TEXAS REGISTER

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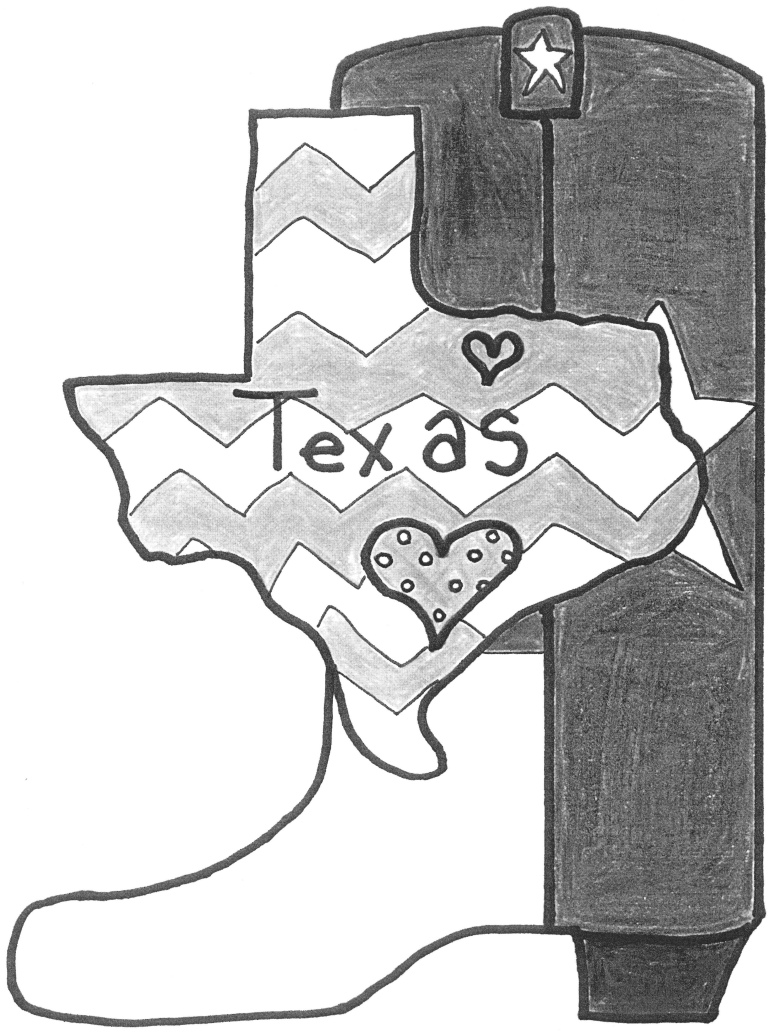
In This Issue


Texas

THE GOVERNOR

As required by Government Code, §2002.011(4), the *Texas Register* publishes executive orders issued by the Governor of Texas. Appointments and proclamations are also published. Appointments are published in chronological order. Additional information on documents submitted for publication by the Governor's Office can be obtained by calling (512) 463-1828.

Appointments

Appointments for April 15, 2026

Appointed to the Lavaca-Navidad River Authority Board of Directors for a term to expire May 1, 2027, Dianne L. Juroske of Edna, Texas (replacing Michael V. "Vance" Mitchell of Lolita who resigned).

Appointed to the Lavaca-Navidad River Authority Board of Directors for a term to expire May 1, 2028, Joe L. "Joey" Bonnot, D.D.S. of Ganado, Texas (replacing Charles D. "Charlie" Taylor of Palacios whose term expired).

Appointed to the Texas Board of Physical Therapy Examiners for a term to expire January 31, 2031, Tiffany L. Barrett, D.P.T of McGregor, Texas (replacing Kathryn J. "Katie" Roby, D.P.T. of Temple whose term has expired).

Appointed to the Texas Board of Physical Therapy Examiners for a term to expire January 31, 2031, Mourad Hasbaoui of Corpus Christi, Texas (replacing Jacob Delgado of Hewitt whose term expired).

Appointed to the Texas Board of Physical Therapy Examiners for a term to expire January 31, 2031, Heather D. Jackson of Denton, Texas (replacing Melissa A. Skillern, D.P.T of Manvel whose term expired).

Appointments for April 16, 2026

Appointed to the Texas Historical Commission for a term to expire February 1, 2027, Robert M. "Bobby" Lee of Amarillo, Texas (replacing Monica P. Burdette of Rockport who resigned).

Appointments for April 17, 2026

Appointed to the Alamo Regional Mobility Authority for a term to expire February 1, 2026, John C. Asel of Helotes, Texas (Mr. Asel is being reappointed).

Appointed as the presiding officer of the Grayson County Regional Mobility Authority for a term to expire February 1, 2028, William P. "Bill" Douglass of Sherman, Texas (Mr. Douglass is being reappointed).

Appointments for April 20, 2026

Appointed to the Advisory Council on Postsecondary Education for Persons with Intellectual and Developmental Disabilities for a term to expire August 31, 2027, Aaron W. Bangor, Ph.D. of Austin, Texas (Dr. Bangor is being reappointed).

Appointments for April 21, 2026

Appointed to the Coastal Water Authority Board of Directors for a term to expire April 1, 2028, Jon M. "Mark" Sjolander of Dayton, Texas (Mr. Sjolander is being reappointed).

Appointments for April 22, 2026

Appointed to the Advisory Council on Emergency Medical Services for a term to expire January 1, 2032, Lauren H. Day of Austin, Texas (replacing Aundrea Young of Houston whose term expired).

Appointed to the Advisory Council on Emergency Medical Services for a term to expire January 1, 2032, James M. "Mike" DeLoach of Littlefield, Texas (Judge DeLoach is being reappointed).

Appointed to the Advisory Council on Emergency Medical Services for a term to expire January 1, 2032, Brian J. Eastridge, M.D. of San Antonio, Texas (Dr. Eastridge is being reappointed).

Appointed to the Advisory Council on Emergency Medical Services for a term to expire January 1, 2032, Della M. Johnson of Mesquite, Texas (Ms. Johnson is being reappointed).

Appointed to the Advisory Council on Emergency Medical Services for a term to expire January 1, 2032, Crissie L. Richardson of Salado, Texas (replacing Cassandra "Cassie" Potvin of Belton whose term expired).

Appointed to the Advisory Council on Emergency Medical Services for a term to expire January 1, 2032, Gerad A. Troutman, M.D. of Lubbock, Texas (Dr. Troutman is being reappointed).

Greg Abbott, Governor

TRD-202601732

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Proclamation 41-4275

TO ALL TO WHOM THESE PRESENTS SHALL COME:

WHEREAS, I, GREG ABBOTT, Governor of the State of Texas, issued a disaster proclamation on July 4, 2025, as amended and renewed in subsequent proclamations, certifying that the heavy rainfall and flooding event that began on July 2, 2025, that included heavy rainfall and flash flooding, caused widespread and severe property damage, injury, or loss of life in several counties;

NOW, THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby amend and renew the aforementioned proclamation and declare a disaster in Bandera, Bexar, Burnet, Caldwell, Coke, Comal, Concho, Edwards, Gillespie, Guadalupe, Hamilton, Kendall, Kerr, Kimble, Kinney, Lampasas, Llano, Mason, Maverick, McCulloch, Menard, Real, Reeves, San Saba, Schleicher, Sutton, Tom Green, Travis, Uvalde, and Williamson Counties;

Pursuant to Section 418.017 of the Texas Government Code, I authorize the use of all available resources of state government and of political subdivisions that are reasonably necessary to cope with this disaster.

Pursuant to Section 418.016 of the Texas Government Code, any regulatory statute prescribing the procedures for conduct of state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster shall be suspended upon written approval of the Office of the Governor. Any statutes that might prevent the transfer of bodies to families as soon as possible are hereby suspended, including Sections 264.514 and 264.515 of the Texas Family Code and Articles 49.04, 49.05, 49.10, and 49.25 of the Texas Code of Criminal Procedure. Further, to the

extent that the enforcement of any state statute or administrative rule regarding contracting or procurement would impede any state agency's emergency response that is necessary to protect life or property threatened by this declared disaster, I hereby authorize the suspension of such statutes and rules for the duration of this declared disaster.

In accordance with the statutory requirements, copies of this proclamation shall be filed with the applicable authorities.

IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my office in the City of Austin, Texas, this the 17th day of April, 2026.

Greg Abbott, Governor

TRD-202601701

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Proclamation 41-4276

TO ALL TO WHOM THESE PRESENTS SHALL COME:

WHEREAS, I, GREG ABBOTT, Governor of the State of Texas, issued a disaster proclamation on July 8, 2022, as amended and renewed in a number of subsequent proclamations, certifying that exceptional drought conditions posed a threat of imminent disaster in several counties; and

WHEREAS, the Texas Division of Emergency Management has confirmed that those same drought conditions persist in certain counties in Texas and that the presence of drought conditions in certain counties contributes to increased wildfire danger;

NOW, THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby amend and renew the aforementioned proclamation and declare a disaster in Anderson, Andrews, Angelina, Aransas, Atascosa, Austin, Bandera, Bastrop, Baylor, Bee, Bell, Bexar, Blanco, Borden, Bowie, Brazoria, Brazos, Brewster, Briscoe, Brooks, Burleson, Burnet, Caldwell, Calhoun, Cameron, Camp, Cass, Chambers, Cherokee, Childress, Clay, Collingsworth, Colorado, Comal, Comanche, Cottle, Crosby, Dawson, Delta, DeWitt, Dickens, Dimmit, Donley, Duval, Fayette, Floyd, Foard, Fort Bend, Franklin, Freestone, Frio, Gaines, Galveston, Garza, Gillespie, Goliad, Gonzales, Grayson, Gregg, Grimes, Guadalupe, Hale, Hall, Hardeman, Hardin, Harris, Harrison, Hays, Henderson, Hidalgo, Hockley, Hopkins, Houston, Howard, Jackson, Jasper, Jefferson, Jim Hogg, Jim Wells, Karnes, Kendall, Kenedy, Kent, Kerr, King, Kinney, Kleberg, Knox, La Salle, Lamar, Lavaca, Lee, Leon, Liberty, Limestone, Live Oak, Llano, Lubbock, Lynn, Madison, Marion, Martin, Matagorda, Maverick, McMullen, Medina, Midland, Milam, Montgomery, Morris, Motley, Nacogdoches, Navarro, Newton, Nueces, Orange, Panola, Pecos, Polk, Presidio, Rains, Real, Red River, Refugio, Robertson, Rusk, Sabine, San Augustine, San Jacinto, San Patricio, Scurry, Shelby, Smith, Starr, Stonewall, Terrell, Titus, Travis, Trinity, Tyler, Upshur, Uvalde, Val Verde, Van Zandt, Victoria, Walker, Waller, Washington, Webb, Wharton, Wichita, Wilbarger, Willacy, Williamson, Wilson, Wood, Zapata, and Zavala Counties.

Pursuant to Section 418.017 of the Texas Government Code, I authorize the use of all available resources of state government and of political subdivisions that are reasonably necessary to cope with this disaster.

Pursuant to Section 418.016 of the Texas Government Code, any regulatory statute prescribing the procedures for conduct of state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster shall be suspended upon written approval of the Office of the Governor. However, to the extent that the enforcement of any state statute or administrative rule regarding contracting or procurement would impede any state agency's emergency response that is necessary to protect life or property threatened by this declared disaster, I hereby authorize the suspension of such statutes and rules for the duration of this declared disaster.

In accordance with the statutory requirements, copies of this proclamation shall be filed with the applicable authorities.

IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my office in the City of Austin, Texas, this the 17th day of April, 2026.

Greg Abbott, Governor

TRD-202601702

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Proclamation 41-4277

TO ALL TO WHOM THESE PRESENTS SHALL COME:

WHEREAS, I, Greg Abbott, Governor of Texas, issued a disaster proclamation on May 31, 2021, certifying under Section 418.014 of the Texas Government Code that the surge of individuals unlawfully crossing the Texas-Mexico border posed an ongoing and imminent threat of disaster for a number of Texas counties and for all state agencies affected by this disaster; and

WHEREAS, I amended the aforementioned proclamation in a number of subsequent proclamations, including to modify the list of affected counties and therefore declare a state of disaster for those counties and for all state agencies affected by this disaster; and

WHEREAS, the certified conditions continue to exist and pose an ongoing and imminent threat of disaster as set forth in the prior proclamations;

NOW, THEREFORE, in accordance with the authority vested in me by Section 418.014 of the Texas Government Code, I do hereby renew the aforementioned proclamation and declare a disaster for Aransas, Atascosa, Bee, Brewster, Brooks, Caldwell, Calhoun, Cameron, Chambers, Coleman, Colorado, Crane, Crockett, Culberson, DeWitt, Dimmit, Duval, Edwards, El Paso, Frio, Galveston, Goliad, Gonzales, Hidalgo, Hudspeth, Jackson, Jeff Davis, Jim Hogg, Jim Wells, Karnes, Kenedy, Kerr, Kimble, Kinney, Kleberg, LaSalle, Lavaca, Live Oak, Mason, Matagorda, Maverick, McCulloch, McLennan, McMullen, Medina, Menard, Midland, Pecos, Presidio, Real, Refugio, San Jacinto, San Patricio, Schleicher, Shackelford, Starr, Sutton, Terrell, Throckmorton, Upton, Uvalde, Val Verde, Victoria, Webb, Wharton, Wilbarger, Wilson, Zapata, and Zavala Counties and for all state agencies affected by this disaster. All orders, directions, suspensions, and authorizations provided in the Proclamation of May 31, 2021, as amended and renewed in subsequent proclamations, are in full force and effect.

In accordance with the statutory requirements, copies of this proclamation shall be filed with the applicable authorities.

IN TESTIMONY WHEREOF, I have hereunto signed my name and have officially caused the Seal of State to be affixed at my office in the City of Austin, Texas, this the 17th day of April, 2026.

Greg Abbott, Governor

TRD-202601703

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THE ATTORNEY GENERAL

The *Texas Register* publishes summaries of the following: Requests for Opinions, Opinions, and Open Records Decisions.

An index to the full text of these documents is available on the Attorney General's website at https://www.texas.attorneygeneral.gov/attorney-general-opinions. For information about pending requests for opinions, telephone (512) 463-2110.

An Attorney General Opinion is a written interpretation of existing law. The Attorney General writes opinions as part of his responsibility to act as legal counsel for the State of Texas. Opinions are written only at the request of certain state officials. The Texas Government Code indicates to whom the Attorney General may provide a legal opinion. He may not write legal opinions for private individuals or for any officials other than those specified by statute. (Listing of authorized requestors: https://www.texasattorneygeneral.gov/attorney-general-opinions.)

Requests for Opinions

RQ-0640-KP

Requestor:

The Honorable Cole Hefner

Chair, House Committee on Homeland Security, Public Safety & Veterans' Affairs

Texas House of Representatives

Post Office Box 2910

Austin, Texas 78768-2910

Re: Regarding a City of Austin policy to conduct labor-contract negotiations in publicly recorded meetings and the application of Texas Local Government Code Sections 142.062 and 143.305 (RQ-0640-KP)

Briefs requested by May 15, 2026

RQ-0641-KP

Requestor:

Ms. Cheryll A. Jones

Kinney County Auditor

Post Office Box 1219

Bracketville, Texas 78832

Re: Whether a Commissioners Court may use its general control over county buildings to prohibit security measures that an auditor deems necessary to fulfill her statutory duty to protect sensitive records from unauthorized access (RQ-0641-KP)

Briefs requested by May 18, 2026

RQ-0642-KP

Requestor:

The Honorable David Willborn

Guadalupe County Attorney

211 West Court Street

Seguin, Texas 78155-5779

Re: Regarding what constitutes a "substantial risk of loss," as contemplated by Texas Penal Code Section 32.45(b) (RQ-0642-KP)

Briefs requested by May 18, 2026

RQ-0643-KP

Requestor:

Mr. Carlos A. Pereda

Dimmit County Auditor

301 North 5th Street

Carrizo Springs, Texas 78834

Re: Whether a member of the Dimmit County Commissioners Court may simultaneously serve as Fire Chief of the Dimmit County Fire Department (RQ-0643-KP)

Briefs requested by May 18, 2026

RQ-0644-KP

Requestor:

The Honorable Heather Stebbins

Kerr County Attorney

700 Main Street, Suite BA-103

Kerrville, Texas 78028

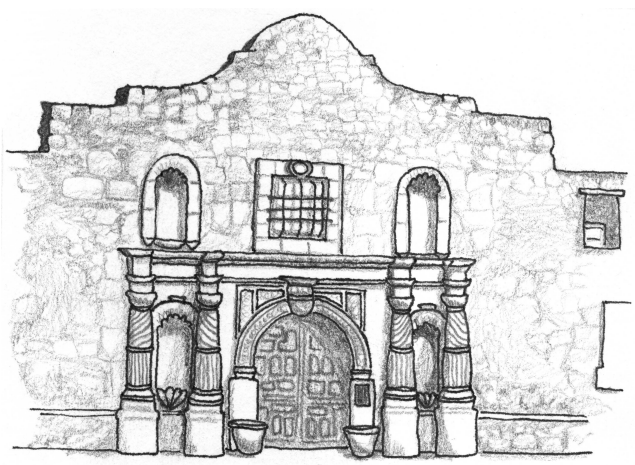
Re: Effect of various disaster proclamations on application of Texas Health & Safety Code §193.010 (RQ-0644-KP)

Briefs requested by May 18, 2026

For further information, please access the website at www.texasattorneygeneral.gov or call the Opinion Committee at (512) 463-2110.

TRD-202601708
Justin Gordon
General Counsel
Office of the Attorney General
Filed: April 21, 2026

♦ ♦ ♦



TEXAS ETHICS COMMISSION

The Texas Ethics Commission is authorized by the Government Code, §571.091, to issue advisory opinions in regard to the following statutes: the Government Code, Chapter 302; the Government Code, Chapter 305; the Government Code, Chapter 572; the Election Code, Title 15; the Penal Code, Chapter 36; and the Penal Code, Chapter 39. Requests for copies of the full text of opinions or questions on particular submissions should be addressed to the Office of the Texas Ethics Commission, P.O. Box 12070, Austin, Texas 78711-2070, (512) 463-5800.

Advisory Opinion Requests

Whether, under Section 572.070 of the Government Code, a state employee is required to report certain contacts with an employee of a university owned or controlled by the People's Republic of China? What are the reporting requirements for frequent contacts? (AOR-747.)

The Texas Ethics Commission is authorized by section 571.091 of the Government Code to issue advisory opinions in regard to the following statutes: (1) Chapter 572, Government Code; (2) Chapter 302, Government Code; (3) Chapter 303, Government Code; (4) Chapter 305, Government Code; (5) Chapter 2004, Government Code; (6) Title 15, Election Code; (7) Chapter 159, Local Government Code; (8) Chapter 36, Penal Code; (9) Chapter 39, Penal Code; (10) Section 2152.064, Government Code; and (11) Section 2155.003, Government Code.

Questions on particular submissions should be addressed to the Texas Ethics Commission, P.O. Box 12070, Capitol Station, Austin, Texas 78711-2070, (512) 463-5800 or opinions@ethics.state.tx.us.

Issued in Austin, Texas, on April 29, 2026.

TRD-202601696
Amanda Arriaga
General Counsel
Texas Ethics Commission
Filed: April 20, 2026

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Regarding the application of the revolving door provision of Section 572.054(b) of the Texas Government Code to a former employee of Texas Department of Transportation ("TXDOT"). (AOR-748.)

The Texas Ethics Commission is authorized by section 571.091 of the Government Code to issue advisory opinions in regard to the following statutes: (1) Chapter 572, Government Code; (2) Chapter 302, Government Code; (3) Chapter 303, Government Code; (4) Chapter 305, Government Code; (5) Chapter 2004, Government Code; (6) Title 15, Election Code; (7) Chapter 159, Local Government Code; (8) Chapter 36, Penal Code; (9) Chapter 39, Penal Code; (10) Section 2152.064, Government Code; and (11) Section 2155.003, Government Code.

Questions on particular submissions should be addressed to the Texas Ethics Commission, P.O. Box 12070, Capitol Station, Austin, Texas 78711-2070, (512) 463-5800 or opinions@ethics.state.tx.us.

Issued in Austin, Texas, on April 29, 2026.

TRD-202601697
Amanda Arriaga
General Counsel
Texas Ethics Commission
Filed: April 20, 2026

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Does paying a social media company's users for engaging with political advertising content (viewing advertisements, watching videos, completing surveys, etc.) constitute bribery of a voter under Section 36.02(a)(1) of the Penal Code?

Does paying a social media company's users to complete a survey that includes questions about the user's voting intentions - where compensation is identical regardless of the user's answers - constitute prohibited vote-buying under Texas law?

What disclaimer and disclosure requirements under Chapter 255 of the Election Code apply to political advertisements posted on social media?

May candidates, political parties, and political committees use the requestor's social media platform to deliver political advertisements and compensate users for engagement with the advertisements without violating Texas election laws? (AOR-749.)

The Texas Ethics Commission is authorized by section 571.091 of the Government Code to issue advisory opinions in regard to the following statutes: (1) Chapter 572, Government Code; (2) Chapter 302, Government Code; (3) Chapter 303, Government Code; (4) Chapter 305, Government Code; (5) Chapter 2004, Government Code; (6) Title 15, Election Code; (7) Chapter 159, Local Government Code; (8) Chapter 36, Penal Code; (9) Chapter 39, Penal Code; (10) Section 2152.064, Government Code; and (11) Section 2155.003, Government Code.

Questions on particular submissions should be addressed to the Texas Ethics Commission, P.O. Box 12070, Capitol Station, Austin, Texas 78711-2070, (512) 463-5800 or opinions@ethics.state.tx.us.

Issued in Austin, Texas, on April 29, 2026.

TRD-202601698
Amanda Arriaga
General Counsel
Texas Ethics Commission
Filed: April 20, 2026

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Whether public resources were unlawfully used for a candidate's campaign video. (AOR-750.)

