commissioner to adopt any rules necessary and appropriate to implement the powers and duties of the department under the Insurance Code and other laws of the state.

§1.414. Assessment of Maintenance Taxes, Surcharges, and Fees.

(a) Each calendar year by commissioner order the department will assess rates for maintenance taxes, surcharges, and fees on the gross premiums of insurers for the following lines of insurance:

(1) motor vehicle insurance, under Insurance Code §254.002, concerning Maximum Rate; Annual Adjustment;

(2) casualty insurance and fidelity, guaranty, and surety bonds, under Insurance Code §253.002, concerning Maximum Rate; Annual Adjustment;

(3) fire insurance and allied lines, including inland marine, under Insurance Code §252.002, concerning Maximum Rate; Annual Adjustment;

(4) workers' compensation insurance, under Insurance Code §255.002, concerning Maximum Rate; Annual Adjustment;

(5) workers' compensation insurance, under Labor Code §403.003, concerning Rate of Surcharge;

(6) workers' compensation insurance, under Labor Code §405.003, concerning Funding; Surcharge and Recovery of Surcharge by Insurers;

(7) workers' compensation insurance, under Labor Code §407A.301, concerning Surcharge for Division and Research Functions of Department;

(8) workers' compensation insurance, under Labor Code §407A.302, concerning Surcharge for Department; and

(9) title insurance, under Insurance Code §271.005, concerning Maximum Rate; Annual Adjustment.

(b) Each calendar year by commissioner order the department will assess the rate for the maintenance tax to be assessed on gross premiums of insurers for life, health, and accident insurance and the gross considerations for annuity and endowment contracts, under Insurance Code §257.002, concerning Maximum Rate; Annual Adjustment.

(c) Each calendar year by commissioner order the department will assess rates for maintenance taxes for the following entities:

(1) under Insurance Code §258.003, concerning Maximum Rate; Annual Adjustment, an amount per enrollee for:

(A) single service health maintenance organizations;

(B) multiservice health maintenance organizations; and

(C) limited service health maintenance organizations; and

(2) under Insurance Code §259.003, concerning Maximum Rate; Annual Adjustment, a rate of the correctly reported gross amount of administrative or service fees for third-party administrators.

(d) Each calendar year by commissioner order the department will assess a surcharge rate under Labor Code §405.003 for each certified self-insurer, to fund the Workers' Compensation Research and Evaluation Group. The rate will be calculated under Labor Code §407.103(b), concerning Self-Insurer Surcharge; Effect on General Surcharge, and it will be billed to the certified self-insurer by the Division of Workers' Compensation.

(e) Each calendar year by commissioner order the department will assess a surcharge rate under Labor Code §405.003 and §407A.301 for each workers' compensation self-insurance group, to fund the Workers' Compensation Research and Evaluation Group. The rate will be calculated under Labor Code §407.103(b).

(f) Each calendar year by commissioner order the department will assess a surcharge rate under Labor Code §407.103 and §407.104, concerning Collection of Surcharges and Fees; Administrative Violation, for each certified self-insurer. The rate will be calculated under Labor Code §407.103(b), and it will be billed to the certified self-insurer by the Division of Workers' Compensation.

(g) The maintenance tax and surcharge revenue need is calculated as the amount of revenue needed to reach the targeted year-end fund balance, considering the beginning balance, other expected revenues, and estimated expenditures. For each line of insurance:

(1) the assessment rate is calculated by dividing the revenue need by the estimated premium volume or assessment base; and

(2) if the calculated rate is above the statutory rate, the rate is set at the statutory maximum and any revenue shortfall is spread to the other maintenance tax or surcharge lines, increasing the revenue need and tax rates for the remaining lines.

(h) The taxes, surcharges, and fees assessed by the commissioner order issued under subsections (a), (b), (c), and (e) of this section will be payable and due to the Comptroller of Public Accounts on March 1 each year.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Filed with the Office of the Secretary of State on October 1, 2026.

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CHAPTER 6. CAPTIVE INSURANCE

SUBCHAPTER G. TAXES

28 TAC §6.601

The commissioner of insurance adopts amendments to 28 TAC §6.601, concerning the waiver of workers' compensation surcharge. The amendments are adopted without changes to the proposed text published in the July 31, 2026 issue of the *Texas Register* (51 TexReg 4989). The rule will not be republished.

REASONED JUSTIFICATION. The amended section is necessary to implement Senate Bill 1455, 89th Legislature, 2025, which amended the Insurance Code and Labor Code to replace

the collection of maintenance taxes for workers' compensation insurance policies with the collection of workers' compensation surcharges.

The amendments to §6.601 add to its title "Surcharges and Fees" to more fully reflect the text of the section, and add "surcharges" to follow "taxes" in addressing what a redomesticating foreign or alien captive insurance company may request the commissioner to waive under subsection (d) and add the phrase "workers' compensation surcharges" to the items in the list that follow it. The amendments also make nonsubstantive changes for plain language and to adhere to current agency style.

SUMMARY OF COMMENTS. The department provided an opportunity for public comment on the rule proposal for a period that ended on August 31, 2026. The department did not receive any comments on the proposed amendments. No commenters spoke at a public hearing on the proposal held on August 25, 2026.

STATUTORY AUTHORITY. The commissioner adopts amended §6.601 under Insurance Code §§251.001, 964.069, 2051.201, and 36.001.

Insurance Code §251.001 requires the commissioner to annually determine the rate of assessment of each maintenance tax or workers' compensation surcharge imposed under Title 3, Subtitle C of the Insurance Code.

Insurance Code §964.069 authorizes the commissioner to adopt reasonable rules as necessary to implement the purposes and provisions of Insurance Code Chapter 964.

Insurance Code §2051.201 authorizes the commissioner to adopt and enforce rules to carry out provisions of law referenced in Insurance Code §2051.002, which includes Insurance Code Chapter 251 as that chapter relates to workers' compensation insurance.

Insurance Code §36.001 authorizes the commissioner to adopt any rules necessary and appropriate to implement the powers and duties of the department under the Insurance Code and other laws of the state.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

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