The Texas Ethics Commission is authorized by section 571.091 of the Government Code to issue advisory opinions in regard to the following statutes: (1) Chapter 572, Government Code; (2) Chapter 302, Government Code; (3) Chapter 303, Government Code; (4) Chapter 305, Government Code; (5) Chapter 2004, Government Code; (6) Title 15, Election Code; (7) Chapter 159, Local Government Code; (8) Chapter 36, Penal Code; (9) Chapter 39, Penal Code; (10) Section 2152.064, Government Code; and (11) Section 2155.003, Government Code.

Questions on particular submissions should be addressed to the Texas Ethics Commission, P.O. Box 12070, Capitol Station, Austin, Texas 78711-2070, (512) 463-5800 or opinions@ethics.state.tx.us.

Issued in Austin, Texas, on April 29, 2026.

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TRD-202601699
Amanda Arriaga
General Counsel
Texas Ethics Commission
Filed: April 20, 2026

Proposed rules include new rules, amendments to existing rules, and repeals of existing rules. A state agency shall give at least 30 days' notice of its intention to adopt a rule before it adopts the rule. A state agency shall give all interested persons a reasonable opportunity to submit data, views, or arguments, orally or in writing (Government Code, Chapter 2001).

Symbols in proposed rule text. Proposed new language is indicated by underlined text. [~~Square brackets and strikethrough~~] indicate existing rule text that is proposed for deletion. "(No change)" indicates that existing rule text at this level will not be amended.

TITLE 1. ADMINISTRATION

PART 15. TEXAS HEALTH AND HUMAN SERVICES COMMISSION

CHAPTER 392. PURCHASE OF GOODS AND SERVICES FOR SPECIFIC HEALTH AND HUMAN SERVICES COMMISSION PROGRAMS

SUBCHAPTER C. AUTISM PROGRAM

1 TAC §§392.201, 392.203, 392.205, 392.207

The executive commissioner of the Texas Health and Human Services Commission (HHSC) proposes the repeal of §392.201, concerning Definitions; §392.203, concerning Staff Qualifications; §392.205, concerning Criminal Background Checks; and §392.207, concerning Safety.

BACKGROUND AND PURPOSE

Currently, the rules for the Children's Autism Program are located in two separate chapters in the Texas Administrative Code (TAC). The purpose of the proposal is to repeal the program rules in 1 TAC Chapter 392, Subchapter C, Autism Program. The proposed repeals remove outdated references to the Department of Assistive and Rehabilitative Services (DARS) and allows the Texas Health and Human Services Commission (HHSC) to locate all of the Children's Autism Program rules in 26 TAC, Chapter 358.

HHSC is proposing new, amended, and repealed rules in 26 TAC, Chapter 358, Children's Autism Program, to replace the repealed rules and to update and organize the repealed rules with other rules in Chapter 358. The proposed new, amended, and repealed rules in Chapter 358 are published elsewhere in this issue of the *Texas Register*.

SECTION-BY-SECTION SUMMARY

The proposed repeal of §392.201, §392.203, §392.205, and §392.207 removes the rules so that all of the Children's Autism Program rules can be located in one chapter of the TAC where the rules can be updated.

FISCAL NOTE

Trey Wood, Chief Financial Officer, has determined that for each year of the first five years that the rules will be in effect, enforcing or administering the rules does not have foreseeable implications relating to costs or revenues of state or local governments.

GOVERNMENT GROWTH IMPACT STATEMENT

HHSC has determined that during the first five years that the rules will be in effect:

(1) the proposed rules will not create or eliminate a government program;

(2) implementation of the proposed rules will not affect the number of HHSC employee positions;

(3) implementation of the proposed rules will result in no assumed change in future legislative appropriations;

(4) the proposed rules will not affect fees paid to HHSC;

(5) the proposed rules will not create a new regulation;

(6) the proposed rules will repeal existing regulations;

(7) the proposed rules will not change the number of individuals subject to the rules; and

(8) the proposed rules will not affect the state's economy.

SMALL BUSINESS, MICRO-BUSINESS, AND RURAL COMMUNITY IMPACT ANALYSIS

Trey Wood has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities related to the repeals as there are no requirements to alter business practices.

LOCAL EMPLOYMENT IMPACT

The proposed repeals will not affect a local economy.

COSTS TO REGULATED PERSONS

Texas Government Code §2001.0045 does not apply to these rules because the repeals do not impose a cost on regulated persons.

PUBLIC BENEFIT AND COSTS

Haley Turner, Deputy Executive Commissioner for Community Services, has determined that for each year of the first five years the repeals are in effect, the public will benefit from having all of the Children's Autism Program rules in one chapter in the Texas Administrative Code.

Trey Wood has also determined that for the first five years the repeals are in effect, there are no anticipated economic costs to persons who are required to comply with the proposed repeals because the repeals do not impose any requirements.

TAKINGS IMPACT ASSESSMENT

HHSC has determined that the proposal does not restrict or limit an owner's right to the owner's property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking under Texas Government Code §2007.043.

PUBLIC COMMENT

Written comments on the proposal, including information related to the cost, benefit, or effect of the proposed rule, as

well as any applicable data, research, or analysis, may be submitted to Rules Coordination Office, P.O. Box 13247, Mail Code 4102, Austin, Texas 78711-3247, or street address 4601 West Guadalupe Street, Austin, Texas 78751; or emailed to *HHSRulesCoordinationOffice@hhs.texas.gov*.

To be considered, comments must be submitted no later than 31 days after the date of this issue of the *Texas Register*. Comments must be (1) postmarked or shipped before the last day of the comment period; (2) hand-delivered before 5:00 p.m. on the last working day of the comment period; or (3) emailed before midnight on the last day of the comment period. If the last day to submit comments falls on a holiday, comments must be postmarked, shipped, or emailed before midnight on the following business day to be accepted. When emailing comments, please indicate "Comments on Proposed Rule 25R044" in the subject line.

STATUTORY AUTHORITY

The repeals are authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system; Texas Human Resources Code §117.082, which requires HHSC to adopt rules for the children's autism program; and Texas Human Resources Code, Chapter 114, which directs HHSC to perform the duties and functions of the Texas Council on Autism and Pervasive Developmental Disorders.

The repeals implement Texas Government Code §524.0151 and Texas Human Resources Code §117.082, and Texas Human Resources Code Chapter 114.

§392.201. Definitions.

§392.203. Staff Qualifications.

§392.205. Criminal Background Checks.

§392.207. Safety.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 20, 2026.

TRD-202601675
Karen Ray
Chief Counsel
Texas Health and Human Services Commission
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 815-6272

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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) proposes amendments to 16 TAC §22.242 relating to complaints. These proposed amendments will implement Texas Water Code Chapter §13.5051 as enacted by Senate Bill (SB) 790 during the Texas 89th Regular Legislative Session and Texas Water Code §13.153 as enacted by SB 1778 during the Texas 88th Regular Legislative Session. The amended rules will streamline the commissions complaints process for all utilities under the commission's jurisdiction. The amended rules will additionally allow, upon customer request, a retail public utility to initiate, transfer, or terminate a customer's retail water or sewer service.

Growth Impact Statement

The agency provides the following governmental growth impact statement for the proposed rule, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed amendments are in effect, the following statements will apply:

(1) the proposed amendments will not create a government program and will not eliminate a government program;

(2) implementation of the proposed amendments will not require the creation of new employee positions and will not require the elimination of existing employee positions;

(3) implementation of the proposed amendments will not require an increase and will not require a decrease in future legislative appropriations to the agency;

(4) the proposed amendments will not require an increase and will not require a decrease in fees paid to the agency;

(5) the proposed amendments will not create a new regulation;

(6) the proposed amendments will not expand, limit, or repeal an existing regulation;

(7) the proposed amendments will not change the number of individuals subject to the rule's applicability; and

(8) the proposed amendments will not affect this state's economy.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed amendments. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

Takings Impact Analysis

The commission has determined that the proposed amendments will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

Fiscal Impact on State and Local Government

Iliana De La Fuente, Attorney, Rules & Projects, has determined that for the first five-year period the proposed amendments are in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the sections.

Public Benefits

Ms. De La Fuente has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will be a streamlined complaints process and simplified methods of initiating, transferring or terminating service as customers prefer. There will be no probable economic cost to persons required to comply with the rule under Texas Government Code §2001.024(a)(5).

Local Employment Impact Statement

For each year of the first five years the proposed section is in effect, there should be no effect on a local economy; therefore, no local employment impact statement is required under Texas Government Code §2001.022.

Costs to Regulated Persons

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

Public Hearing

The commission staff will conduct a public hearing on this rulemaking if requested in accordance with Texas Government Code §2001.029. The request for a public hearing must be received by June 19, 2026. If a request for public hearing is received, commission staff will file in this project a notice of hearing.

Public Comments

Interested persons may file comments electronically through the interchange on the commission's website. Comments must be filed by June 19, 2026. Comments should be organized in a manner consistent with the organization of the proposed amendments. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed amendments. The commission will consider the costs and benefits in deciding whether to modify the proposed amendments on adoption. All comments should refer to Project Number 59557.

Each set of comments should include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should include a bulleted list covering each substantive recommendation made in the comments.

Statutory Authority

The amendments are proposed 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. 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.

§22.242. Complaints.

(a) Records of complaints. Any affected person may complain to the commission, either in writing or by telephone, setting forth 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. The commission staff may request a complaint made by telephone be put in writing if necessary to complete investigation of the complaint. The commission will [~~shall~~] keep information about each complaint filed with the commission. The commission will [~~shall~~] retain the information in conformance with the agency's records retention schedule as approved by the Texas State Library and Archives Commission. The information must [~~shall~~] 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.

(b) Access to complaint records. The commission will [~~shall~~] keep a file about each [~~written~~] complaint filed with the commission that the commission has the authority to resolve. The commission will [~~shall~~] 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. The commission, at least quarterly and until final disposition of the complaint, shall notify the person filing the complaint and each person or entity complained of about the status of the complaint unless the notice would jeopardize an undercover investigation.

(c) Informal resolution required in certain cases. An affected [~~A~~] person seeking to make a complaint against a utility through the commission must present a complaint to the consumer protection division [~~commission~~] for informal resolution [~~before presenting the complaint to the commission~~].

(1) Exceptions. A complainant may present a [~~formal~~] complaint to the enforcement division of the commission, without first presenting [~~referring~~] the complaint for 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 qualifying facility and concerns rates paid by an electric utility for power provided by the qualifying facility, the terms and conditions for the purchase of such power, or any other matter that affects the relations between an electric utility and a qualifying facility;~~]

(B) [~~(C)~~] the complaint is filed by a person alleging that an electric utility or a telecommunications utility has engaged in anticompetitive practices;

(C) [~~(D)~~] the complaint has been the subject of a complaint proceeding conducted by a city;

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

(E) [~~(F)~~] 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) To present a complaint to the Enforcement division directly, a complainant that qualifies under the criteria listed in paragraph (1) must present their complaint in writing to the following: email (TBD) or mail their complaint to (Public Utility Commission of Texas, Enforcement Division, P.O. Box 13326, Austin, Texas 78711-3326).

[~~(2) For any complaint that is not listed in paragraph (1) of this subsection, the complainant may submit to the commission a written request for waiver of the requirement for attempted informal resolution. The complainant shall clearly state the reasons informal resolution is not appropriate. The commission staff may grant the request for good cause.~~]

(d) Termination of informal resolution. The commission staff will [~~shall~~] attempt to informally resolve all complaints within 35 days of the date of receipt of the complaint. The commission staff will [~~shall~~] notify, in writing, the complainant and the person against whom the complainant is seeking relief of the status of the dispute at the end of the 35-day period. If the Consumer Protection Division finds or suspects a violation at the conclusion of the investigation, or finds a complaint qualifies under section (c)(1) of this section, the informal complaint and record will be transferred to the Enforcement section of the commission for review. [~~If the dispute has not been resolved to the complainant's satisfaction within 35 days, the complainant may present the complaint to the commission. The commission staff shall notify the complainant of the procedures for formally presenting a complaint to the commission.~~]

[~~(e) Formal Complaint. If an attempt at informal resolution fails, or is not required under subsection (c) of this section, the complainant may present a formal complaint to the commission.~~]

[~~(1) Requirement to present complaint concerning electric, water, or sewer utility to a city. If a person receives electric, water, or sewer utility service or has applied to receive electric, water, or sewer utility service within the limits of a city that has original jurisdiction over the electric, water, or sewer utility providing service or requested to provide service, the person must present any complaint concerning the electric, water, or sewer utility to the city before presenting the complaint to the commission.~~]

[~~(A) The person may present the complaint to the commission after:~~]

[~~*(i)* the city issues a decision on the complaint; or~~]

[~~*(ii)* the city issues a statement that it will not consider the complaint or a class of complaints that includes the person's complaint.~~]

[~~(B) If the city does not act on the complaint within 30 days, the commission may send the city a letter requesting that the city act on the complaint. If the city does not respond or act within 30 days from the date of the letter, the complaint shall be deemed denied by the city and the commission shall consider the complaint.~~]

[~~(2) The commission staff may permit a complainant to cure any deficiencies under this subsection and may waive any of the requirements of this subsection for good cause, if the waiver will not materially affect the rights of any other party. A formal complaint shall include the following information:~~]

[~~(A) the name of the complainant or complainants;~~]

[~~(B) the name of the complainant's representative, if any;~~]

[~~(C) the address, telephone number, and facsimile transmission number, if available, and, unless the person has filed a statement under §22.106 of this title (relating to Statement of No Access), the email address of the complainant or the complainant's representative;~~]

[~~(D) the name of the person against whom the complainant is seeking relief;~~]

[~~(E) if the complainant is seeking relief against an electric, water, or sewer utility, a statement of whether the complaint relates to service that the complainant is receiving within the limits of a city;~~]

[~~(F) if the complainant is seeking relief against an electric, water, or sewer utility within the limits of a city, a description of any complaint proceedings conducted by the city, including the outcome of those proceedings;~~]

[~~(G) a statement of whether the complainant has attempted informal resolution through the commission staff and the date on which the informal resolution was completed or the time for attempting the informal resolution elapsed;~~]

[~~(H) a description of the facts that gave rise to the complaint; and~~]

[~~(I) a statement of the relief that the complainant is seeking.~~]

[~~(f) Copies to be provided. A complainant shall file the required number of copies of the formal complaint as required by §22.71 of this title (relating to Filing of Pleadings, Documents, and Other Materials). A complainant shall provide a copy of the formal complaint to the person from whom relief is sought.~~]

[~~(g) Docketing of complaints. Any complaint that substantially complies with the requirements of this section shall be docketed.~~]

[~~(h) Continuation of service during processing of complaint. In any case in which a formal complaint has been filed and an allegation is made that a person is threatening to discontinue a customer's service, the presiding officer may, after notice and opportunity for hearing, issue an order requiring the person to continue to provide service during the processing of the complaint. The presiding officer may issue such an order for good cause, on such terms as may be reasonable to preserve the rights of the parties during the processing of the complaint.~~]

(e) [~~(i)~~] List of cities without regulatory authority. The commission will [~~shall~~] 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.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601660

Katelyn Lewis
Projects Coordinator
Public Utility Commission of Texas
Earliest possible date of adoption: May 31, 2026
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) proposes amendments to §24.153, relating to Customer Relations. These proposed amendments will implement Texas Water Code Chapter §13.5051 as enacted by Senate Bill (SB) 790 during the Texas 89th Regular Legislative Session and Texas Water Code §13.153 as enacted by SB 1778 during the Texas 88th Regular Legislative Session. The amended rule will streamline the commissions complaints process for all utilities under the commission's jurisdiction. The amended rule will additionally allow, upon customer request, a retail public utility to initiate, transfer, or terminate a customer's retail water or sewer service.

Growth Impact Statement

The agency provides the following governmental growth impact statement for the proposed amendments, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed amendments are in effect, the following statements will apply:

(1) the proposed amendments will not create a government program and will not eliminate a government program;

(2) implementation of the proposed amendments will not require the creation of new employee positions and will not require the elimination of existing employee positions;

(3) implementation of the proposed amendments will not require an increase and will not require a decrease in future legislative appropriations to the agency;

(4) the proposed amendments will not require an increase and will not require a decrease in fees paid to the agency;

(5) the proposed amendments will not create a new regulation;

(6) the proposed amendments will not expand, limit, or repeal an existing regulation;

(7) the proposed amendments will not change the number of individuals subject to the rule's applicability; and

(8) the proposed amendments will not affect this state's economy.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed amendments. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

Takings Impact Analysis

The commission has determined that the proposed amendments will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

Fiscal Impact on State and Local Government

Iliana De La Fuente, Attorney, Rules & Projects, has determined that for the first five-year period the proposed amendments are in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the sections.

Public Benefits

Ms. De La Fuente has determined that for each year of the first five years the proposed amendments are in effect the public benefit anticipated as a result of enforcing the section will be a streamlined complaints process and simplified methods of initiating, transferring or terminating service as customers prefer. There will be no probable economic cost to persons required to comply with the rule under Texas Government Code §2001.024(a)(5).

Local Employment Impact Statement

For each year of the first five years the proposed amendments are in effect, there should be no effect on a local economy; therefore, no local employment impact statement is required under Texas Government Code §2001.022.

Costs to Regulated Persons

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

Public Hearing

The commission staff will conduct a public hearing on this rulemaking if requested in accordance with Texas Government Code §2001.029. The request for a public hearing must be received by June 19, 2026. If a request for public hearing is received, commission staff will file in this project a notice of hearing.

Public Comments

Interested persons may file comments electronically through the interchange on the commission's website. Comments must be filed by June 19, 2026. Comments should be organized in a manner consistent with the organization of the proposed rules. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed amendments. The commission will consider the costs and benefits in deciding whether to modify the proposed amendments on adoption. All comments should refer to Project Number 59557.

Each set of comments should include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should include a bulleted list covering each substantive recommendation made in the comments.

Statutory Authority

The amendments are proposed 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 des-

ignated 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. 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.

§24.153. Customer Relations.

(a) Information to customers.

(1) Upon receipt of a request for service or service transfer, the utility must [~~shall~~] fully inform the service applicant or customer of the cost of initiating or transferring service. The utility must [~~shall~~]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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] be kept by the utility in a central location and must be available for commission inspection during normal working hours.

(5) Each utility must [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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 [~~shall~~] 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.

(e) 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 proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

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Katelyn Lewis
Projects Coordinator
Public Utility Commission of Texas
Earliest possible date of adoption: May 31, 2026
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) proposes amendments to §25.485, relating to Customer Access and Complaint Handling. The Public Utility Commission is proposing amendments to additional sections, and those proposals will appear in the "Proposed Rules" section of this issue of the *Texas Register.* These proposed rules will implement Texas Water Code Chapter §13.5051 as enacted by Senate Bill (SB) 790 during the Texas 89th Regular Legislative Session and Texas Water Code §13.153 as enacted by SB 1778 during the Texas 88th Regular Legislative Session. The amended rules will streamline the commissions complaints process for all utilities under the commission's jurisdiction. The amended rules will additionally allow, upon customer request, a retail public utility to initiate, transfer, or terminate a customer's retail water or sewer service.

Growth Impact Statement

The agency provides the following governmental growth impact statement for the proposed rule, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed rule is in effect, the following statements will apply:

(1) the proposed rule will not create a government program and will not eliminate a government program;

(2) implementation of the proposed rule will not require the creation of new employee positions and will not require the elimination of existing employee positions;

(3) implementation of the proposed rule will not require an increase and will not require a decrease in future legislative appropriations to the agency;

(4) the proposed rule will not require an increase and will not require a decrease in fees paid to the agency;

(5) the proposed rule will not create a new regulation;

(6) the proposed rule will not expand, limit, or repeal an existing regulation;

(7) the proposed rule will not change the number of individuals subject to the rule's applicability; and

(8) the proposed rule will not affect this state's economy.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed rule. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

Takings Impact Analysis

The commission has determined that the proposed rule will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

Fiscal Impact on State and Local Government

Iliana De La Fuente, Attorney, Rules & Projects, has determined that for the first five-year period the proposed rule is in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the sections.

Public Benefits

Ms. De La Fuente has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will be a streamlined complaints process and simplified methods of initiating, transferring or terminating service as customers prefer. There will be no probable economic cost to persons required to comply with the rule under Texas Government Code §2001.024(a)(5).

Local Employment Impact Statement

For each year of the first five years the proposed section is in effect, there should be no effect on a local economy; therefore, no local employment impact statement is required under Texas Government Code §2001.022.

Costs to Regulated Persons

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

Public Hearing

The commission staff will conduct a public hearing on this rulemaking if requested in accordance with Texas Government Code §2001.029. The request for a public hearing must be received by June 19, 2026. If a request for public hearing is received, commission staff will file in this project a notice of hearing.

Public Comments

Interested persons may file comments electronically through the interchange on the commission's website. Comments must be filed by June 19, 2026. Comments should be organized in a manner consistent with the organization of the proposed rules. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed rule. The commission will consider the costs and benefits in deciding whether to modify the proposed rules on adoption. All comments should refer to Project Number 59557.

Each set of comments should include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should include a bulleted list covering each substantive recommendation made in the comments.

Statutory Authority

The amendment is proposed 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. 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: Public Utility Regulatory Act §14.001 and §14.002 and §14.052 and Texas Water Code §13.041(a); §13.041(b); and §13.153

§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 [~~formal or informal~~] 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 [~~an informal or formal~~] 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, facsimile transmission, 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)~~] [~~Informal 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 [~~informal~~] complaint resolution process and the following contact information for the commission: Public Utility Commission of Texas, Customer Protection Division, 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.

(1) [~~(A)~~] Requirements applicable to [~~informal~~] complaints.

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

(ii) [~~(II)~~] The name of the REP or aggregator;

(iii) [~~(III)~~] The customer account number or electric service identifier (ESI-ID);

(iv) [~~(IV)~~] An explanation of the facts relevant to the complaint;

(v) [~~(V)~~] The complainant's requested resolution; and

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

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

(C) [~~(iii)~~] The REP or aggregator must investigate all [~~informal~~] 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. [~~For complaints filed with the com-~~

mission before September 1, 2023, the deadline is 21 days after the complaint is forwarded.]

(D) [(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.

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

(A) [(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.

(B) [(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.

(3) [(C)] Complaint [Informal 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.

[(2) Formal complaints. If the complainant is not satisfied with the results of the informal complaint process, the complainant may file a formal complaint with the commission within two years of the date on which the commission closes the informal complaint. This process may include the formal docketing of the complaint as provided in §22.242 of this title (related to Complaints).]

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601663
Katelyn Lewis
Projects Coordinator
Public Utility Commission of Texas
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 936-7044

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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) proposes the amendments to §26.30 relating to Complaints. This proposed rule will implement Texas Water Code Chapter §13.5051 as enacted by Senate Bill (SB) 790 during the Texas 89th Regular Legislative Session and Texas Water Code §13.153 as enacted by SB 1778 during the Texas 88th Regular Legislative Session. The amended rule will streamline the commissions complaints process for all utilities under the commission's jurisdiction. The amended rule will additionally allow, upon customer request, a retail public utility to initiate, transfer, or terminate a customer's retail water or sewer service.

Growth Impact Statement

The agency provides the following governmental growth impact statement for the proposed rule, as required by Texas Government Code §2001.0221. The agency has determined that for each year of the first five years that the proposed rule is in effect, the following statements will apply:

(1) the proposed rule will not create a government program and will not eliminate a government program;

(2) implementation of the proposed rule will not require the creation of new employee positions and will not require the elimination of existing employee positions;

(3) implementation of the proposed rule will not require an increase and will not require a decrease in future legislative appropriations to the agency;

(4) the proposed rule will not require an increase and will not require a decrease in fees paid to the agency;

(5) the proposed rule will not create a new regulation;

(6) the proposed rule will not expand, limit, or repeal an existing regulation;

(7) the proposed rule will not change the number of individuals subject to the rule's applicability; and

(8) the proposed rule will not affect this state's economy.

Fiscal Impact on Small and Micro-Businesses and Rural Communities

There is no adverse economic effect anticipated for small businesses, micro-businesses, or rural communities as a result of implementing the proposed rule. Accordingly, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code §2006.002(c).

Takings Impact Analysis

The commission has determined that the proposed rule will not be a taking of private property as defined in chapter 2007 of the Texas Government Code.

Fiscal Impact on State and Local Government

Iliana De La Fuente, Attorney, Rules & Projects, has determined that for the first five-year period the proposed rule is in effect, there will be no fiscal implications for the state or for units of local government under Texas Government Code §2001.024(a)(4) as a result of enforcing or administering the sections.

Public Benefits

Ms. De La Fuente has determined that for each year of the first five years the proposed section is in effect the public benefit anticipated as a result of enforcing the section will be a streamlined complaints process and simplified methods of initiating, transferring or terminating service as customers prefer. There will be no probable economic cost to persons required to comply with the rule under Texas Government Code §2001.024(a)(5).

Local Employment Impact Statement

For each year of the first five years the proposed section is in effect, there should be no effect on a local economy; therefore,

no local employment impact statement is required under Texas Government Code §2001.022.

Costs to Regulated Persons

Texas Government Code §2001.0045(b) does not apply to this rulemaking because the commission is expressly excluded under subsection §2001.0045(c)(7).

Public Hearing

The commission staff will conduct a public hearing on this rulemaking if requested in accordance with Texas Government Code §2001.029. The request for a public hearing must be received by June 19, 2026. If a request for public hearing is received, commission staff will file in this project a notice of hearing.

Public Comments

Interested persons may file comments electronically through the interchange on the commission's website. Comments must be filed by June 19, 2026. Comments should be organized in a manner consistent with the organization of the proposed rules. The commission invites specific comments regarding the costs associated with, and benefits that will be gained by, implementation of the proposed rule. The commission will consider the costs and benefits in deciding whether to modify the proposed rules on adoption. All comments should refer to Project Number 59557.

Each set of comments should include a standalone executive summary as the last page of the filing. This executive summary must be clearly labeled with the submitting entity's name and should include a bulleted list covering each substantive recommendation made in the comments.

Statutory Authority

The amendment is proposed 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. 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.

§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 [~~informal~~] complaint resolution process;

(iii) the following contact information for the commission:

(I) Mailing Address: PUCT, Consumer Protection Division, 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) Informal complaints.~~]

(1) [~~(A)~~] The complaint to the commission should include:

(A) [~~(i)~~] The complainant's name, address, and telephone number.

(B) [~~(ii)~~] The name of the CTU or subsidiary company against which the complaint is being made.

(C) [~~(iii)~~] The customer's account or phone number.

(D) [~~(iv)~~] An explanation of the facts relevant to the complaint.

(E) [~~(v)~~] Any other information or documentation which supports the complaint.

(2) [~~(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.

[~~(2) Formal complaints. If the complainant is not satisfied with the results of the informal complaint process, the complainant may file a formal complaint with the commission. This process may include the formal docketing of the complaint as provided by §22.242 of this title (relating to Complaints).~~]

(3) [~~(C)~~] The commission will:

(A) [~~(i)~~] review the CTU's investigative results;

(B) [~~(ii)~~] determine a resolution for the complaint; and

(C) [~~(iii)~~] notify the complainant and the CTU in writing of the resolution.

(4) [~~(D)~~] While any complaint process is ongoing at the commission:

(A) [~~(i)~~] basic local telecommunications service must not be suspended or disconnected for the nonpayment of disputed charges; and

(B) [~~(ii)~~] a customer is obligated to pay any undisputed portion of the bill.

(5) [~~(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.

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

(B) [~~(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 proposal and found it to be within the state agency's legal authority to adopt.

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Katelyn Lewis
Projects Coordinator
Public Utility Commission of Texas
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For further information, please call: (512) 936-7044

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PART 4. TEXAS DEPARTMENT OF LICENSING AND REGULATION

CHAPTER 130. PODIATRIC PROGRAM

The Texas Department of Licensing and Regulation (Department) proposes the repeal of the existing rules at 16 Texas Administrative Code (TAC), Chapter 130, Subchapter B, §130.28 and at Subchapter D, §130.43, and amendments to the existing rules at Subchapter C, §§130.30 - 130.33, and Subchapter F, §130.60, regarding the Podiatric Medicine Program. These proposed changes are referred to as "proposed rules."

EXPLANATION OF AND JUSTIFICATION FOR THE RULES

The rules under 16 TAC, Chapter 130, implement Texas Occupations Code, Chapter 202, Podiatrists.

The proposed rules are necessary to implement changes resulting from Senate Bill (SB) 968, 89th Legislature, Regular Session (2025), which went into effect on September 1, 2025. This bill amended Occupations Code §202.259 to replace references to "temporary residency licenses" with "residency licenses" to more accurately describe current licensing practices. The proposed rules make corresponding changes to the terminology used in the program rules.

Additionally, SB 968 repealed Occupations Code §202.260, which provided for provisional licenses. The provision was obsolete because provisional licenses were no longer being issued in the podiatry program.

SB 968 also repealed Occupations Code §202.061, which required members of the Podiatric Medical Examiners Advisory Board to meet certain training requirements unique to the podiatry program. The repeal makes advisory board training requirements more uniform across the Department programs. As a result, members of this advisory board must receive only the same training that members of other boards are required to receive.

Advisory Board Recommendations

The proposed rules were presented to and discussed by the Podiatric Medical Examiners Advisory Board at its meeting on April 6, 2026. The Advisory Board did not make any changes to the proposed rules. The Advisory Board voted and recommended that the proposed rules be published in the *Texas Register* for public comment.

SECTION-BY-SECTION SUMMARY

The proposed rules repeal §130.28, Training. The section is repealed due to having become obsolete due to the repeal of Occupations Code §202.061.

The proposed rules amend §130.30 by changing the title from "Temporary Residency License--General Requirements and Application" to "Residency License--General Requirements and Application." The phrase "temporary residency license" is changed to "residency license" in the rule text of subsection (a), (c), (d), (e), and (f).

The proposed rules amend §130.31 by changing the title from "Temporary Residency License--License Term; Residency Requirements; Program Responsibilities" to "Residency License--License Term; Residency Requirements; Program Responsibilities." The phrase "temporary residency license" is changed to "residency license" in the rule text of subsection (a), (b), and (c), and in paragraph (b)(1), paragraph (b)(2), (d)(1) and (d)(2).

The proposed rules amend §130.32 by changing the title from "Temporary Residency License--Final Year of Residency" to "Residency License--Final Year of Residency." The phrase "temporary residency license" is changed to "residency license" in the rule text of subsections (a) and (b) and in paragraph (b)(3).

The proposed rules amend §130.33 by changing the title from "Temporary Residence License--Extensions" to "Residency License--Extensions." The phrase "temporary residency license" is changed to "residency license" in the rule text of subsections (a), (b), (c), and (d).

The proposed rules repeal §130.43, Doctor of Podiatric Medicine License--Provisional License. The section is repealed due to having become obsolete due to the repeal of Occupations Code §202.260.

The proposed rules amend §130.60, Fees. In paragraph (b)(1), the word "temporary" is removed from the phrase "Temporary Residency License." In paragraph (b)(2), the word "Residency" is inserted, and "Extended Temporary" is removed. Paragraph (b)(3), concerning the fee for provisional licenses, is removed, and the paragraphs that follow are renumbered.

FISCAL IMPACT ON STATE AND LOCAL GOVERNMENT

Tony Couvillon, Senior Policy Research and Budget Analyst, has determined that for each year of the first five years the proposed

rules are in effect, there are no estimated additional costs or reductions in costs to state or local government as a result of enforcing or administering the proposed rules.

Mr. Couvillon has determined that for each year of the first five years the proposed rules are in effect, there is no estimated increase or loss in revenue to the state or local government as a result of enforcing or administering the proposed rules.

LOCAL EMPLOYMENT IMPACT STATEMENT

Because Mr. Couvillon has determined that the proposed rules will not affect a local economy, the agency is not required to prepare a local employment impact statement under Texas Government Code §2001.022.

PUBLIC BENEFITS

Mr. Couvillon also has determined that for each year of the first five-year period the proposed rules are in effect, the public benefit will be making it easier for podiatric program licensees, applicants, and the general public to understand and comply with the updated rules as required by the passage of SB 968, 89th Legislature, Regular Session (2025). The proposed rules change the name of the "temporary residency license" by removing the word "temporary" so that it is now "residency license." This benefits Department staff and student licensee applicants who were confused by the term "temporary," which resulted in telephone calls to the agency and required Department staff time to clear up the confusion. The second change in the proposed rules removes the provisional license. This license type has not been issued since the podiatry program came to the Department in 2017. A passing jurisprudence exam score is required for the podiatrist license, and applicants are now able to schedule and take a virtual exam from the Department's exam vendor throughout the state at their convenience, making the provisional license obsolete. Finally, the proposed rules remove language relating to advisory board training requirements specific to the podiatry program. This removal reduces confusion and benefits consumers and the Department by having similar processes in place across all of the programs for ease of operations.

PROBABLE ECONOMIC COSTS TO PERSONS REQUIRED TO COMPLY WITH PROPOSAL

Mr. Couvillon has determined that for each year of the first five-year period the proposed rules are in effect, there are no anticipated economic costs to persons who are required to comply with the proposed rules.

FISCAL IMPACT ON SMALL BUSINESSES, MICRO-BUSINESSES, AND RURAL COMMUNITIES

There will be no adverse economic effect on small businesses, micro-businesses, or rural communities as a result of the proposed rules. Because the agency has determined that the proposed rule will have no adverse economic effect on small businesses, micro-businesses, or rural communities, preparation of an Economic Impact Statement and a Regulatory Flexibility Analysis, as detailed under Texas Government Code §2006.002, is not required.

ONE-FOR-ONE REQUIREMENT FOR RULES WITH A FISCAL IMPACT

The proposed rules do not have a fiscal note that imposes a cost on regulated persons, including another state agency, a special district, or a local government. Therefore, the agency is not required to take any further action under Texas Government Code §2001.0045.

GOVERNMENT GROWTH IMPACT STATEMENT

Pursuant to Texas Government Code §2001.0221, the agency provides the following Government Growth Impact Statement for the proposed rules. For each year of the first five years the proposed rules will be in effect, the agency has determined the following:

1. The proposed rules do not create or eliminate a government program.

2. Implementation of the proposed rules does not require the creation of new employee positions or the elimination of existing employee positions.

3. Implementation of the proposed rules does not require an increase or decrease in future legislative appropriations to the agency.

4. The proposed rules require an increase or decrease in fees paid to the agency. The proposed rules require a decrease in fees paid to the agency because the proposed rules repeal the provisional license and its accompanying fee. However, this will not have an impact on fees paid to the agency as no one has obtained this license type during the preceding five (5) years.

5. The proposed rules do not create a new regulation.

6. The proposed rules expand, limit, or repeal an existing regulation. The proposed rules repeal existing regulations. Specifically, the proposed rules repeal the training requirement for Podiatric Medical Examiners Advisory Board members. Additionally, the proposed rules repeal the provisional license.

7. The proposed rules do not increase or decrease the number of individuals subject to the rules' applicability.

8. The proposed rules do not positively or adversely affect this state's economy.

TAKINGS IMPACT ASSESSMENT

The Department has determined that no private real property interests are affected by the proposed rules, and the proposed rules do not restrict, limit, or impose a burden on an owner's rights to his or her private real property that would otherwise exist in the absence of government action. As a result, the proposed rules do not constitute a taking or require a takings impact assessment under Texas Government Code §2007.043.

PUBLIC COMMENTS AND INFORMATION RELATED TO THE COST, BENEFIT, OR EFFECT OF THE PROPOSED RULES

The Department is requesting public comments on the proposed rules and information related to the cost, benefit, or effect of the proposed rules, including any applicable data, research, or analysis. Any information that is submitted in response to this request must include an explanation of how and why the submitted information is specific to the proposed rules. Please do not submit copyrighted, confidential, or proprietary information.

Comments on the proposed rules and responses to the request for information may be submitted electronically on the Department's website at https://ga.tdlr.texas.gov:1443/form/POD_Rule_Making; by facsimile to (512) 475-3032; or by mail to Shamica Mason, Legal Assistant, Texas Department of Licensing and Regulation, P.O. Box 12157, Austin, Texas 78711. The deadline for comments is 30 days after publication in the *Texas Register.*

SUBCHAPTER B. ADVISORY BOARD

16 TAC §130.28

STATUTORY AUTHORITY

The proposed repeals are proposed under Texas Occupations Code, Chapters 51 and 202, which authorize the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement these chapters and any other law establishing a program regulated by the Department.

The statutory provisions affected by the proposed repeals are those set forth in Texas Occupations Code, Chapters 51 and 202. No other statutes, articles, or codes are affected by the proposed repeals.

The legislation that enacted the statutory authority under which the proposed repeals are proposed to be adopted is Senate Bill 968, 89th Legislature, Regular Session (2025).

§130.28. Training.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 20, 2026.

TRD-202601690
Deanne Rienstra
Interim General Counsel
Texas Department of Licensing and Regulation
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 463-7750

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SUBCHAPTER C. [~~TEMPORARY~~] RESIDENCY AND OTHER LICENSE TYPES

16 TAC §§130.30 - 130.33

STATUTORY AUTHORITY

The proposed rules are proposed under Texas Occupations Code, Chapters 51 and 202, which authorize the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement these chapters and any other law establishing a program regulated by the Department.

The statutory provisions affected by the proposed rules are those set forth in Texas Occupations Code, Chapters 51 and 202. No other statutes, articles, or codes are affected by the proposed rules.

The legislation that enacted the statutory authority under which the proposed rules are proposed to be adopted is Senate Bill 968, 89th Legislature, Regular Session (2025).

§130.30. [~~Temporary~~] Residency License--General Requirements and Application.

(a) A person who is enrolled in an accredited graduate podiatric medical education (GPME) program in Texas must hold a [~~temporary~~] residency license.

(b) The GPME program must be accredited by the Council on Podiatric Medical Education of the American Podiatric Medical Association.

(c) An applicant granted a [~~temporary~~] residency license for the purpose of pursuing a GPME program in the State of Texas must not engage in the practice of podiatric medicine, whether for compensation or free of charge, outside the scope and limits of the GPME program in which the applicant is enrolled.

(d) A [~~temporary~~] residency license granted by the department for the purpose of pursuing a GPME program in the State of Texas is valid until the licensee leaves or is terminated from said GPME program.

(e) All [~~temporary~~] residency licensees shall be subject to the same fees and penalties as all other licensees as set forth in the Act and this chapter, except that [~~temporary~~] residency licensees are not subject to continuing medical education requirements.

(f) To be eligible for a [~~temporary~~] residency license an applicant must:

(1) be at least 21 years of age;

(2) pass at least 90 semester hours of undergraduate college courses acceptable at the time of completion for credit toward a bachelor's degree at an institution of higher education determined by the department to have acceptable standards;

(3) graduate from a reputable college of podiatry approved by the Council on Podiatric Medical Education of the American Podiatric Medical Association, and the college must have been so approved during the entire period of the applicant's course of instruction;

(4) pass all required sections of the American Podiatric Medical Licensing Examination;

(5) pay all applicable fees;

(6) submit a completed application in a form and manner prescribed by the department;

(7) submit all transcripts of relevant college coursework, acceptable to the department;

(8) pass a criminal history background check performed by the department;

(9) provide proof of successful completion of a course in cardiopulmonary resuscitation (CPR);

(10) complete the "Memorandum of Understanding for Approved Residency Program";

(11) complete the "Certificate of Acceptance for Postgraduate Training Program"; and

(12) pass a National Practitioner Data Bank query check performed by the department.

(g) The department approves and adopts by reference the Standards and Requirements for Approval of Residencies in Podiatric Medicine and Surgery and Procedures for Approval of Residencies in Podiatric Medicine and Surgery adopted by the Council on Podiatric Medical Education of the American Podiatric Medical Association.

(h) The department approves and adopts by reference the Standards and Requirements for Accrediting Colleges of Podiatric Medicine and Procedures for Accrediting Colleges of Podiatric Medicine adopted by the Council on Podiatric Medical Education of the American Podiatric Medical Association.

(i) The applicant must submit evidence sufficient for the department to determine that the applicant has met all the requirements and any other information reasonably required by the department. Any application, diploma or certification, or other document required to be

submitted to the department that is not in the English language must be accompanied by a certified translation into English.

§130.31. [~~Temporary~~] Residency License--License Term; Residency Requirements; Program Responsibilities.

(a) License term. A [~~temporary~~] residency license is valid for one year. The license holder must renew by submitting a completed renewal application in a form and manner prescribed by the department and paying the required fee under §130.60. The annual renewal application notification will be deemed to be written notice of the impending license expiration forwarded to the person at the person's last known address. A [~~temporary~~] residency license to practice podiatric medicine expires on June 30 of each year.

(b) Residency [~~Temporary residency~~] license responsibilities. A [~~temporary~~] residency license holder is not considered to be a fully licensed podiatrist who independently practices podiatric medicine without supervision. A [~~temporary~~] residency license holder is a person in training and is limited by the Graduate Podiatric Medical Education (GPME) program for residency based supervised patient encounters, supervision of which is designed to protect patients and the citizens of Texas.

(1) A person enrolled in a GPME program must hold a [~~temporary~~] residency license at all times and is not considered to be qualified for a Doctor of Podiatric Medicine license until all residency program requirements have been completed and fulfilled as certified by the GPME program residency director, and all other requirements for licensure have been attained.

(2) Residents enrolled in an accredited GPME residency program who hold a [~~temporary~~] residency license (i.e. denoted with the letter "T" followed by numerals) may register with the U.S. Drug Enforcement Administration (DEA) to prescribe controlled substances subject to the supervision of the program and residency director. Under no circumstances are residents allowed to prescribe controlled substances for purposes outside of the approved residency program.

(c) Residency Requirements. All residency programs requesting [~~temporary~~] residency licenses for their enrollees must meet all American Podiatric Medical Association/Council on Podiatric Medical Education (APMA/CPME) requirements for accreditation.

(d) Residency director requirements. Within 30 days after the start date of the program each year, the residency director must report to the department a list of all residents enrolled in the program. The residency director will be held responsible for the entire program, including, but not limited to:

(1) ensuring that the [~~temporary~~] residency licensee is practicing within the scope of the residency program requirements;

(2) ensuring that the [~~temporary~~] residency licensee has read and understood the Act and rules governing the practice of podiatric medicine; and

(3) ensuring that all residency program attendees are properly licensed with the department prior to participation in the program.

§130.32. [~~Temporary~~] Residency License--Final Year of Residency.

(a) A holder of a [~~temporary~~] residency license who has entered the final year of an accredited GPME program, is in good standing with the GPME program, and is on course to complete the course in a timely manner, is permitted to apply for the Doctor of Podiatric Medicine license in the spring, if the resident has entered and signed the "Memorandum of Understanding for Conditional Issuance of Texas Doctor of Podiatric Medicine License" (MOU).

(b) A holder of a [~~temporary~~] residency license who passes the jurisprudence examination, is in compliance with the resident's MOU(s), and meets all other requirements of the law regarding licensure may be issued a Doctor of Podiatric Medicine license prior to completion of the last year of the residency. The Doctor of Podiatric Medicine license issued under this subsection will be subject to the resident's MOU and to the following conditions and restrictions:

(1) the resident must pass and graduate from the resident's accredited GPME program by the date noted in the resident's MOU;

(2) the resident must submit proof of passage and graduation to the department within 30 days after the end date of the residency as noted on the MOU. Failure to timely provide the required proof to the department subjects the Doctor of Podiatric Medicine license to automatic revocation;

(3) the resident must practice podiatry only under the [~~temporary~~] residency license, and subject to the scope and limits of the GPME program, and must not practice podiatry under the Doctor of Podiatric Medicine license until after passage and graduation from the GPME program and after providing to the department proof of such completion and graduation; and

(4) the resident must comply with any other provisions in statute and rule applicable to a license to practice podiatry.

§130.33. [~~Temporary~~] Residency License--Extensions.

(a) The executive director may grant the holder of a current [~~temporary~~] residency license an extension for good cause. Good cause may include but is not limited to:

(1) illness of the holder or a family member for whom the holder is directly or indirectly responsible;

(2) a verifiable family emergency; or

(3) an additional residency training issue.

(b) A [~~temporary~~] residency license extension is valid for up to an additional three months and subject to the same responsibilities, restrictions, and conditions found in §130.30.

(c) The fee for an extended [~~temporary~~] residency license is established in §130.60.

(d) A [~~temporary~~] residency license extension may be granted a maximum of two times.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 20, 2026.

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Deanne Rienstra
Interim General Counsel
Texas Department of Licensing and Regulation
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For further information, please call: (512) 463-7750

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SUBCHAPTER D. DOCTOR OF PODIATRIC MEDICINE

16 TAC §130.43

STATUTORY AUTHORITY

The proposed repeals are proposed under Texas Occupations Code, Chapters 51 and 202, which authorize the Texas Commission of Licensing and Regulation, the Department's govern-

ing body, to adopt rules as necessary to implement these chapters and any other law establishing a program regulated by the Department.

The statutory provisions affected by the proposed repeals are those set forth in Texas Occupations Code, Chapters 51 and 202. No other statutes, articles, or codes are affected by the proposed repeals.

The legislation that enacted the statutory authority under which the proposed repeals are proposed to be adopted is Senate Bill 968, 89th Legislature, Regular Session (2025).

§130.43. Doctor of Podiatric Medicine License--Provisional License.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Deanne Rienstra
Interim General Counsel
Texas Department of Licensing and Regulation
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For further information, please call: (512) 463-7750

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SUBCHAPTER F. FEES

16 TAC §130.60

STATUTORY AUTHORITY

The proposed rules are proposed under Texas Occupations Code, Chapters 51 and 202, which authorize the Texas Commission of Licensing and Regulation, the Department's governing body, to adopt rules as necessary to implement these chapters and any other law establishing a program regulated by the Department.

The statutory provisions affected by the proposed rules are those set forth in Texas Occupations Code, Chapters 51 and 202. No other statutes, articles, or codes are affected by the proposed rules.

The legislation that enacted the statutory authority under which the proposed rules are proposed to be adopted is Senate Bill 968, 89th Legislature, Regular Session (2025).

§130.60. Fees.

(a) Fees paid to the department are non-refundable.

(b) Fees are as follows:

(1) [~~Temporary~~] Residency License (Initial and Renewal)--$125

(2) Residency [~~Extended Temporary~~] License extension--$50

~~[(3) Provisional License--$125]~~

(3) [~~(4)~~] Doctor of Podiatric Medicine Initial License--$750

(4) [~~(5)~~] Doctor of Podiatric Medicine Renewal License--$700

(5) [~~(6)~~] Limited Faculty Initial License--$125

(6) [~~(7)~~] Limited Faculty Renewal License--$60

(7) [~~(8)~~] Voluntary Charity Care Status License (Initial and Renewal)--$0

(8) [~~(9)~~] Inactive Status License (Initial and Renewal)--$0

(9) [~~(10)~~] Active Duty Military Members--$0

(10) [~~(11)~~] Hyperbaric Oxygen Certificate (Initial and Renewal)--$25 if issued or renewed before January 1, 2025; $50 if issued or renewed on or after January 1, 2025

(11) [~~(12)~~] Nitrous Oxide Registration (Initial and Renewal)--$25 if issued or renewed before January 1, 2025; $50 if issued or renewed on or after January 1, 2025

(12) [~~(13)~~] Podiatric Medical Radiological Technician Registration (Initial and Renewal)--$25 if issued or renewed before January 1, 2025; $50 if issued or renewed on or after January 1, 2025

(13) [~~(14)~~] Duplicate License/replacement license--$25

(14) [~~(15)~~] The fee for a criminal history evaluation letter is the fee prescribed under §60.42.

(15) [~~(16)~~] A dishonored payment fee is the fee prescribed under §60.82.

(16) [~~(17)~~] Late renewal fees for licenses issued under this chapter are provided under §60.83.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 20, 2026.

TRD-202601693
Deanna Rienstra
Interim General Counsel
Texas Department of Licensing and Regulation
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 463-7750

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TITLE 26. HEALTH AND HUMAN SERVICES

PART 1. HEALTH AND HUMAN SERVICES COMMISSION

CHAPTER 358. CHILDREN'S AUTISM PROGRAM

The executive commissioner of the Texas Health and Human Services Commission (HHSC) proposes amendments to §§358.101, 358.105, 358.307, 358.311, 358.313, 358.315, 358.605, 358.607 - 358.609; the repeal of §§358.309, 358.507, and 358.515; and new §§358.107, 358.109, 358.201, and 358.309.

BACKGROUND AND PURPOSE

The purpose of the proposal is to update the Children's Autism Program rules in Title 26 Texas Administrative Code (TAC) Chapter 358, including definitions and contractor qualifications. The proposal would also replace references to the former Texas Department of Assistive and Rehabilitative Services with HHSC.

The proposal changes the program eligibility requirement based on age. This change aligns with the other program within the Children's Autism and Blindness Services section, the Blind Children's Program.

Additionally, the Children's Autism Program rules are in two different TAC chapters. HHSC is proposing to repeal the rules in 1 TAC Chapter 392, Subchapter C, Autism Program, to consolidate the program rules into one chapter in 26 TAC Chapter 358. The proposed repeal of the 1 TAC Chapter 392 rules are published elsewhere in this issue of the *Texas Register*.

SECTION-BY-SECTION SUMMARY

Subchapter A General Rules

The proposed amendment to §358.101, Purpose, changes the title of the rule to "Purpose and Program Administration" and formats the rule into new subsections (a) - (c). New subsection (a) states the chapter implements the HHSC Children's Autism Program to provide services to children and young adults diagnosed with an autism spectrum disorder who are younger than 22 years of age; new subsection (b) states local community agencies and organizations provide Focused Applied Behavior Analysis or other treatments through grant contracts with HHSC; and new subsection (c) states HHSC may operate the program only if the Texas Legislature appropriates funding for the program.

The proposed amendment to §358.105, Definitions, revises the definitions of "adjusted gross income," "allowable deductions," "child or children," "contractor," "cost share," "dependent," "direct services," "family," "interest list," "parent," "Texas resident," "third party payer," and "treatment plan" for clarity. The proposed amendment revises the definition of "applied behavior analysis" to add the acronym "ABA" so that the acronym can be used in the rules. The proposed amendment revises the definition of autism spectrum disorders to add the acronym "ASD" so that the acronym can be used in the rules; and to add a reference to the eligibility criteria for a documented diagnosis in proposed amended §358.307(a). The proposed amendment revises the definitions for "BCaBA," "BCBA" and "BCBA-D," to add the formal title for each acronym and a reference to the requirements in the Texas Occupations Code for each person who uses these titles. The proposed amendment revises the definition for "parent training" to clarify the meaning and remove requirements that have been added in proposed §358.11. The proposed amendment revises the definition for "qualified professional" to clarify who is trained to provide a neurodevelopmental disorder diagnosis. The proposed amendment revises the definition for "transition plan" to clarify the meaning of this term.

The proposed amendment also removes the definitions for "HHSC Comprehensive ABA services" and "HHSC Focused ABA services" and replaces them with a new definition for "Focused ABA services" to clarify the type of services provided by Children's Autism Program contractors. The proposed amendment adds definitions for "physician" and "psychologist" to include their licensure requirements and because these terms are used in the proposed amended definition of "qualified professional" in renumbered §358.105(25).

The proposed amendment also adds a definition of "RBT--Registered Behavior Technician" because this term, which includes a Board Certified Autism Technician, are the titles used by a paraprofessional who provides direct support, under the supervision of a BCBA or BCaBA, to individuals enrolled in the Children's Autism Program. The proposed amendment adds a definition of "staff member" to clarify what this term means when used in the chapter. The proposed amendment renumbers the paragraphs in this rule accordingly.

Proposed new §358.107, Criminal Background Checks, describes the requirements for a contractor to conduct criminal background checks on an employee, staff member, volunteer, or other person who will have direct contact with children and families who receive services. The proposed new rule replaces the requirements in 1 TAC §392.205 Criminal Background Checks, which HHSC is proposing to repeal.

Proposed new §358.109, Safety, requires a contractor to maintain an emergency evacuation plan and describes requirements for the plan. The proposed new rule requires a contractor to notify a family if any emergency happens with a child. The proposed new rule replaces the requirements in 1 TAC §392.207 Safety, which HHSC is proposing to repeal.

New Subchapter B Staff Requirements

Proposed new §358.201, Staff Requirements, provides qualifications for the BCBA or BCBA-D, who acts as program manager. The proposed new rule provides some additional requirements for staff who are providing direct services. The proposed new rule replaces the requirements in 1 TAC §392.203 Staff Qualifications, which HHSC is proposing to repeal.

Subchapter C Focused ABA Services

The proposed amendment changes the title of Subchapter C from "DARS" to "Focused ABA Services" because the Department of Aging and Rehabilitative Services no longer exists and because the subchapter addresses services provided by the Children's Autism Program.

The proposed amendment to §358.307, Eligibility, changes eligibility based on age from three through 15 years old to younger than 22 years old. This change fills a significant gap in the availability of autism services for children and young adults.

The proposed repeal of §358.309, Enrollment, removes the rule to include its contents in proposed new §358.309, Enrollment and Interest List. This change is made for organizational purposes.

Proposed new §358.309, Enrollment and Interest List, contains the requirements for a contractor to enroll an eligible child and to maintain an interest list. The proposed new rule provides the basis for a child who leaves the program with unused service hours to receive priority over children on the interest list who have never received services.

The proposed amendment to §358.311, Services Provided, updates and clarifies the requirements for a contractor to develop a written treatment plan in new subsection (a). The proposed amendment organizes the requirements for a contractor to provide and document parent training in new subsections (b) - (d). The proposed amendment organizes the requirements for a contractor to evaluate progress; collect data; document coordination of services; develop and maintain a transition plan; and document all services provided to the child in new subsection (e). These changes make the rules easier to locate and follow. The proposed amendment renumbers the rules because of the changes in its organization.

The proposed amendment to §358.313, Amount of Services, replaces "length" with "amount" in the title and rule to clarify it is the amount of Focused ABA services, not the length of services that a contractor may provide to a child, that determines when

the child reaches the limit of 720 total hours of services. The proposed amendment adjusts the requirements for usage of service hours. The proposed amendment updates when a child reaches a service limit by removing "has received 180 hours of services in a year" and updating the age of eligibility to 22 years of age. The proposed amendment removes subsection (f) because the content of the rule has been added to the proposed amendment to §358.309. The proposed amendment renumbers subsection (g) as subsection (f). The proposed amendment to renumbered subsection (f) makes changes to make it easier to read and understand.

The proposed amendment to §358.315, Participation Requirements, in subsection (a) clarifies the attendance requirement for a child during the year, the benefits of attendance, and states absences for any reason do not change the attendance requirement. The proposed amendment in subsection (b) expands the requirement for a parent to attend parent training sessions from a minimum of once every two weeks to at least two times each month. This change provides the opportunity to arrange the parent training schedule to meet the needs of the child and the child's services. The proposed amendment removes subsection (c) because it is no longer required for a parent and the child to participate in pre-test and post-test protocols. The proposed amendment renumbers subsection (d) as subsection (c) and makes it easier to read and understand that a child may be removed from the program if the parent or child does not met the participation requirements and that a contractor may allow an exception to these requirements if HHSC provides written approval.

Subchapter E Autism Program Rights

The proposed repeal of §358.507, Rights of Children and Parents, removes content that is unnecessary because discrimination and retaliation are prohibited across HHS agencies.

The proposed repeal of §358.515, Staff Requirements, is needed because the content of the rule is in proposed new §358.201, Staff Requirements.

Subchapter F Cost Share

The proposed amendment to §358.605, Cost Share, makes minor rule edits and updates a rule reference.

The proposed amendment to §358.607, HHSC Fee Schedule Amount, clarifies the requirement for the contractor to calculate the monthly fee that a family must pay for services of each eligible child. The proposed amendment changes "services" to "Focused ABA services" to be more specific. The proposed amendment removes obsolete references to §105.105.

The proposed amendment to §358.608, Insurance Payments, clarifies the requirement for a contractor to accept insurance payment as full payment. The proposed amendment also clarifies that the family's cost share must be the lower amount between the HHSC fee schedule amount or the insurance deductible, copayment, or coinsurance.

The proposed amendment to §358.609, Payer of Last Resort, makes minor rule language edits to clarify the program standards for not using HHSC funds to provide payment for services until all other payment options have been used first.

FISCAL NOTE

Trey Wood, Chief Financial Officer, has determined that for each year of the first five years that the rules will be in effect, enforcing or administering the rules does not have foreseeable implications relating to costs or revenues of state or local governments.

GOVERNMENT GROWTH IMPACT STATEMENT

HHSC has determined that during the first five years that the rules will be in effect:

(1) the proposed rules will not create or eliminate a government program;

(2) implementation of the proposed rules will not affect the number of HHSC employee positions;

(3) implementation of the proposed rules will result in no assumed change in future legislative appropriations;

(4) the proposed rules will not affect fees paid to HHSC;

(5) the proposed rules will create new regulations;

(6) the proposed rules will expand and repeal existing regulations;

(7) the proposed rules will not change the number of individuals subject to the rules; and

(8) the proposed rules will not affect the state's economy.

SMALL BUSINESS, MICRO-BUSINESS, AND RURAL COMMUNITY IMPACT ANALYSIS

Trey Wood has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities because the rules will not cause an increased cost of services to any contractor.

LOCAL EMPLOYMENT IMPACT

The proposed rules will not affect a local economy.

COSTS TO REGULATED PERSONS

Texas Government Code §2001.0045 does not apply to these rules because the rules do not impose a cost on regulated persons.

PUBLIC BENEFIT AND COSTS

Haley Turner, Deputy Executive Commissioner for Community Services, has determined that for each year of the first five years the rules are in effect, the public benefit will be increased clarity on terms and Children's Autism Program services. Another anticipated public benefit is increased access to services by expanding the age of eligibility.

Trey Wood has also determined that for the first five years the rules are in effect, there are no anticipated economic costs to persons who are required to comply with the proposed rules because there is no requirement to alter current business practices and there are no new fees or costs imposed on those required to comply.

TAKINGS IMPACT ASSESSMENT

HHSC has determined that the proposal does not restrict or limit an owner's right to the owner's property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking under Texas Government Code §2007.043.

PUBLIC COMMENT

Written comments on the proposal, including information related to the cost, benefit, or effect of the proposed rule, as well as any applicable data, research, or analysis, may be submitted to Rules Coordination Office, P.O. Box 13247, Mail

Code 4102, Austin, Texas 78711-3247, or street address 4601 West Guadalupe Street, Austin, Texas 78751; or emailed to *HHSRulesCoordinationOffice@hhs.texas.gov*.

To be considered, comments must be submitted no later than 31 days after the date of this issue of the *Texas Register*. Comments must be (1) postmarked or shipped before the last day of the comment period; (2) hand-delivered before 5:00 p.m. on the last working day of the comment period; or (3) emailed before midnight on the last day of the comment period. If the last day to submit comments falls on a holiday, comments must be postmarked, shipped, or emailed before midnight on the following business day to be accepted. When emailing comments, please indicate "Comments on Proposed Rule 25R044" in the subject line.

SUBCHAPTER A. GENERAL RULES

26 TAC §§358.101, 358.105, 358.107, 358.109

STATUTORY AUTHORITY

The amendments and new sections are authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system; and Texas Human Resources Code §117.082, which requires HHSC to adopt rules for the children's autism program.

The amendments and new sections implement Texas Government Code §524.0151 and Texas Human Resources Code §117.082.

§358.101. Purpose and Program Administration.

(a) This chapter implements [~~The purpose of~~] the Texas Health and Human Services Commission (HHSC) [~~Commission (HHSC)~~] Children's Autism Program. This program provides [~~is to provide~~] autism services to children and young adults diagnosed [~~3 through 15 years of age~~] with an autism spectrum disorder (ASD) who are younger than 22 years of age.

(b) Local [~~Services are provided through grant contracts with local~~] community agencies and organizations, through grant contracts with HHSC, provide services using Focused [~~utilizing~~] Applied Behavior Analysis (ABA) or other treatments [~~treatment approaches~~].

(c) HHSC may operate [~~is authorized to implement~~] the program only if [~~to the extent that funds are appropriated by~~] the Texas Legislature funds the program.

§358.105. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise.

(1) Adjusted gross income--The total [~~gross~~] income of the family after subtracting[~~, as defined in this section, minus~~] allowable deductions. Adjusted gross income is used to calculate a family's monthly cost share for a child to participate in the Children's Autism Program [~~determine the amount of the monthly financial contribution required by a family~~].

(2) Allowable deductions--Expenses that may be subtracted from total income [~~are not reimbursed by other sources~~]. Allowable deductions are limited to:

(A) the actual medical or dental expenses of the family [~~parent or dependent~~] that are mainly for helping [~~primarily related to alleviating~~] or preventing a physical or mental condition [~~defect or illness~~], paid within the last [~~were paid over the previous~~] 12 months, and [~~are~~] expected to continue during the eligibility period. Expenses must be[~~, and are~~] limited to the cost of:

(i) diagnosis, cure, alleviation, treatment, or prevention of disease;

(ii) treatment of any affected body part or function;

(iii) legal medical services delivered by physicians, surgeons, dentists, and other medical practitioners;

(iv) medication, medical supplies, and diagnostic devices;

(v) premiums paid for insurance that covers the expenses of medical or dental care;

(vi) transportation to receive medical or dental care; and

(vii) medical or dental debt that is being paid on an established payment plan;

(B) child-care and respite expenses for a family member;

(C) costs and fees associated with the adoption of a [~~dependent~~] child who will be counted as a family member; and

(D) court-ordered child support payments paid for a child who is not counted as a family member [~~or dependent~~].

(3) ABA--Applied behavior analysis. [~~(ABA)--~~] The design, implementation, and evaluation of systematic environmental changes to produce socially significant change in human behavior through skill acquisition and the reduction of problematic behavior. Applied behavior analysis includes direct observation and measurement of behavior and the identification of functional relations between behavior and the environment. Contextual factors, establishing operations, antecedent stimuli, positive reinforcers, and other consequences are used to produce the desired behavior change.

(4) ASD--Autism spectrum disorder, a disorder [~~disorders--The disorders~~] found in the fifth [~~current~~] edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM) related to autism or a[~~. An autism spectrum disorder (ASD)~~] diagnosis of autistic disorder, Asperger's disorder, or pervasive developmental disorder not otherwise specified, made under a previous DSM, used to meet the eligibility criteria for a documented diagnosis in §358.307(a) of this chapter (relating to Eligibility) [~~is acceptable~~].

(5) BCaBA--Board Certified Assistant Behavior Analyst. A person who meets the requirements in and holds the appropriate license under Texas Occupations Code Chapter 506, the Behavior Analyst Licensing Act [~~A board certified assistant behavior analyst~~].

(6) BCBA--Board Certified Behavior Analyst. A person who meets the requirements in and holds the appropriate license under Texas Occupations Code Chapter 506 [~~A board certified behavior analyst~~].

(7) BCBA-D--Board Certified Behavior Analyst-Doctoral. A person who meets the requirements in and holds the appropriate license under Texas Occupations Code Chapter 506. [~~A board certified behavior analyst-doctoral.~~]

(8) Child--An individual diagnosed with ASD who is younger than 22 years of age. [~~A son, daughter, foster child, or stepchild who is under age 19 living in the home.~~]

(9) Contractor--A local community agency or organization [~~service provider~~] under contract with HHSC to provide [~~autism~~] services under this chapter.

(10) Cost share--The amount of money a family must pay each month [~~monthly financial contribution required of a family~~] for a

child to participate in the [~~HHSC~~] Children's Autism Program, as described in Subchapter F of this chapter (relating to Cost Share). [~~The cost share is determined using the HHSC Fee Schedule and any applicable insurance deductible, coinsurance, and co-pay amounts. The cost share is the lesser of the fee determined using the HHSC fee schedule, or applicable insurance deductible, coinsurance, and co-pay amounts.~~]

[~~(11) HHSC Comprehensive ABA services--ABA services that are provided to children 3 through 5 years of age by a HHSC contractor to treat all areas of developmental and behavioral needs.~~]

[~~(12) HHSC Focused ABA services--ABA services that are provided to children 3 through 15 years of age by a HHSC contractor to treat one or more deficits or behaviors of excess rather than the full range of developmental domains.~~]

(11) [~~(13)~~] Dependent--A person in the household of a child who receives services who is [~~age~~] 19 years of age or older, a parent, a guardian, a stepparent, a grandparent, a brother, a sister, a stepbrother, a stepsister, or an in-law. Dependents may not have [~~; whose~~] gross income more [~~is less~~] than the income requirement set by the Internal Revenue Service (IRS) for the relevant [~~$3,900~~ a] year. More[~~; and for whom more~~] than half of the person's support must be [~~is~~] provided [~~for~~] by the parent [~~parent(s) or guardian(s)~~] during the calendar year.

(12) [~~(14)~~] Direct services [~~contact~~]--Direct services happen when a staff member provides services to a child or the family. Direct services include parent or family training, in person and virtual ABA sessions, and meetings related to the service plan. [~~A term that applies to any person who has physical contact with, physical access to the home of, communication with, or access to confidential information regarding a child enrolled in the HHSC Children's Autism Program or the child's family.~~] Direct services do [~~contact does~~] not include casual or accidental [~~inadvertent~~] physical contact with, talking to [~~communication with~~], or meeting [~~contact~~] at an educational presentation or seminar with a child who is [~~enrolled~~] in the [~~HHSC~~] Children's Autism Program or with the child's family.

(13) [~~(15)~~] Family--If living in the same home, means:

(A) the parent; [~~The child's parent(s) or guardian(s),~~]

(B) the child;[~~,~~]

(C) other children younger than [~~under~~] 19 years old; [~~of age~~] and

(D) other dependents [~~of the parent or guardian~~].

(14) [~~(16)~~] Fiscal year--The state fiscal year. Begins on September 1 and ends on August 31 of the following year.

(15) Focused ABA services--ABA services provided to a child by an HHSC contractor to treat one or more skill deficits or behaviors.

(16) [~~(17)~~] Gross income--All income received by the family for determination of the family's cost share, from whatever source, that is considered income by the Internal Revenue Service before federal allowable deductions are applied.

(17) [~~(18)~~] HHSC--The Texas Health and Human Services Commission.

(18) [~~(19)~~] Individualized Education Program (IEP)--A written document that is developed for each public school child who is eligible for special education.

(19) [~~(20)~~] Interest list--A list, maintained by a [~~the~~] contractor, of families who have indicated an interest in receiving services, and who meet the eligibility criteria.

[~~(21) LEA--Local educational agency.~~]

(20) [~~(22)~~] Parent--Means:

(A) a [~~The~~] child's natural or adoptive parent; or

(B) a [~~the~~] child's guardian.

(21) [~~(23)~~] Parent training--A Focused ABA service that a contractor provides [~~Training that is provided~~] to a parent [~~or guardian as part of the ABA service,~~] in the native language of a parent with limited English proficiency, [~~used by the parents of the child~~] when possible [~~feasible~~]. [~~It is delivered either individually or in a group in a home, school, or clinic setting. It includes providing parent education on ABA in general; working collaboratively with parents to identify ways they can help their child at home to generalize learning to other environments, including school settings; and data review, program adjustment, and planning.~~]

(22) Physician--A person licensed to practice medicine under Texas Occupations Code Chapter 155.

(23) Psychologist--A person licensed to practice psychology under Texas Occupations Code Chapter 501.

(24) Qualified professional--A [~~An actively licensed~~] physician or psychologist who has [~~with~~] training and experience in diagnosing [~~background related to the diagnosis~~] and treating [~~treatment of~~] neurodevelopmental disorders.

(25) RBT--Registered Behavior Technician. A paraprofessional who provides direct support to individuals, under the supervision of a BCBA or BCaBA. A RBT implements behavior intervention plans, collects data, and assists individuals to develop or improve skills and manage challenging behaviors. This term also includes a Board Certified Autism Technician.

(26) Staff member--Means a person working for a contractor as:

(A) an RBT;

(B) a BCaBA;

(C) a BCBA; or

(D) a BCBA-D.

(27) [~~(25)~~] Texas resident--A person who lives [~~resides~~] in Texas. [~~and intends to remain in the state, either permanently or for an indefinite period.~~]

(28) [~~(26)~~] Third-party payer--A company, organization, insurer, or government agency, except for [~~other than~~] HHSC, that pays [~~makes payment~~] for health care services a child receives in the Children's Autism Program [~~received by an enrolled child~~].

(29) [~~(27)~~] Transition plan--A written document that lists the [~~A plan that identifies and documents appropriate~~] steps and [~~transition~~] services needed to help [~~support~~] the child and family move [~~to smoothly and effectively transition~~] from the [~~HHSC~~] Children's Autism Program to local education agency [~~LEA~~] special education services or other community activities, places, or programs chosen by the family [~~would like the child to participate in~~] after leaving [~~exiting~~] the [~~HHSC~~] Children's Autism Program.

(30) [~~(28)~~] Treatment plan--A written plan of care that describes how services will be provided to a child and the child's family to enhance the child's development, that includes [~~, including~~] treatment goals.[~~, for providing HHSC autism treatment services to an eligible child and the child's family to enhance the child's development. The intensity and length of Children's Autism Program services is deter-~~

~~mined by the treatment goals included in the treatment plan. However, the length of autism services shall not exceed 24 months.~~]

§358.107. Criminal Background Checks.

(a) A contractor must complete a fingerprint-based review of national criminal history records on any employee, staff member, volunteer, or other person who will have direct contact with children and families served by the Children's Autism Program.

(b) Contracts between HHSC and a contractor explain which offenses will prevent an employee, staff member, volunteer, or other person from having direct contact with children and families who receive services.

(c) With written approval from HHSC, a contractor may review and assess the risk of a minor criminal history finding for any employee, staff member, volunteer, or other person who will engage in direct services.

§358.109. Safety.

(a) A contractor must:

(1) maintain an emergency evacuation plan at the contractor's service site; and

(2) review the plan at least annually, and after every use of the evacuation plan, to evaluate the effectiveness of the plan and to update the plan as needed.

(b) A contractor's emergency evacuation plan must be approved and signed annually by the program supervisor.

(c) A contractor's emergency evacuation plan must follow all local, state, and federal laws, rules, and regulations that apply to services under this chapter.

(d) A contractor must notify a family if any emergency happens with a child, including any situation that poses an immediate threat to life, health, property, or the environment and requires urgent action.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 20, 2026.

TRD-202601676
Karen Ray
Chief Counsel
Health and Human Services Commission
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 815-6272

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SUBCHAPTER B. STAFF REQUIREMENTS

26 TAC §358.201

STATUTORY AUTHORITY

The new section is authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system; and Texas Human Resources Code §117.082, which requires HHSC to adopt rules for the children's autism program.

The new section implements Texas Government Code §524.0151 and Texas Human Resources Code §117.082.

§358.201. Staff Requirements.

(a) A contractor must have a manager to supervise all staff members and oversee assessments and treatments for children. The program manager must be a BCBA or BCBA-D and have:

(1) at least one year of experience in providing services to children diagnosed with ASD who are younger than 22 years old;

(2) a master's or doctoral degree from an accredited institution of higher education in psychology, behavior analysis, or a related field;

(3) documented graduate-level coursework in:

(A) behavioral assessment and intervention;

(B) selecting outcomes and strategies;

(C) behavior change procedures;

(D) experimental methods; and

(E) measuring and interpreting behavioral data; and

(4) knowledge of typical human development for individuals from the age of 1 to 22 years old.

(b) A contractor must make sure all staff, including an RBT, involved in direct services:

(1) has earned a high school diploma or certificate that a state recognizes as equivalent to a high school diploma; and

(2) is at least 18 years old.

(c) A BCBA or BCBA-D must supervise all staff members with direct contact. Supervision must include:

(1) direct observation of autism services at least once every two calendar weeks to check if a staff member uses procedures correctly and to help the supervisor decide if teaching methods should be changed; and

(2) ongoing review of data from Focused ABA programs and client data related to problem behavior at least two times each week.

(d) Each staff member involved in direct services, except for BCBA and BCBA-D, must complete training before working independently and meet all minimum training requirements for credentials and licensing, in addition to completing training annually. Each staff member must complete at least 40 hours of training that meets the following requirements.

(1) Formal training must be developed and overseen by a BCBA or BCBA-D supervisor. Training must cover methods for collecting data, steps for carrying out discrete trial teaching, ways to use prompting procedures, behavior management strategies for addressing problem behavior, and other Focused ABA techniques and program specific methods.

(2) Training must be provided or overseen by a BCBA or BCBA-D supervisor through classroom instruction, workshops, reading assignments, observation of modeling of techniques by supervisors, role-play with supervisors, and training in the natural environment in which supervisors provide specific feedback and additional training as needed.

(3) Training effectiveness is checked through written tests administered by the contractor with clear standards for mastery, or by direct observation from a BCBA or BCBA-D supervisor using fidelity checklists to confirm correct use of procedures and mastery of required skills. Training must make sure staff gain the skills necessary to provide Focused ABA services or other treatments correctly.

(4) Training must include all the tasks in the Behavior Analyst Certification Board's Registered Behavior Technician Task List and Guidelines for Responsible Conduct for Behavior Analysts that have been designated as relevant for behavior technicians.

(5) Training must include instruction in the following areas:

(A) ethics and professional conduct;

(B) child development from birth to less than 18 years of age; and

(C) human development from 18 years of age to less than 22 years of age.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 20, 2026.

TRD-202601677
Karen Ray
Chief Counsel
Health and Human Services Commission
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 815-6272

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SUBCHAPTER C. [~~DARS~~] FOCUSED ABA SERVICES

26 TAC §§358.307, 358.309, 358.311, 358.313, 358.315

STATUTORY AUTHORITY

The amendments and new section are authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system; and Texas Human Resources Code §117.082, which requires HHSC to adopt rules for the children's autism program.

The amendments and new section implement Texas Government Code §524.0151 and Texas Human Resources Code §117.082.

§358.307. Eligibility.

(a) To be eligible for the Children's Autism Program [~~HHSC Focused ABA services~~], a child must:

(1) be a Texas resident [~~as defined in §105.105 of this chapter (relating to Definitions)~~];

(2) have a documented diagnosis on the autism spectrum made by a qualified professional; and

(3) be younger than 22 [~~3 through 15~~] years old [~~of age~~].

[~~(b) Children become eligible on their third birthday and become ineligible on their 16th birthday.~~]

[~~(c) The parent must participate in parent training, defined in §105.105 of this chapter in order for their child to receive services.~~]

(b) [~~(d)~~] An offer to enroll in the Children's Autism Program depends on whether funding is available and whether the contractor can serve more children. When a contractor considers a [~~Eligibility for HHSC Focused ABA services does not guarantee enrollment into the HHSC Children's Autism Program. A~~] child [~~considered~~] eligible for services and there is no opening or funding available to enroll the child, the contractor must add the child [~~by the contractor based on the criteria in this section is added~~] to the contractor's interest list as described in §358.309 of this subchapter (relating to Enrollment and Interest List) [~~when there is no opening or funding available for HHSC Focused ABA services in the local HHSC Children's Autism Program~~].

§358.309. Enrollment and Interest List.

(a) A contractor must:

(1) enroll an eligible child in the Children's Autism Program, except as provided in §358.307(b) of this subchapter (relating to Eligibility);

(2) provide the family written information about the estimated highest possible monthly cost of Focused ABA services and the estimated amount of cost share the family must pay;

(3) confirm the benefits if the contractor discovers a child may have third-party payer coverage via pre-authorization for billing of services provided in the Children's Autism Program, and keep related documentation on file; and

(4) provide written notice to the child and parent that explains:

(A) the responsibilities of the child and parent that must be met to prevent the child from being dismissed from the program, as described in §358.315 of this subchapter (relating to Participation Requirements); and

(B) the rights of the child and parent under Subchapter E of this chapter (relating to Autism Program Rights).

(b) A contractor must maintain an interest list. If a contractor cannot immediately enroll an eligible child into the Children's Autism Program and the family is interested in enrolling, the contractor adds the child's information to the interest list. The interest list must include the child's name, date of birth, parent name, phone number and email address.

(c) Every six months, a contractor must check the interest list to confirm that each child still meets the eligibility criteria in §358.307(a) of this subchapter (relating to Eligibility) and that the family is still interested in enrolling the child in the Children's Autism Program.

(d) A contractor removes a child's information from the interest list when:

(1) an opening becomes available and the contractor enrolls the child in the Children's Autism Program;

(2) the child is no longer eligible for the Children's Autism Program based on the criteria in §358.307(a) of this subchapter; or

(3) the family tells the contractor that the family is no longer interested in enrolling the child in the program.

(e) A child who leaves the Children's Autism Program with unused service hours receives priority over children on the interest list who have never received services:

(1) when the child or family reapply for additional autism services;

(2) if the child continues to meet the eligibility criteria in §358.307(a) of this subchapter; and

(3) based on:

(A) the child's needs; and

(B) available funding.

§358.311. Services Provided.

(a) A [~~The~~] contractor must:

(1) develop a written treatment plan with the family for each child served, which must include; [~~, including plans for generalization of learned skills and behaviors to other environments;~~]

(A) goals that are clear, specific, and can be measured and will direct the treatment process and show progress; and

(B) plans that help the child use skilled and behaviors learned during services in other places, such as home or school; and

[~~(2) provide and document parent training as a component of the services. Documentation must include:~~]

[~~(A) the date of the training;~~]

[~~(B) the names of those who participated in the training; and~~]

[~~(C) any information that was discussed and shared by the contractor;~~]

(2) [~~(3)~~] provide and keep records of parent training as a part of the Focused ABA services. [~~ongoing analysis and evaluation of each child's progress;~~]

(b) A contractor must provide parent training. A contractor may provide this training in either individual or group format. If provided in a group of other parents and children, a contractor may provide parent training in a home, school, or clinic setting.

(c) Parent training must include:

(1) providing education to the parent about ABA;

(2) the contractor working with the parent to find ways to help the child practice skills at home so learned skills can carry over to other places, including school settings; and

(3) teaching the parent how to review data, make decisions about the program, and plan for new goals.

[~~(4) document services provided to each child;~~]

[~~(5) collect data on operationally defined target behaviors. Data on at least three data points will be collected at baseline, during treatment, and post-treatment for each behavior that is identified in the child's treatment plan. No additional pre- and post-testing is required;~~]

[~~(6) document efforts to coordinate services with the school setting the child attends to promote generalization;~~]

[~~(7) create with the family and maintain documented transition plans for each child leaving services;~~]

[~~(8) maintain in the child's record the following documentation related to the transition plan:~~]

[~~(A) timelines for each transition activity;~~]

[~~(B) the family's choice for the child to transition into a community or educational program or for the child to remain in the home; and~~]

[~~(C) appropriate steps and transition services to support the family's exit from the HHSC Children's Autism Program services to LEA special education services or other appropriate activities, places, or programs the family would like the child to participate in after exiting services; and~~]

(d) [~~(9)~~] Documentation of [~~document all services provided, including~~] parent training must include[~~, including~~]:

(1) [~~(A)~~] the [~~child's~~] name of the child;

(2) [~~(B)~~] the names of those who participated in the training [~~date of service~~];

(3) [~~(C)~~] any training information the contractor discussed and shared with each parent who participated in the training; and [~~start and end time of service;~~]

(4) [~~(D)~~] the location where the contractor provided the training. [~~of service;~~]

[~~(E) names of those present for service;~~]

[~~(F) contractor's signature;~~]

[~~(G) description of the service and goals addressed; and~~]

[~~(H) progress toward goals.~~]

(e) A contractor must:

(1) provide ongoing analysis and evaluation of each child's progress;

(2) collect data on operationally defined target behaviors at baseline, during treatment, and after treatment for every behavior listed in the child's treatment plan;

(3) document efforts to coordinate services with the school setting the child attends to promote the child's use of learned skills in that setting so learned skills can carry over to other places;

(4) develop a written transition plan with the child and family before each child exits the Children's Autism Program;

(5) maintain an updated transition plan in the child's record and include in the transition plan:

(A) timelines for completing each of the steps and transition services documented in the plan to support the family's exit from the Children's Autism Program; and

(B) the family's choice for the child to:

(i) transition to local education agency special education services or other community activities, places, or programs the family would like the child to participate in after exiting the Children's Autism Program; or

(ii) remain in the home; and

(6) maintain documentation in the child's record of all services provided to the child that includes:

(A) the child's name;

(B) the date of service;

(C) the start and end time of service;

(D) the location of service;

(E) the names of those present during the time of service;

(F) the contractor's signature;

(G) a description of the service and goals addressed; and

(H) progress toward goals.

§358.313. Amount [~~Length~~] of Services.

(a) The amount [~~length~~] of Focused ABA services provided for a child is based on the child's specific needs. [~~but must not exceed a maximum of 24 months in the HHSC Children's Autism Program in any combination of Comprehensive or Focused ABA services.~~]

(b) A [The] contractor may provide up to 720 total hours of [HHSC] Focused ABA services to a child as long as the child meets the eligibility requirements in §358.307(a) [§105.307] of this subchapter [chapter] (relating to Eligibility). [The contractor may not exceed 180 hours within a year of the first date of service.]

(c) Any change [The time-limited services are not affected by any modifications] in [the contract between HHSC and the] contractors while a child is receiving services does not affect the number of hours of services the child accumulates. The total of 720 service hours is cumulative across various contractors and service arrangements[, or a change in the contractor].

(d) [HHSC] Focused ABA services end when a child: [treatment]

(1) meets the goals in the treatment plan; or [are met or when]

(2) reaches a service limit in subsection (e) of this section [limits have been reached].

(e) A child reaches a service limit [Service limits have been reached] when the child:

[(1) has received 180 hours of services in a year;]

(1) [(2)] receives [has received] 720 total hours of Focused ABA services before the child's 22nd [his or her 16th] birthday; or

(2) [(3)] reaches 22 years of age [his or her 16th birthday].

[(f) Children who exit HHSC Focused ABA services with remaining hours of service may reapply for additional HHSC Focused ABA services based on the eligibility criteria in §105.307 of this chapter, the child's needs, available funding, and the contractor's ability to serve more children in accordance with §105.307 of this chapter. These children are given priority over children on the interest list who have not previously received services.]

(f) [(g)] A family may [choose to] continue [receiving] services from the contractor [, at the family's expense, from the contractor] after the child reaches a service limit [limits noted] in subsection (e) [(b)] of this section if the family pays for the services [have been reached]. HHSC does not pay [is not liable] for any costs [incurred] after a service limit is [limits have been] reached, including the contractor's [any] costs for [incurred by a contractor] providing those services.

§358.315. Participation Requirements.

(a) A [The] child must attend at least 85 percent of scheduled [HHSC] Focused ABA services during [over] the year. A child needs to attend these services to get the full [This is necessary for the child to fully] benefit from Focused ABA [the] services. Absences, for any reason, do not change the attendance requirement[, regardless of the reason for the absence].

(b) A parent must attend [Participation in] parent training sessions scheduled by the contractor at least two times each month, [, a minimum of once every two weeks as defined in §105.105(23) of this chapter (relating to Definitions), is required] for the [a] child to continue to receive services.

[(c) The parent and the child must participate in pre-test protocols upon enrollment into HHSC Focused ABA services. The parent and the child must participate in post-test protocols before exiting HHSC Focused ABA services.]

(c) [(d)] If a [the] parent or [and the] child does not [fail to] meet the participation [these] requirements in this section, the child may be removed [dismissed] from the [HHSC] Children's Autism Program. A contractor may allow an exception to these [The] requirements if HHSC provides [may be waived with] written approval [by HHSC].

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 20, 2026.

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Karen Ray
Chief Counsel
Health and Human Services Commission
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 815-6272

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SUBCHAPTER C. DARS FOCUSED ABA SERVICES

26 TAC §358.309

STATUTORY AUTHORITY

The repeal is authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system; and Texas Human Resources Code §117.082, which requires HHSC to adopt rules for the children's autism program.

The repeal implements Texas Government Code §524.0151 and Texas Human Resources Code §117.082.

§358.309. Enrollment.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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SUBCHAPTER E. AUTISM PROGRAM RIGHTS

26 TAC §358.507, §358.515

STATUTORY AUTHORITY

The repeals are authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system; and Texas Human Resources Code §117.082, which requires HHSC to adopt rules for the children's autism program.

The repeals implement Texas Government Code §524.0151 and Texas Human Resources Code §117.082.

§358.507. Rights of Children and Parents.
§358.515. Staff Requirements.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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SUBCHAPTER F. COST SHARE

26 TAC §§358.605, 358.607 - 358.609

STATUTORY AUTHORITY

The amendments are authorized by Texas Government Code §524.0151, which provides that the executive commissioner of HHSC shall adopt rules for the operation and provision of services by the health and human services system; and Texas Human Resources Code §117.082, which requires HHSC to adopt rules for the children's autism program.

The amendments implement Texas Government Code §524.0151 and Texas Human Resources Code §117.082.

§358.605. Cost Share.

(a) A [~~The~~] family's cost share amount must be the lower amount [~~is the lesser~~] of the:

(1) HHSC Fee Schedule [~~fee schedule~~] amount; or

(2) applicable deductible, copayment, and coinsurance amounts when the family has insurance that covers the Focused ABA services.

(b) If a [~~the~~] parent disagrees with the contractor's determination of the family's ability to pay the cost share, the parent may [~~can~~]:

(1) request a review by the contractor's management [~~manager or program director~~];

(2) file an informal or formal complaint with the contractor; or

(3) contact the HHSC [~~HHS~~] Office of the Ombudsman at 1-877-787-8999, for help resolving a problem or concern with the contractor.[~~; and~~]

[~~(4) file a formal complaint with HHSC as noted in §105.509 of this chapter (relating to Complaint Process).~~]

§358.607. HHSC Fee Schedule Amount.

(a) To [~~The contractor is required to use the HHSC Fee Schedule and instructions to~~] calculate the cost share that a [~~monthly fee owed by the~~] family must pay for [~~the~~] services of each eligible child, the contractor must use the HHSC Fee Schedule found in the HHSC contractor database according to the instructions.

(b) Factors that affect the amount of the monthly fee are [~~include the~~]:

(1) monthly costs of the Focused ABA services provided by the contractor as determined by the number of hours of service provided to each eligible child multiplied by the contractor's negotiated hourly rate with HHSC;

(2) adjusted gross income of the family as determined by the family's federal tax return filed for the previous year,[~~;~~] or if the family did not file, the family's gross income minus the allowable deductions [~~as defined in §105.105 of this chapter (relating to Definitions)~~];

(3) family size calculated by adding [~~summing~~] the number of parents [~~or guardians~~], the child, and other dependents of the parents [~~or guardians as defined in §105.105 of this chapter~~]; and

(4) number of children from a single family who are enrolled in the [~~HHSC~~] Children's Autism Program.

(c) The fee for a single family with multiple children in the Children's Autism Program [~~service~~] must be calculated by the contractor for each child monthly. The family will owe 100 percent of the fee amount for the child with the highest fee and 50 percent of each additional child's fee.

[~~(d) Information about HHSC procedures and the fee schedule used to administer the HHSC Children's Autism Program are available on the HHSC website.~~]

§358.608. Insurance Payments.

If [~~the family has~~] insurance [~~that~~] covers [~~the~~] ABA services and an [~~the in-network provider~~] agreement exists between the insurance company and the Children's [~~HHSC~~] Autism Program contractor, [~~requires that~~] the contractor must accept the deductible, copayment, or coinsurance plus the [~~and~~] insurance [~~reimbursement as~~] payment as [~~in~~] full payment. The [~~, then the~~] family's cost share amount must be [~~is the lesser of~~] the lower amount of the HHSC Fee Schedule [~~fee schedule~~] amount or the insurance deductible, copayment, or coinsurance.

§358.609. Payer of Last Resort.

(a) HHSC funds may [~~must~~] not be used to pay [~~for~~] any part [~~portion~~] of the required cost share.

(b) When insurance, [~~To the extent that the family or child is entitled to insurance payment for services or receives payment for services from~~] other governmental programs, third-party payers, or [~~other~~] private sources provide payment for services other than the required cost share, HHSC funds may [~~must~~] not be used [~~to pay for the services~~] until all other [~~methods of~~] payment options have been used first[~~applied~~].

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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TITLE 37. PUBLIC SAFETY AND CORRECTIONS

PART 6. TEXAS DEPARTMENT OF CRIMINAL JUSTICE

CHAPTER 163. COMMUNITY JUSTICE ASSISTANCE DIVISION STANDARDS

37 TAC §163.38

The Texas Board of Criminal Justice (board) proposes amendments to §163.38, concerning Sex Offender Supervision. The proposed amendments update statutory references, add language to include applicable grant conditions in subsection (g), and make grammatical and formatting updates.

Ron Steffa, Chief Financial Officer for the Texas Department of Criminal Justice, has determined that for each year of the first five years the proposed amendments will be in effect, enforcing or administering the proposed amendments will not have foreseeable implications related to costs or revenues for state or local government because the proposed amendments merely clarify existing procedures.

Mr. Steffa has also determined that for each year of the first five-year period, there will not be an economic impact on persons required to comply with the rules because the proposed amendments merely clarify existing procedures. There will not be an adverse economic impact on small or micro businesses or on rural communities. Therefore, no regulatory flexibility analysis is required. The anticipated public benefit, as a result of enforcing the proposed amendments, will be to enhance clarity and public understanding. No cost will be imposed on regulated persons.

The proposed amendments will have no impact on government growth; no impact on local employment; no creation or elimination of a government program; no creation or elimination of employee positions; no increase or decrease in future legislative appropriations to the TDCJ; no increase or decrease in fees paid to the TDCJ; no new regulation and no effect on an existing regulation; no increase or decrease in the number of individuals subject to the rule; and no effect upon the economy. The proposed amendments will not constitute a taking.

Comments and information such as applicable data, research, or analysis related to the cost, benefit, or effect of the proposed amendments should be directed to the Office of the General Counsel, Texas Department of Criminal Justice, P.O. Box 4004, Huntsville, Texas 77342, ogccomments@tdcj.texas.gov. Written comments and informational submissions from the general public must be received within 30 days of the publication of this rule in the *Texas Register*.

The amendments are proposed under Texas Government Code §76.016, which requires victim notification; §492.013, which authorizes the board to adopt rules; §509.003, which authorizes the board to adopt reasonable rules establishing standards and procedures for the TDCJ Community Justice Assistance Division; and Texas Code of Criminal Procedure Chapter 42A, which establishes guidelines for community supervision and Chapter 62, which establishes the sex offender registration program.

Cross Reference to Statutes: None.

§163.38. Sex Offender Supervision.

(a) Definitions.

(1) "Jurisdictional Authority" is a sentencing court, the Board of Pardons and Paroles (BPP), or a division of the Texas Department of Criminal Justice as applicable to the offender.

(2) "Sex Crime" is a reportable offense under Texas Code of Criminal Procedure Article 62.001(5) or an offense identified as a sexual offense by the Texas Penal Code laws of the United States, another state, another country, or the Uniform Code of Military Justice.

(3) "Sex Offender" is an offender who:

(A) is convicted of committing or adjudicated to have committed a sex crime;

(B) is awarded deferred adjudication for a sex crime; or

(C) has been ordered by the jurisdictional authority to participate in sex offender supervision or treatment.

(b) A community supervision and corrections department (CSCD) supervising sex offenders shall ensure consistency in the manner in which sex offenders are supervised throughout the CSCD [~~department~~]. Policies and procedures shall be developed that, at a minimum, include the following:

(1) contact standards as per 37 Texas Administrative Code §163.35(d)(5) [~~§163.35(c)(5)~~];

(2) sex offender registration as per Texas Code of Criminal Procedure Chapter 62;

(3) DNA collection as per Texas Code of Criminal Procedure Article 42A.301(b)(20) [~~42A.301(b)(21)~~];

(4) violation procedures as per 37 Texas Administrative Code §163.35(d)(7) [~~§163.35(c)(7)~~];

(5) victim notification as per Texas Government Code §76.016;

(6) treatment referral process as per Texas Code of Criminal Procedure Article 42A.258 [~~42A.453(i)~~];

(7) treatment participation requirements;

(8) team approach to supervision;

(9) sharing of information and documentation with the appropriate agencies; and

(10) specialized caseload size, if applicable.

(c) Each CSCD shall develop policies and procedures that address the needs and safety of victims or potential victims. The policies may include collaborating with victims, victim advocates, or sexual assault task forces in the supervision and treatment of sex offenders.

(d) Community supervision officers (CSOs) shall use a record keeping system to document all significant actions, decisions, services rendered, and periodic evaluations in each offender's case file, including the offender's level of supervision, compliance with the conditions of community supervision, progress with the supervision plan, and responses to intervention.

(e) CSOs shall collaborate with collateral sources, including treatment providers, polygraph examiners, significant others, sex offender registration personnel, sex offenders' families, local law enforcement, schools, Child Protective Services, employers, chaperones, and victim service providers.

(f) CSOs shall recommend that conditions be tailored to the sex offender's identified risk.

(g) CSOs shall make face-to-face field visits and collateral contacts with each [~~the~~] offender under the supervision of the CSCD, family, community resources, or other persons consistent with a supervision plan, applicable grant conditions, and the level of supervision on which the offender is being supervised. Each CSCD director shall establish supervision contact and casework standards at a level appropriate for that jurisdiction, but in all cases, offenders at higher levels of supervision shall receive a higher level of contacts than offenders at lower levels of supervision. Supervision contacts shall be specified in the CSCD written policies and procedures.

(h) Each CSCD director shall work with the local judiciary to specify written policies and procedures wherein CSOs may make recommendations to the courts regarding violations of conditions of community supervision, as well as when violations may be handled administratively. The continuum of sanctions or alternatives to incarceration shall be considered by the CSO and recommended to the court in eligible cases as determined appropriate by the jurisdiction.

(i) CSOs shall timely transmit information regarding supervision and treatment upon transfer of supervision.

(j) In addition to the above, a CSCD may operate specialized caseloads for sex offenders. In this event, the CSCD shall have a written policy that:

(1) establishes minimum qualifications and training requirements for CSOs supervising sex offenders; and

(2) specifies the number of staff required for the increased level of supervision essential for the specialized supervision of sex offenders. The caseload size shall not exceed 60 offenders per caseload.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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CHAPTER 195. PAROLE

37 TAC §195.81

The Texas Board of Criminal Justice (board) proposes amendments to §195.81, concerning Temporary Housing Assistance Program. The proposed amendments replace "offender" with "parole client" throughout, update address information in paragraph (c)(1), and make grammatical and formatting updates.

Ron Steffa, Chief Financial Officer for the Texas Department of Criminal Justice (TDCJ), has determined that for each year of the first five years the proposed amendments will be in effect, enforcing or administering the proposed amendments will not have foreseeable implications related to costs or revenues for state or local government because the proposed amendments merely clarify existing procedures.

Mr. Steffa has also determined that for each year of the first five-year period, there will not be an economic impact on persons required to comply with the rules because the proposed amendments merely clarify existing procedures. There will not be an adverse economic impact on small or micro businesses or on rural communities. Therefore, no regulatory flexibility analysis is required.

The anticipated public benefit, as a result of enforcing the proposed amendments, will be to enhance clarity and public understanding. No cost will be imposed on regulated persons.

The proposed amendments will have no impact on government growth; no impact on local employment; no creation or elimination of a government program; no creation or elimination of employee positions; no increase or decrease in future legislative appropriations to the TDCJ; no increase or decrease in fees paid to the TDCJ; no new regulation and no effect on an existing regulation; no increase or decrease in the number of individuals subject to the rule; and no effect upon the economy. The proposed amendments will not constitute a taking.

Comments and information such as applicable data, research, or analysis related to the cost, benefit, or effect of the proposed amendments should be directed to the Office of the General Counsel, Texas Department of Criminal Justice, P.O. Box 4004, Huntsville, Texas 77342, ogccomments@tdcj.texas.gov. Written comments and informational submissions from the general public must be received within 30 days of the publication of this rule in the *Texas Register*.

The amendments are proposed under Texas Government Code §492.013, which authorizes the board to adopt rules; and §508.157, which establish guidelines for temporary housing on release.

Cross Reference to Statutes: None.

§195.81. Temporary Housing Assistance Program.

(a) Purpose. The temporary housing assistance program is intended primarily to provide housing assistance for members of the Texas Department of Criminal Justice (TDCJ) population [~~offenders~~] who have been approved for parole, but have no home plan, and to assist parole clients [~~offenders~~] in the transition from community residential facilities and transitional treatment centers. The TDCJ [~~Texas Department of Criminal Justice (TDCJ)~~] is authorized to pay for temporary housing for any parole client [~~offender~~] who has insufficient financial and residential resources when released on parole or mandatory supervision on or after January 1, 2010.

(b) Criteria for Temporary Housing Assistance.

(1) Temporary housing assistance may only be provided if the TDCJ does not operate or contract for the operation of a residential correctional facility in the parole client's [~~offender's~~] legal county of residence. A residential correctional facility does not include a transitional treatment center, a substance abuse felony punishment facility, or any other facility operated by or under contract with the TDCJ for the primary purpose of providing [~~to provide~~] substance abuse treatment or aftercare.

(2) The temporary housing must have existed on June 1, 2009, as either a multifamily residence or a motel unless the TDCJ or the owner of the structure provides notice and has a public meeting as required for a community corrections facility on the issue of whether the use is appropriate.

(3) A parole client's [~~An offender's~~] family, personal sponsors, or anyone on community supervision, parole, or mandatory supervision, or persons required to register as a sex offender are not eligible to provide housing for temporary housing assistance.

(c) Temporary Housing Site Approval.

(1) Any provider that wants to provide temporary housing for a parole client [~~an offender~~] shall contact the TDCJ Parole Division, Huntsville Placement and Release Unit, 1022 Veterans Memorial Parkway, Suite C [~~1650 7th St., West Building~~], Huntsville, Texas 77340 [~~77320~~].

(2) The TDCJ shall investigate and approve the sites it deems appropriate. Factors considered shall include whether:

(A) The site is located within range of public transportation routes, or transportation is provided by the provider to job interviews, employment, housing searches, and counseling appointments.

(B) The site is located within 1,000 feet of premises where children commonly gather, including a school, day care facility, playground, public or private youth center, public swimming pool, or video arcade facility.

(C) The site is properly maintained and clean.

(D) The provider rules are consistent with parole rules and conditions of supervision.

(3) The TDCJ shall maintain a list of all providers and sites that have been approved for temporary housing.

(d) Parole Client [~~Offender~~] Selection and Placement.

(1) The TDCJ shall not discriminate against any parole client [~~offender~~] because of race, color, religion, sex [~~gender~~], national origin, age, disability, or genetic information.

(2) A parole client [~~An offender~~] released on parole or mandatory supervision on or after January 1, 2010, with insufficient financial and residential resources, shall be considered for temporary housing assistance.

(3) A parole client [~~An offender~~] released on parole or mandatory supervision on or after January 1, 2010, who is residing in a community residential facility or transitional treatment center and who demonstrates progress toward self-sufficiency, may also be considered for temporary housing assistance if it appears they will become capable of meeting their own financial needs. The TDCJ shall consider whether the parole client [~~offender~~] has:

(A) A savings or trust fund account balance;

(B) Current or prospective employment;

(C) An employment history;

(D) Vocational skills; and/or

(E) A level of educational achievement above the sixth grade.

(4) A parole client [~~An offender~~] shall only receive temporary housing assistance at sites in the county in which the parole client [~~offender~~] resided at the time of committing the offense for which the parole client [~~offender~~] was sentenced to the TDCJ or in the county of conviction if not a resident of the state at the time of conviction.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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For further information, please call: (936) 437-6700

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PART 13. TEXAS COMMISSION ON FIRE PROTECTION

CHAPTER 427. TRAINING FACILITY CERTIFICATION

The Texas Commission on Fire Protection (Commission) proposes amendments to 37 Texas Administrative Code, Chapter 427, Training Facility Certification, concerning §427.11, Reference Material, §427.211, Reference Material, §427.301, General Provision for Training Programs--On-Site and Distance Training Providers and §427.403, Financial Standards.

Background and Purpose

The purpose of the proposed amendments is to clarify and update the requirements for certified training facilities and training providers that conduct fire protection personnel certification programs. The amendments strengthen standards related to facilities, equipment, instructor qualifications, testing, and recordkeeping, while aligning training requirements with applicable NFPA standards and commission curriculum competencies to ensure consistent, safe, and effective firefighter training statewide.

Fiscal Note and Impact on State and Local Government

Michael Wisko, Agency Chief, has determined that for each year of the first five-year period these amendments are in effect, there will be no fiscal impact on state or local government as a result of enforcing or administering these rules.

Public Benefit and Cost Note

Mr. Wisko has also determined that for each of the first five years these amendments are in effect, the anticipated public benefit will be clearer and more consistent rule language. There are no anticipated economic costs to individuals required to comply with the proposed rules.

Local Economy Impact Statement

There is no anticipated effect on local employment or the local economy for the first five years the amendments are in effect; therefore, no local employment impact statement is required under Texas Government Code § 2001.022.

Economic Impact on Small Businesses, Micro-Businesses, and Rural Communities

The Commission has determined that there will be no effect on small or micro-businesses or rural communities as a result of implementing these amendments; therefore, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code § 2006.002.

Government Growth Impact Statement

Under Texas Government Code § 2001.0221, the Commission has determined that during the first five years the amendments are in effect:

The rules will not create or eliminate a government program;

The rules will not create or eliminate any existing employee positions;

The rules will not require an increase or decrease in future legislative appropriations;

The rules will not result in an increase or decrease in fees paid to the agency;

The rules will not create a new regulation;

The rules will not expand, limit, or repeal an existing regulation;

The rules will not increase the number of individuals subject to the rule; and

The rules are not anticipated to have an adverse effect on the state's economy.

Takings Impact Assessment

The Commission has determined that the proposed amendments do not restrict or burden private real-property rights and therefore do not constitute a taking under Texas Government Code § 2007.043.

Costs to Regulated Persons

The proposed amendments do not impose additional costs on regulated persons, including another state agency, a special district, or a local government, and therefore are not subject to Texas Government Code § 2001.0045.

Environmental Impact Statement

The Commission has determined that the proposed amendments do not require an environmental impact analysis because the amendments are not major environmental rules under Texas Government Code § 2001.0225.

Request for Public Comment

Comments on the proposed amendments may be submitted in writing within 30 days of publication of this notice in the *Texas Register* to:

Frank King, General Counsel

Texas Commission on Fire Protection

P.O. Box 2286, Austin, Texas 78768

Email: frank.king@tcfp.texas.gov

SUBCHAPTER A. ON-SITE CERTIFIED TRAINING PROVIDER

37 TAC §427.11

Statutory Authority

The proposed amendments are authorized by Texas Government Code §§419.008 and 419.032, which authorize the Commission to adopt rules for the administration of its statutory responsibilities.

Cross Reference to Statute: Texas Government Code, Chapter 419.

§427.11. Reference Material.

A reference library is required, that reference library may be physical or digital. The library must contain each of the required and recommended references, as identified in the applicable curriculum, in order [~~the publications required~~] to conduct research and develop lesson plans covering the material required in the applicable training program. The reference library material must be readily and easily accessible to students and instructors.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601662

Mike Wisko

Agency Chief

Texas Commission on Fire Protection

Earliest possible date of adoption: May 31, 2026

For further information, please call: (512) 936-3812

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SUBCHAPTER B. DISTANCE TRAINING PROVIDER

37 TAC §427.211

Statutory Authority

The proposed amendments are authorized by Texas Government Code §§419.008 and 419.032, which authorize the Commission to adopt rules for the administration of its statutory responsibilities.

Cross Reference to Statute: Texas Government Code, Chapter 419.

§427.211. Reference Material.

A reference library is required, that reference library may be physical or digital. The library must contain each of the required and recommended references, as identified in the applicable curriculum, in order [~~the publications required~~] to conduct research and develop lesson plans covering the material required in the applicable training program. The reference library material must be readily and easily accessible to students and instructors.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601664

Mike Wisko

Agency Chief

Texas Commission on Fire Protection

Earliest possible date of adoption: May 31, 2026

For further information, please call: (512) 936-3812

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SUBCHAPTER C. TRAINING PROGRAMS FOR ON-SITE AND DISTANCE TRAINING PROVIDERS

37 TAC §427.301

Statutory Authority

The proposed amendments are authorized by Texas Government Code §§419.008 and 419.032, which authorize the Commission to adopt rules for the administration of its statutory responsibilities.

Cross Reference to Statute: Texas Government Code, Chapter 419.

§427.301. General Provisions for Training Programs--On-Site and Distance Training Providers.

(a) Training programs that are intended to satisfy the requirements for fire protection personnel certification must meet the objectives and competencies in that discipline.

(b) A system for evaluating the comprehension of the trainee, including periodic and comprehensive written tests, is required. If performance skills are part of the applicable curriculum, performance testing shall be done in accordance with §439.11 of this title (relating to Commission-Designated Performance Skill Evaluations).

(c) Injuries

(1) All injuries that occur during training shall be reported via the TCFP injury report system.

(2) All burn injuries that occur during training shall be reported via the TCFP injury report system.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601665
Mike Wisko
Agency Chief
Texas Commission on Fire Protection
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 936-3812

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SUBCHAPTER D. CERTIFIED TRAINING FACILITIES

37 TAC §427.403

Statutory Authority

The proposed amendments are authorized by Texas Government Code §§419.008 and 419.032, which authorize the Commission to adopt rules for the administration of its statutory responsibilities.

Cross Reference to Statute: Texas Government Code, Chapter 419.

§427.403. Financial Standards.

(a) Definitions Relating to Financial Requirements.

(1) Balance Sheet--A statement of financial position or statement of condition, showing the status of assets, liabilities and owner equity for a defined period i.e., monthly, quarterly, etc.

(2) Current ratio--Ability [~~ability~~] to pay current obligations from current assets.

(3) Generally Accepted Accounting Principles (GAAP)--Conventions, rules and procedures that define accepted accounting practices to include both broad guidelines as well as detailed procedures.

(4) Generally Accepted Auditing Standards (GAAS)--Conventions, rules and procedures that define accepted audit practices.

(5) Stockholders Equity (net worth)--Amount [~~amount~~] by which assets exceed liabilities.

(6) Sworn statement--A notarized statement including the following language: "I swear or affirm that the information in these statements is true and correct to the best of my knowledge."

(7) Unearned income (tuition) affidavit--A statement of income received but not yet earned during the current or most recent fiscal year. This is usually shown as a liability on a balance sheet, assuming it will be credited to income within the normal accounting cycle.

(b) The balance sheet required in this subchapter shall reflect the following:

(1) positive equity or net worth balance;

(2) unearned tuition as a current liability;

(3) a current ratio of at least one-to-one (current assets divided by current liabilities); and

(4) stockholder's equity or net worth exceeding the amount shown for goodwill, if applicable, under assets in the balance sheet.

(c) Compilations shall be accompanied by the owner's sworn statement that all submitted documents are true and correct to the best of the owner's knowledge.

(d) All financial statements shall identify the name, license number, and licensing state of the accountant associated with the statements and be in accordance with GAAP.

(e) A school that maintains a financial responsibility composite score that meets the general standards established in federal regulations by the U.S. Department of Education for postsecondary institutions participating in student financial assistance programs authorized under Title IV of the Higher Education Act of 1965, as amended, shall be considered to have met the financial standards of this subchapter.

(f) A school that qualifies under an alternative standard but not the general standard of these federal regulations will not be considered to have met the financial standards of this subchapter unless the school meets the other requirements stated in this subchapter.

(g) Requirements for Original Approvals.

(1) The owner shall furnish the commission with the following:

(A) a school owned by a sole proprietor must submit a reviewed personal balance sheet stating the disclosure of payments for the next five years to meet debt agreements as required by GAAP; or

(B) all other ownership structures must submit an audited balance sheet consistent with GAAP and GAAS and certified by an accountant.

(2) The facility shall submit a balance sheet, a list of the expected school-related expenses for the first three months of operation of the school; a sworn statement signed by the owner affirming the availability of sufficient cash to cover projected expenses at the date of the certification. Projected expenses may include the following:

(A) employee salaries, listed by position title, including withholding and unemployment taxes, and other related expenses;

(B) lease or rent payments for listed equipment;

(C) lease or rent payments for facilities;

(D) accounting, legal and other specifically identified professional fees;

(E) an estimate of expenses such as advertising, travel, textbooks, office and classroom supplies, printing, telephone, utilities, taxes;

(F) a projection of the gross amount of tuition and fees to be collected during each of the first two years of operation; and

(G) such other evidence as may be deemed appropriate by the commission to establish financial stability.

(h) Prior to a change in ownership of a facility, the purchaser shall furnish the commission a current balance sheet meeting the requirements outlined in this subchapter for original approvals, excluding the sufficient cash requirement for initial expenses. The purchaser shall furnish any other evidence deemed appropriate by the commission to establish financial stability.

(i) The deletion or addition of any person that would be considered an owner is considered a change in facility ownership. The facility must notify the commission of the change in ownership within 14 days of the transaction.

(j) The commission may require submission of a full application for approval of a change in ownership.

(k) Management agreements must be disclosed to the commission. Parties to a management agreement shall be of good reputation and character.

(l) The deletion, addition or moving of a facility will be reported to the commission 14 days prior to the transaction.

(m) If the commission determines that the deletion, addition or moving of a facility presents an unreasonable transportation hardship which would prevent a student from completing the training at the new location, the school shall provide a full refund of all monies paid and a release from all obligations to the student.

(n) The commission shall be notified in writing of any legal action to which the facility, any of its owners, representatives or management employees is a party.

(o) The notification shall be within 14 days after the action is known to be filed or the facility, owner, representative or management employee is served.

(p) The facility shall include, with the required notice, a file-marked copy of the petition, complaint, or other legal instrument, including copies of any judgments.

(q) If the commission determines that reasonable cause exists to question the validity of any financial information submitted, or the financial stability of the facility, the commission may require at the facility's expense:

(1) an audit of the facility that has been certified by an accountant; or

(2) The owner must furnish any other evidence deemed appropriate by the commission to establish financial stability.

(r) The entity certified under this subchapter shall maintain, in a permanent format that is acceptable and readily accessible to the commission, a record of any funds received from, or on behalf of, the student. The entity shall clearly identify the payer, the type of funding, and the reason for the charges. These records shall be posted and kept current.

(s) An entity certified under this subchapter shall issue written receipts of any charges or payments to the student and maintain such records for review upon request by the commission. Each separately charged item shall be clearly itemized on the student-signed receipt.

(t) An entity certified under this subchapter shall develop and maintain a cancellation and refund policy.

(u) The student shall be entitled to a full refund of all monies paid to the facility if classes or courses are cancelled by the facility.

(v) For classes or courses cancelled by the student, refund policies will be based on a prorated basis or percentage of the class or program completed by the student.

(w) An entity certified under this subchapter shall comply with Chapter 437 of this title (relating to Fees).

~~[(x) Upon application for renewal, an entity certified under this subchapter will provide a balance sheet with a sworn statement.]~~

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601666
Mike Wisko
Agency Chief
Texas Commission on Fire Protection
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 936-3812

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CHAPTER 435. FIRE FIGHTER SAFETY

The Texas Commission on Fire Protection (Commission) proposes amendments to 37 Texas Administrative Code, Chapter 435, Fire Fighter Safety, concerning §435.23, Fire Protection Personnel Injuries, §435.25, Courage to be Safe So Everyone Goes Home Program, §435.29, Federal Highway Administration Traffic Incident Management Program, and §435.31, Firefighter Cancer Support Network Cancer Awareness Training Program, and proposes new §435.33, Occupational Cancer Screening for Firefighters.

Background and Purpose

The purpose of the proposed amendments is to clarify and strengthen firefighter safety requirements administered by the Commission. The amendments to §435.23 update the definition of investigable injuries to better reflect current injury reporting needs, including burns sustained from emergency operations or training. The amendments to §435.25, §435.29, and §435.31 convert existing one-time training requirements into recurring five-year renewal requirements for the Courage to be Safe, Federal Highway Administration Traffic Incident Management, and Firefighter Cancer Support Network Cancer Awareness programs, ensuring that fire protection personnel remain current on critical safety topics throughout their careers. Outdated date references in §435.31 that have passed are also removed. The new §435.33 implements House Bill 198 (the Wade Cannon Act) by establishing minimum standards for confidential occupational cancer screenings for firefighters, consistent with NFPA 1580 standards as required by Section 180.011(e) of the Local Government Code.

Fiscal Note and Impact on State and Local Government

Michael Wisko, Agency Chief, has determined that for each year of the first five-year period these rules are in effect, there will be no fiscal impact on state or local government as a result of enforcing or administering these rules.

Public Benefit and Cost Note

Mr. Wisko has also determined that for each of the first five years these rules are in effect, the anticipated public benefit will be improved firefighter safety, clearer injury reporting standards, and consistent implementation of occupational cancer screening requirements statewide. There are no anticipated economic costs to individuals required to comply with the proposed rules.

Local Economy Impact Statement

There is no anticipated effect on local employment or the local economy for the first five years the rules are in effect; therefore, no local employment impact statement is required under Texas Government Code § 2001.022.

Economic Impact on Small Businesses, Micro-Businesses, and Rural Communities

The Commission has determined that there will be no effect on small or micro-businesses or rural communities as a result of implementing these rules; therefore, no economic impact statement or regulatory flexibility analysis is required under Texas Government Code § 2006.002.

Government Growth Impact Statement

Under Texas Government Code § 2001.0221, the Commission has determined that during the first five years the rules are in effect:

The rules will not create or eliminate a government program;

The rules will not create or eliminate any existing employee positions;

The rules will not require an increase or decrease in future legislative appropriations;

The rules will not result in an increase or decrease in fees paid to the agency;

The rules will not create a new regulation;

The rules will not expand, limit, or repeal an existing regulation;

The rules will not increase the number of individuals subject to the rule; and

The rules are not anticipated to have an adverse effect on the state's economy.

Takings Impact Assessment

The Commission has determined that the proposed rules do not restrict or burden private real-property rights and therefore do not constitute a taking under Texas Government Code § 2007.043.

Costs to Regulated Persons

The proposed rules do not impose additional costs on regulated persons, including another state agency, a special district, or a local government, and therefore are not subject to Texas Government Code § 2001.0045.

Environmental Impact Statement

The Commission has determined that the proposed rules do not require an environmental impact analysis because the rules are not major environmental rules under Texas Government Code § 2001.0225.

Request for Public Comment

Comments on the proposed rules may be submitted in writing within 30 days of publication of this notice in the *Texas Register* to:

Frank King, General Counsel

Texas Commission on Fire Protection

P.O. Box 2286, Austin, Texas 78768

Email: frank.king@tcfp.texas.gov

37 TAC §435.23

Statutory Authority

The proposed amendments are authorized by Texas Government Code §§419.008 and 419.032, which authorize the Commission to adopt rules for the administration of its statutory responsibilities.

Cross Reference to Statute: Texas Government Code, Chapter 419.

§435.23. Fire Protection Personnel Injuries.

(a) A regulated entity shall report all Texas Workers' Compensation Commission reportable injuries that occur to on-duty regulated fire protection personnel on the Commission form.

(b) Minor injuries are those injuries that do not result in the fire protection personnel missing more than one duty period or does not involve the failure of personal protective equipment. Minor injuries shall be reported within 30 business days of the injury event.

(c) Major injuries are those that require the fire protection personnel to miss more than one duty period. Major injuries shall be reported within five business days of the injury event.

(d) Investigable fire protection personnel injuries are those resulting from the malfunction of personal protective equipment, failure of personal protective equipment to protect the fire protection personnel from injury, [~~or~~] major injuries, burns sustained from emergency operations or training, the top three injuries identified from the annual injury report. [~~sustained from failure to comply with any provision of Commission mandated department SOPs.~~] Investigable injuries shall be reported within five business days of the injury event.

(e) The regulated entity shall secure any personal protective equipment involved in an investigable fire protection personnel injury and shall be made available to the Commission for inspection.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601668
Mike Wisko
Agency Chief
Texas Commission on Fire Protection
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 936-3812

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37 TAC §435.25

Statutory Authority

The proposed amendments are authorized by Texas Government Code §§419.008 and 419.032, which authorize the Commission to adopt rules for the administration of its statutory responsibilities.

§435.25. Courage to be Safe So Everyone Goes Home Program.

(a) All fire protection personnel will be required to complete the National Fallen Firefighters Foundation's "Courage to be Safe So Everyone Goes Home" program training within one year following appointment to a regulated entity if the individual has not previously completed the program. Individuals will be credited with four hours of continuing education credit for completing this program.

(b) All fire protection personnel will be required to complete the National Fallen Firefighters Foundation's "Courage to be Safe So Everyone Goes Home" program training every 5 years, at a minimum. Individuals will be credited with four hours of continuing education credit for completing this program. All regulated entities will have three years from adoption of this standard to comply.

(c) [~~(b)~~] Regulated entities will report the completion of training through the commission's web-based reporting system.

(d) [~~(c)~~] Failure to complete the National Fallen Firefighters Foundation's "Courage to be Safe So Everyone Goes Home" program before the required deadline will be considered a violation of continuing education rules found in Chapter 441 of this title (relating to Continuing Education).

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601669
Mike Wisko
Agency Chief
Texas Commission on Fire Protection
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 936-3812

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37 TAC §435.29

Statutory Authority

The proposed amendments are authorized by Texas Government Code §§419.008 and 419.032, which authorize the Commission to adopt rules for the administration of its statutory responsibilities.

§435.29. Federal Highway Administration Traffic Incident Management Program.

(a) All fire protection personnel will be required to complete the Federal Highway Administration Traffic Incident Management program training or an equivalent course that is approved by the commission within one year of appointment to a regulated entity. Individuals will be credited with four hours of continuing education credit for completing this program.

(b) All fire protection personnel will be required to complete the Federal Highway Administration Traffic Incident Management program training or an equivalent course that is approved by the commission every 5 years, at a minimum. Individuals will be credited with four hours of continuing education credit for completing this program. All regulated entities will have three years from adoption of this standard to comply.

(c) [~~(b)~~] Departments will report the completion of training through the commission's web-based reporting system.

(d) [~~(c)~~] Failure to complete the Federal Highway Administration Traffic Incident Management program or an equivalent course that is approved by the commission before the required deadline will be considered a violation of continuing education rules found in Chapter 441 of this title (relating to Continuing Education).

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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TRD-202601670
Mike Wisko
Agency Chief
Texas Commission on Fire Protection
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 936-3812

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37 TAC §435.31

Statutory Authority

The proposed amendments are authorized by Texas Government Code §§419.008 and 419.032, which authorize the Commission to adopt rules for the administration of its statutory responsibilities.

§435.31. Firefighter Cancer Support Network Cancer Awareness Training Program.

(a) In an effort to improve firefighter safety in the State of Texas, all regulated entities will ensure that the Firefighter Cancer Support Network Cancer Awareness Training program will be completed within one year of appointment to a regulated entity [~~as part of the continuing education required for certified fire protection personnel by December 1, 2024.~~]. Individuals will be credited with two hours of continuing education credit for completing this program.

(b) All fire protection personnel will be required to complete the Firefighter Cancer Support Network Cancer Awareness Training program every 5 years, at a minimum. Individuals will be credited with two hours of continuing education credit for completing this program. All regulated entities will have three years from adoption of this standard to comply. [~~All regulated fire protection personnel must complete the Firefighter Cancer Support Network Cancer Awareness Training program prior to December 1, 2024.~~]

[~~(c) All fire protection personnel appointed after December 1, 2024, will be required to complete the Firefighter Cancer Support Network Cancer Awareness Training program training within one year of appointment to a fire department.~~]

(c) [~~(d)~~] Departments will report the completion of training through the commission's web-based reporting system.

(d) [~~(e)~~] Failure to complete the Firefighter Cancer Support Network Cancer Awareness Training program before the required deadline will be considered a violation of continuing education rules found in Chapter 441 of this title (relating to Continuing Education).

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601671
Mike Wisko
Agency Chief
Texas Commission on Fire Protection
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 936-3812

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37 TAC §435.33

Statutory Authority

The proposed new rule is authorized by Texas Government Code §§419.008 and 419.032, which authorize the Commission to adopt rules for the administration of its statutory responsibilities.

§435.33. Occupational Cancer Screening for Firefighters.

A regulated entity shall assess the occupational health risks, including, but not limited to, cancer, cardiovascular, and other medical conditions, associated with firefighting duties as defined by 419.021(3). The procedure used to make this assessment shall be documented.

(1) A regulated entity shall develop and maintain a standard operating procedure (SOP) ensuring that each firefighter is offered a confidential occupational cancer screening at no cost to the firefighter with the initial screening starting no later than in the fifth year of employment with that entity and annually thereafter. The approach and implementation of these screenings may be adapted to local medical resources so long as the latest edition of NFPA 1580-based minimum standards (11.7.13-11.7.21) are met as required by Section 180.011(e), Local Government Code.

(2) The occupational cancer screening offered must be confidential, and in addition to testing for cancer, include:

(A) A urine test;

(B) A pulmonary function test;

(C) An electrocardiogram (ECG);

(D) An infectious disease screening;

(E) A breast cancer screening;

(F) A blood test; and

(G) A chest x-ray, offered once every five years.

(3) Regulated entities that do not offer the screening under this section must submit an alternative occupational medical examination plan to the Commission by February 1 of each year. The plan must:

(A) Be endorsed by a licensed physician;

(B) Be in substantial compliance with standards developed by the National Fire Protection Association (NFPA 1580)

(4) The standard operating procedure, any alternative plan, and confirmation of compliance shall be made available to the Commission for inspection.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601672
Mike Wisko
Agency Chief
Texas Commission on Fire Protection
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For further information, please call: (512) 936-3812

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TITLE 40. SOCIAL SERVICES AND ASSISTANCE

PART 19. DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

CHAPTER 702. GENERAL ADMINISTRATION SUBCHAPTER F. ADVISORY COMMITTEES

The Department of Family and Protective Services (DFPS) proposes to amend, repeal, and create new rules in Title 40, Texas Administrative Code (TAC), Part 19, Chapter 702, Subchapters F, relating to the Department of Family Protective Services' Advisory Committees.

BACKGROUND AND PURPOSE

The new rule aims to establish a new advisory committee, Partners for Children and Families; repeal two existing advisory committees, the Committee on Advancing Residential Practices (CARP) and Public Privacy Partnership (PPP); and make minor clarifying changes to general provisions about advisory committees not being governmental bodies as defined by Chapter 551 of the Governmental Code.

SECTION-BY-SECTION SUMMARY

Amend §702.501 to clarify that while all advisory committee meetings must be announced and conducted in accordance with the open meeting provisions of Texas Government Code, Chapter 551, advisory committees are not governmental bodies as defined by Chapter 551.

The proposed repeal of §702.507 eliminates the Committee on Advancing Residential Practices (CARP) as it has been merged into the new committee, Partners for Children and Families proposed in rule §702.517.

The proposed repeal of §702.509 eliminates the Public Private Partnership (PPP) advisory committee as it has been merged into the new committee, Partners for Children and Families proposed in rule §702.517.

Proposed new §702.517 establishes the new advisory committee Partners for Children and Families (PCFC) and its purpose, tasks, and membership requirements.

FISCAL NOTE

Lea Ann Biggar, Chief Financial Officer of DFPS, has determined that for each year for the next five years of implementation there will be a $6,249.00 cost, totaling $31,245.00 over the first five years. This impact is to benefit the public access by creating a livestream webcasting and closed captioning services of new advisory committee meetings. There will be no fiscal implications to local governments as a result of enforcing and administering the section(s) as proposed.

GOVERNMENT GROWTH IMPACT STATEMENT

DFPS has determined that during the first five years that the proposed rules will be in effect:

(1) the proposed rulemaking will not create or eliminate a government program;

(2) implementation of the proposed rulemaking will not affect the number of employee positions;

(3) implementation of the proposed rulemaking will not require an increase or decrease in future legislative appropriations to the agency;

(4) the proposed rulemaking will not affect fees paid to the agency;

(5) the proposed rulemaking will not create a new regulation;

(6) the proposed rulemaking will not limit an existing regulation;

(7) the proposed rulemaking will not change the number of individuals subject to the rule; and

(8) the proposed rulemaking will not affect the state's economy.

SMALL BUSINESS, MICRO-BUSINESS, AND RURAL COMMUNITY IMPACT ANALYSIS

Ms. Biggar has also determined that there will be no adverse economic effect on small businesses, micro-businesses, or rural communities as the rule does not apply to small or micro-businesses, or rural communities.

ECONOMIC COSTS TO PERSONS AND IMPACT ON LOCAL EMPLOYMENT

There are no anticipated economic costs to persons who are required to comply with the section(s) as proposed.

There is no anticipated negative impact on local employment.

COSTS TO REGULATED PERSONS

Pursuant to subsection (c)(7) of Texas Government Code §2001.0045, the statute does not apply to a rule that is adopted by the Department of Family and Protective Services.

PUBLIC BENEFIT

Ms. Biggar has determined that for each year of the first five years the sections are in effect, the public will benefit from adoption of the section(s). The anticipated public benefit will be that the public can more readily access meetings through the creation of a livestream webcasting and closed captioning service.

TAKINGS IMPACT ASSESSMENT

DFPS has determined that the proposal does not restrict or limit an owner's right to his or her property that would otherwise exist in the absence of government action and, therefore, does not constitute a taking under Government Code, §2007.043.

PUBLIC COMMENT

Comments and questions on this proposal must be submitted within 30 days of publication of the proposal in the *Texas Register*. Electronic comments and questions may be submitted to Katharine McLaughlin, Senior Policy Attorney, Katharine.McLaughlin@dfps.texas.gov or Lauren Villa, Policy Attorney, or Lauren.villa@dfps.texas.gov or RULES@dfps.texas.gov. Hard copy comments may be submitted to the DFPS Rules Coordinator, Legal Services Sanjuanita Maltos, Department of Family and Protective Services E-611, P.O. Box 149030, Austin, Texas 78714-9030.

40 TAC §702.501, §702.517

STATUTORY AUTHORITY

The modification is proposed under Human Resources Code (HRC) §40.027, which provides that the Department of Family and Protective Services commissioner shall oversee the development of rules relating to the matters within the department's jurisdiction and notwithstanding any other law, shall adopt rules for the operation and provision of services by the department.

CROSS REFERENCE TO STANDARDS

Texas Human Resources Code Section 40.030 allows the DFPS commissioner or the commissioner's designee to appoint advisory committees in accordance with Chapter 2110, Texas Government Code. Chapter 2110 of the Government Code requires the commissioner to adopt rules when establishing advisory committees.

§702.501. Authority and General Provisions.

(a) Authority to establish advisory committees. The [~~Executive~~] Commissioner has the authority to appoint advisory committees and to adopt rules regarding the purpose, structure, and use of advisory committees under Texas Human Resources Code §40.030.

(b) Applicability of Texas Government Code, Chapter 2110. An advisory committee established under this subchapter is subject to Texas Government Code Chapter 2110.

(c) Applicability of Texas Government Code Chapter 551. [~~Unless otherwise expressly provided,~~] An [~~an~~] advisory committee established under this subchapter is not a "governmental body" as defined by Chapter 551, except that, unless otherwise expressly provided, all advisory committee meetings must be announced and conducted in accordance with the open meeting provisions of Chapter 551 [~~subject to the Open Meetings Act, Texas Government Code Chapter 551, as if it were a governmental body~~].

§702.517. Partners for Children and Families.

(a) Establishment. The Partners for Children and Families Committee (PCFC) is established.

(b) Purpose. The purpose of the PCFC is to strengthen the Texas child protection system and related systems of adult protection. The PCFC shall study and make advisory recommendations to the department regarding the evolution of the child protection system to its model of Community-Based Care and the child protection system at large.

(c) Tasks. The PCFC shall seek and receive public comment on proposed rules, make recommendations, and perform other tasks consistent with the PCFC's purpose, as requested by the DFPS Commissioner.

(d) Committee. The PCFC shall consist of a core committee.

(e) Subcommittees. Subcommittees shall be established and governed by the PCFC bylaws. The PCFC Committee and DFPS staff will evaluate the need for all existing subcommittees annually. Subcommittee individuals are not members of the PCFC Committee. However, a PCFC Committee member may serve on a subcommittee and serve as Chair of any subcommittee.

(f) Reporting and DFPS Action.

(1) The PCFC shall provide periodic reports and recommendations to DFPS.

(2) Any and all the PCFC recommendations are advisory and do not obligate DFPS to take action.

(3) The PCFC recommendations may inform DFPS policy or practice.

(g) Committee Membership. The core committee of the PCFC shall consist of no more than 15 members.

(1) All members are appointed by the Commissioner via an application process. Applications will be reviewed by a DFPS Review Committee that will make initial recommendations regarding qualified members to the Commissioner who will make the final selection of all members.

(2) The DFPS Review Committee will recommend a committee of stakeholders with varying interests.

(3) Membership may include individuals from:

(A) Providers and provider associations;

(B) Youth formerly in foster care;

(C) Members of the legal system;

(D) Child welfare advocacy groups;

(E) Foster parents and kinship families; and

(F) Other child welfare stakeholders, as determined by the Commissioner.

(4) Of the 15-member core committee, the following organizations shall have a representative, as a standing PCFC member:

(A) Texas Alliance of Child & Family Services;

(B) Texas Network of Youth Services;

(C) Texas Supreme Court Children's Commission; and

(D) Texas CASA.

(h) Committee Membership Requirements.

(1) Members must have demonstrated a commitment to the children, youth, and families of Texas;

(2) Members must have knowledge and experience with the Texas child protection system; and

(3) Members must be willing to devote the time necessary to attend and participate in meetings.

(i) Committee Membership Terms.

(1) Except as may be necessary to stagger terms, and as provided in paragraph (2) of this subsection, a member serves for a four-year term and may be appointed for only one additional term at the Commissioner's discretion. These terms may be served consecutively. The initial PCFC selection will include staggered terms of 2 years.

(2) Members who represent one of the organizations with standing membership as established in subsection (g)(4) of this section, serve terms that do not expire, except that if an individual representing the organization is no longer employed by or affiliated with that organization, that individual is automatically removed from the PCFC and may be replaced by another representative of that same organization by Commissioner appointment through the application process.

(3) Members serve at the pleasure of the DFPS Commissioner.

(j) Presiding officers. The presiding officers of the PCFC are co-chairs and are elected by a majority vote of the PCFC core committee members. The co-chairs serve a two-year term and may be re-elected by the PCFC members as a co-chair for only one additional term.

(k) Meetings. The PCFC shall conduct meetings quarterly as scheduled by DFPS.

(l) Decision-making. The PCFC shall strive to make recommendations by consensus. Dissenting opinions may be noted.

(m) Bylaws. The PCFC shall adopt bylaws to further govern the PCFC practices, including but not limited to, attendance requirements, meeting notices, subcommittees, recommendations, conflicts of interest, and administration.

(n) Abolition. The PCFC is abolished, and this section expires, August 31, 2036.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 20, 2026.

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Sanjuanita Maltos
Rules Coordinator
Department of Family and Protective Services
Earliest possible date of adoption: May 31, 2026
For further information, please call: (512) 945-5978

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40 TAC §702.507, §702.509

STATUTORY AUTHORITY

The modification is proposed under Human Resources Code (HRC) §40.027, which provides that the Department of Family and Protective Services commissioner shall oversee the development of rules relating to the matters within the department's jurisdiction and notwithstanding any other law, shall adopt rules for the operation and provision of services by the department.

CROSS REFERENCE TO STATUTE

Texas Human Resources Code Section 40.030 allows the DFPS commissioner or the commissioner's designee to appoint advisory committees in accordance with Chapter 2110, Texas Government Code. Chapter 2110 of the Government Code requires the commissioner to adopt rules when establishing advisory committees.

§702.507. Committee on Advancing Residential Practices.

§702.509. Public Private Partnership.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 20, 2026.

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Department of Family and Protective Services
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For further information, please call: (512) 945-5978

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PART 20. TEXAS WORKFORCE COMMISSION

CHAPTER 804. JOBS AND EDUCATION FOR TEXANS (JET) GRANT PROGRAM

The Texas Workforce Commission (TWC) proposes amendments to the following sections of Chapter 804, relating to the Jobs and Education for Texans (JET) Grant Program:

Subchapter A. Definitions, §804.1

Subchapter B. Advisory Board Composition, Meeting Guidelines, §804.12 and §804.13

Subchapter C. Grant Program, §804.21 and §804.24

Subchapter D. Grants to Educational Institutions for Career and Technical Education Programs, §804.41

TWC proposes the following new section to Chapter 804, relating to the Jobs and Education for Texans (JET) Grant Program:

Subchapter B. Advisory Board Composition, Meeting Guidelines, §804.14

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the proposed Chapter 804 rule change is to implement Senate Bill 1728 (SB 1728), enacted by the 89th Texas Legislature, Regular Session, 2025, by including the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments as eligible applicants for the Jobs and Education for Texans grant program.

The proposed rule change also adds a new section to reference a concurrent proposed new rule in 40 TAC Chapter 800, Subchapter E establishing an abolishment date for the JET Advisory Council.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

(Note: Minor editorial changes are made that do not change the meaning of the rules and, therefore, are not discussed in the Explanation of Individual Provisions.)

SUBCHAPTER A. DEFINITIONS

TWC proposes the following amendments to Subchapter A:

§804.1. Definitions

Section 804.1 is amended to add definitions for the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments.

SUBCHAPTER B. ADVISORY BOARD COMPOSITION, MEETING GUIDELINES

TWC proposes the following amendments to Subchapter B:

The subchapter's title is changed to "Subchapter B. Advisory Board's General Provisions."

§804.12. Meetings Required

Section 804.12 is amended to add the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments as entities from which the advisory board may receive and review applications.

§804.13. General Advisory Board Responsibilities

Section 804.13 is amended to add the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments as entities that the advisory board shall provide advice to and recommend the manner in which they apply for JET grants.

§804.14. Duration of Advisory Board

New §804.14 is added to provide a reference to 40 TAC Chapter 800, Subchapter E, which establishes an abolishment date for the JET Advisory Board, as allowed under Texas Government Code, §2110.008.

SUBCHAPTER C. GRANT PROGRAM

TWC proposes the following amendments to Subchapter C:

§804.21. General Statement of Purpose

Section 804.21 is amended to add the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments as eligible entities to apply for JET grants.

§804.24. Reporting Requirements

Section 804.24 is amended to include the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments as entities that must comply with all reporting requirements should they receive a grant under Chapter 804.

SUBCHAPTER D. GRANTS TO EDUCATIONAL INSTITUTIONS FOR CAREER AND TECHNICAL EDUCATION PROGRAMS

TWC proposes the following amendments to Subchapter D:

§804.41. Grants for Career and Technical Education Programs

Section 804.41 is amended to include the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments as entities under Chapter 804, Subchapter D.

PART III. IMPACT STATEMENTS

Chris Nelson, Chief Financial Officer, has determined that for each year of the first five years the rules will be in effect, the following statements will apply:

There are no additional estimated costs to the state and to local governments expected as a result of enforcing or administering the rules.

There are no estimated cost reductions to the state and to local governments as a result of enforcing or administering the rules.

There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rules.

There are no foreseeable implications relating to costs or revenue of the state or local governments as a result of enforcing or administering the rules.

There are no anticipated economic costs to individuals required to comply with the rules.

There is no anticipated adverse economic impact on small businesses, microbusinesses, or rural communities as a result of enforcing or administering the rules.

Based on the analyses required by Texas Government Code, §2001.024, TWC has determined that the requirement to repeal or amend a rule, as required by Texas Government Code, §2001.0045, does not apply to this rulemaking.

Takings Impact Assessment

Under Texas Government Code, §2007.002(5), "taking" means a governmental action that affects private real property, in whole or in part or temporarily or permanently, in a manner that requires the governmental entity to compensate the private real property owner as provided by the Fifth and Fourteenth Amendments to the US Constitution or the Texas Constitution, §17 or §19, Article I, or restricts or limits the owner's right to the property that would otherwise exist in the absence of the governmental action, and is the producing cause of a reduction of at least 25 percent in the market value of the affected private real property, determined by comparing the market value of the property as if the governmental action is not in effect and the market value of the property determined as if the governmental action is in effect. TWC completed a Takings Impact Assessment for the proposed rulemaking action under Texas Government Code, §2007.043. The primary purpose of this proposed rulemaking action, as discussed elsewhere in this preamble, is to implement SB 1728 by adding the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments as eligible applicants for the JET grant program.

The proposed rulemaking action will not create any additional burden on private real property or affect private real property in a manner that would require compensation to private real property owners under the US Constitution or the Texas Constitution. The proposal also will not affect private real property in a manner that restricts or limits an owner's right to the property that would otherwise exist in the absence of the governmental action. Therefore, the proposed rulemaking will not cause a taking under Texas Government Code, Chapter 2007.

Government Growth Impact Statement

TWC has determined that during the first five years the rules will be in effect, they:

--will not create or eliminate a government program;

--will not require the creation or elimination of employee positions;

--will not require an increase or decrease in future legislative appropriations to TWC;

--will not require an increase or decrease in fees paid to TWC;

--will not create a new regulation;

--will not expand, limit, or eliminate an existing regulation;

--will not change the number of individuals subject to the rules; and

--will not positively or adversely affect the state's economy.

Economic Impact Statement and Regulatory Flexibility Analysis

TWC has determined that the rules will not have an adverse economic impact on small businesses or rural communities, as the proposed rules place no requirements on small businesses or rural communities.

Mariana Vega, Director, Labor Market Information, has determined that there is not a significant negative impact upon employment conditions in the state as a result of the rules.

Mary York, Director, Workforce Development Division, has determined that for each year of the first five years the rules are in effect, the public benefit anticipated as a result of enforcing the proposed rules will be to expand the pool of eligible applicants for the Jobs and Education for Texans grant program.

PART IV. REQUEST FOR IMPACT INFORMATION

TWC requests, from any person required to comply with the proposed rule or any other interested person, information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis. Please submit the requested information to TWCPolicyComments@twc.texas.gov no later than June 1, 2026.

PART V. PUBLIC COMMENTS

Comments on the proposed rules may be submitted to TWCPolicyComments@twc.texas.gov and must be received no later than June 1, 2026.

SUBCHAPTER A. DEFINITIONS

40 TAC §804.1

PART VI. STATUTORY AUTHORITY

The rule is proposed under the authority of:

--Texas Education Code, §134.008, which requires TWC to adopt rules for the administration of the JET grant program.

--Texas Labor Code, §301.0015(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed rule relates to Texas Education Code, Chapter 134.

§804.1. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

(1) Act--Texas Education Code, Chapter 134, Jobs and Education for Texans Grant Program.

(2) Advisory board--The advisory board of education and workforce stakeholders created pursuant to the Act.

(3) Career and technical education--Organized educational activities that offer a sequence of courses that:

(A) provides individuals with coherent and rigorous content aligned with challenging academic standards and relevant technical knowledge and skills needed to prepare for further education and careers in high-demand occupations or emerging industries;

(B) includes competency-based applied learning that contributes to the academic knowledge, problem-solving skills, work attitudes, general employability skills, technical skills, and occupation-specific skills, and knowledge of all aspects of an industry, including entrepreneurship, of an individual; or

(C) provides a license, a certificate, or a postsecondary degree.

(4) Certificate or degree completion--Any grouping of workforce or technical courses in sequential order that, when satisfactorily completed by a student, will entitle the student to a Texas Higher Education Coordinating Board--approved certificate or associate degree from a public technical institute, public junior college, or public state college.

(5) Developmental education--Structured courses, tutorials, laboratories, or other proven instructional efforts that successfully prepare students for college level (and therefore work-ready) courses as measured by passing the state-required college entrance exam (or meeting the Texas Success Initiative requirements).

(6) Emerging industry--A growing, evolving, or developing industry based on new technological products or concepts.

(7) High-demand occupation--A job, profession, skill, or trade for which employers within the state of Texas generally, or within particular regions or cities of the state, have or will have a substantial need. In determining whether there is or will be a substantial need for a particular job, profession, trade, or skill, the Agency may consider occupations identified by the 28 Local Workforce Development Boards (Board-Area Target Occupations Lists) and/or the Agency's labor market projections.

(8) JET--The Jobs and Education for Texans Grant Program.

(9) Juvenile board--An entity as defined by Texas Human Resources Code, §201.001, and governed by Texas Human Resources Code, Chapter 152, that oversees juvenile probation services at the county level.

(10) Juvenile probation department--A county-level department, established and governed by a local juvenile board, that provides probation supervision and services to youth, pursuant to Texas Human Resources Code, Chapter 152.

(11) [~~(9)~~] Open-enrollment charter school--A Texas public school operated by a charter holder under an open-enrollment charter granted pursuant to Texas Education Code, §12.101.

(12) [~~(10)~~] Public junior college--Any junior college certified by the Texas Higher Education Coordinating Board in accordance with Texas Education Code, §61.003.

(13) [~~(11)~~] Public state college--Lamar State College--Orange, Lamar State College--Port Arthur, or Lamar Institute of Technology, in accordance with Texas Education Code, §61.003.

(14) [~~(12)~~] Public technical institute--The Lamar Institute of Technology or the Texas State Technical College System, in accordance with Texas Education Code, §61.003.

(15) [~~(13)~~] School district--An independent school district or the Windham School District.

(16) Texas Juvenile Justice Department--The state's juvenile corrections agency, which supervises juveniles committed to the state's care and custody and juveniles on probation, as established by Senate Bill 653, 82nd Texas Legislature, 2011, and defined in Texas Human Resources Code, Chapter 201.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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Les Trobman
General Counsel
Texas Workforce Commission
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For further information, please call: (737) 301-9662

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SUBCHAPTER B. ADVISORY BOARD'S GENERAL PROVISIONS

40 TAC §§804.12 - 804.14

The rules are proposed under the authority of:

--Texas Education Code, §134.008, which requires TWC to adopt rules for the administration of the JET grant program.

--Texas Labor Code, §301.0015(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed rules relate to Texas Education Code, Chapter 134.

§804.12. Meetings Required.

(a) The advisory board is required to meet at least once each quarter, or as needed, to review received applications and recommend awarding grants under this chapter to public junior colleges, public technical institutes, public state colleges, open-enrollment charter schools, [~~and~~] school districts, the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments.

(b) Meetings shall be subject to the requirements of the Open Meetings Act.

§804.13. General Advisory Board Responsibilities.

The advisory board shall provide advice and recommend:

(1) the manner in which public junior colleges, public technical institutes, public state colleges, open-enrollment charter schools, [~~and~~] school districts, the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments apply for JET grants; and

(2) the JET grants to be awarded by the Agency.

§804.14. Duration of Advisory Board.

The advisory board is subject to the advisory committee abolishment provisions set forth under Texas Government Code, §2110.008. As allowed by the statute, the Commission has, by rule, under Chapter 800, Subchapter E of this title, designated a date on which the advisory board will automatically be abolished unless the Commission amends the rule to provide for a different abolishment date.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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SUBCHAPTER C. GRANT PROGRAM

40 TAC §804.21, §804.24

The rules are proposed under the authority of:

--Texas Education Code, §134.008, which requires TWC to adopt rules for the administration of the JET grant program.

--Texas Labor Code, §301.0015(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed rules relate to Texas Education Code, Chapter 134.

§804.21. General Statement of Purpose.

In accordance with the Act, the Agency established JET, which it administers pursuant to the Act and this chapter to award grants from the JET fund for the development of career and technical education programs at public junior colleges, public technical institutes, public state colleges, open-enrollment charter schools, [~~and~~] school districts, the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments that meet the requirements of Texas Education Code, §134.006 and §134.007.

§804.24. Reporting Requirements.

A public junior college, public technical institute, public state college, open-enrollment charter school, [~~or~~] school district, the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments receiving a grant under this chapter must comply with all reporting requirements of the contract in the frequency and format determined by the Agency in order to maintain eligibility for grant payments. Failure to comply with the reporting requirements may result in termination of the grant award and the entity being ineligible for future grants under this chapter.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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SUBCHAPTER D. GRANTS TO EDUCATIONAL INSTITUTIONS FOR CAREER AND TECHNICAL EDUCATION PROGRAMS

40 TAC §804.41

The rule is proposed under the authority of:

--Texas Education Code, §134.008, which requires TWC to adopt rules for the administration of the JET grant program.

--Texas Labor Code, §301.0015(6) and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed rule relates to Texas Education Code, Chapter 134.

§804.41. Grants for Career and Technical Education Programs.

(a) This subchapter is applicable to JET awards to public junior colleges, public technical institutes, public state colleges, open-enrollment charter schools, [~~and~~] school districts, the Texas Juvenile Justice Department, juvenile boards, and juvenile probation departments for the development of career and technical education programs that meet the requirements of Texas Education Code, §134.006 and §134.007.

(b) A grant received under this subchapter may be used only to:

(1) support courses or programs that prepare students for career employment in occupations that are identified by local businesses as being in high demand;

(2) finance the initial costs of career and technical education courses or program development, including the costs of purchasing equipment, and other expenses associated with the development of an appropriate course; and

(3) finance a career and technical education course or program that leads to a license, certificate, or postsecondary degree.

(c) In awarding a grant under this subchapter, the Agency shall primarily consider the potential economic returns to the state from the development of the career and technical education course or program. The Agency may also consider whether the course or program:

(1) is part of a new, emerging industry or high-demand occupation;

(2) offers new or expanded dual-credit career and technical educational opportunities in public high schools;

(3) offers new career and technical educational opportunities not previously available to students enrolled at any campus in the Windham School District; [~~or~~]

(4) offers new career and technical education opportunities not previously available as part of any existing educational programs that are offered in facilities operated wholly or partly by the Texas Juvenile Justice Department, a juvenile board, or a juvenile probation department, including a facility operated by a private vendor under a contract with the Texas Juvenile Justice Department, a juvenile board, or a juvenile probation department; or

(5) [~~(4)~~] is provided in cooperation with other public junior colleges, public technical institutes, or public state colleges across existing service areas.

(d) A grant recipient shall provide the matching funds as identified in its application.

(1) Matching funds may be obtained from any source available to the grant recipient, including industry consortia, community or foundation grants, individual contributions, and local governmental agency operating funds.

(2) A grant recipient's matching share may consist of one or more of the following contributions:

(A) cash;

(B) equipment, equipment use, materials, or supplies;

(C) personnel or curriculum development cost; and/or

(D) administrative costs that are directly attributable to the project.

(3) The matching funds must be expended on the same project for which the grant funds are provided and valued in a manner acceptable or as determined by the Agency.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

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CHAPTER 815. UNEMPLOYMENT INSURANCE

SUBCHAPTER B. BENEFITS, CLAIMS, AND APPEALS

40 TAC §815.20, §815.28

The Texas Workforce Commission (TWC) proposes amendments to the following sections of Chapter 815, relating to Unemployment Insurance:

Subchapter B. Benefits, Claims, and Appeals, §815.20 and §815.28

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the proposed Chapter 815 rule change is to implement the provisions of House Bill 3698 (HB 3698), enacted by the 89th Texas Legislature, Regular Session, 2025, relating to participation in reemployment services as a condition of eligibility for unemployment benefits.

HB 3698 amended Texas Labor Code, §207.021(a), to expand participation in reemployment services under the federal Reemployment Services and Eligibility Assessment (RESEA) Program. HB 3698 revised the conditions under which such participation is required for unemployment compensation eligibility.

Additionally, the rule amendments will:

--increase the minimum number of required weekly work search contacts from three to five;

--add a requirement for claimants to verify their identity;

--add additional groups of individuals who are exempt from the work registration and work search requirements; and

--correct outdated references.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

(Note: Minor editorial changes are made that do not change the meaning of the rules and, therefore, are not discussed in the Explanation of Individual Provisions.)

SUBCHAPTER B. BENEFITS, CLAIMS, AND APPEALS

TWC proposes the following amendments to Subchapter B:

§815.20. Claim for Benefits

Section 815.20(7) is amended to conform with Texas Labor Code, §207.021(a), as amended by HB 3698, relating to the expansion of participation in reemployment services, and to correct a Texas Labor Code reference.

Section 815.20(8) is amended to add two new categories of unemployment benefits claimants who are exempt from the requirement to register for work. This change is necessary to align §815.28 with §815.28, as amended.

Additionally, new §815.20(11) formalizes TWC's existing identity verification requirements to provide clarity and increase understanding by parties to a claim. These requirements are critical to protect the integrity of the unemployment compensation system from identity fraud. This amendment is based on TWC's existing authority under Texas Labor Code, §207.021(a)(1) and does not expand that authority or create new requirements for claimants.

§815.28. Work Search Requirements

Section 815.28 is amended to increase a claimant's TWC-required minimum number of weekly work search contacts from three to five. This adjustment reflects the efficiency of modern online job searching and the abundance of job opportunities in the thriving Texas economy. The increased requirement encourages active engagement in the labor market and facilitates quicker reemployment. This establishes a statewide minimum while preserving the Local Workforce Development Boards' authority, as approved by the Commission, to recommend higher requirements based on regional labor market conditions.

Section 815.28 is also amended to add limited exemptions to the work search requirement for certain individuals in areas affected by a disaster and certain federal employees in temporary layoff status due to a government furlough or shutdown. This amendment is made in response to a recommendation from the US Department of Labor.

PART III. IMPACT STATEMENTS

Chris Nelson, Chief Financial Officer, has determined that for each year of the first five years the rules will be in effect, the following statements will apply:

There are no additional estimated costs to the state and to local governments expected as a result of enforcing or administering the rules.

There are no estimated cost reductions to the state and to local governments as a result of enforcing or administering the rules.

There are no estimated losses or increases in revenue to the state or to local governments as a result of enforcing or administering the rules.

There are no foreseeable implications relating to costs or revenue of the state or local governments as a result of enforcing or administering the rules.

There are no anticipated economic costs to individuals required to comply with the rules.

There is no anticipated adverse economic impact on small businesses, microbusinesses, or rural communities as a result of enforcing or administering the rules.

Based on the analyses required by Texas Government Code, §2001.024, TWC has determined that the requirement to repeal or amend a rule, as required by Texas Government Code, §2001.0045, does not apply to this rulemaking.

Takings Impact Assessment

Under Texas Government Code, §2007.002(5), "taking" means a governmental action that affects private real property, in whole or in part or temporarily or permanently, in a manner that requires the governmental entity to compensate the private real property owner as provided by the Fifth and Fourteenth Amendments to the US Constitution or the Texas Constitution, §17 or §19, Article I, or restricts or limits the owner's right to the property that would otherwise exist in the absence of the governmental action, and is the producing cause of a reduction of at least 25 percent in the market value of the affected private real property, determined by comparing the market value of the property as if the governmental action is not in effect and the market value of the property determined as if the governmental action is in effect. TWC completed a Takings Impact Assessment for the proposed rulemaking action under Texas Government Code, §2007.043. The primary purpose of this proposed rulemaking action, as discussed elsewhere in this preamble, is to expand participation in reemployment services under the federal RESEA program.

The proposed rulemaking action will not create any additional burden on private real property or affect private real property in a manner that would require compensation to private real property owners under the US Constitution or the Texas Constitution. The proposal also will not affect private real property in a manner that restricts or limits an owner's right to the property that would otherwise exist in the absence of the governmental action. Therefore, the proposed rulemaking will not cause a taking under Texas Government Code, Chapter 2007.

Government Growth Impact Statement

TWC has determined that during the first five years the rules will be in effect, they:

--will not create or eliminate a government program;

--will not require the creation or elimination of employee positions;

--will not require an increase or decrease in future legislative appropriations to TWC;

--will not require an increase or decrease in fees paid to TWC;

--will not create a new regulation;

--will expand an existing regulation by expanding the scope of its applicability from a selective application of the requirements to a more universal application of the requirements;

--will change the number of individuals subject to the rules by expanding the requirement for individuals to participate in reemployment services to a broader population of unemployment benefits claimants; and

--will positively affect the state's economy by accelerating the reemployment of jobless Texans.

Economic Impact Statement and Regulatory Flexibility Analysis

TWC has determined that the rules will not have an adverse economic impact on small businesses or rural communities, as the proposed rules place no requirements on small businesses or rural communities.

Mariana Vega, Director, Labor Market Information, has determined that there is not a significant negative impact upon employment conditions in the state as a result of the rules.

Lowell Keig, Director, Unemployment Insurance Division, has determined that for each year of the first five years the rules are in effect, the public benefit anticipated as a result of enforcing the proposed rules will be to expand participation in the RESEA program and further clarify which individuals are exempt from the work search requirements.

PART IV. REQUEST FOR IMPACT INFORMATION

TWC requests, from any person required to comply with the proposed rule or any other interested person, information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis. Please submit the requested information to TWCPolicyComments@twc.texas.gov no later than June 1, 2026.

PART V. PUBLIC COMMENTS

Comments on the proposed rules may be submitted to TWCPolicyComments@twc.texas.gov and must be received no later than June 1, 2026.

PART VI. STATUTORY AUTHORITY

The amendments are proposed under Texas Labor Code, §301.0015 and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The proposed rules affect Texas Labor Code, Title 4.

§815.20. Claim for Benefits.

An unemployed individual who has no current benefit year and who wishes to claim benefits shall report to a representative of the Agency in a manner, including telephone, electronic, [~~telephonic, Internet,~~] or other means[~~,~~] that the Agency may approve, and file a claim for benefits. Before receiving benefits, a claimant shall register for work with the state's labor exchange system and participate in reemployment services [~~public employment office, including workforce centers, serving the individual's area of residence~~], as provided in paragraphs (3) and (7) of this section, unless exempt from one or both of these requirements [~~the requirement~~].

(1) In case of a mass layoff by an employer, if the last employing unit involved makes an appropriate request, the Agency may accept, in lieu of an initial claim from each individual, a list furnished by the last employer of the individuals to be laid off and who wish to file initial claims for benefits. The list shall reflect, with respect to each individual, all information normally required on the initial claim by the Agency, except the reason for separation. If the Agency approves the request, the listing then may be used by the Agency as an initial claim for each individual on the list.

(2) After an individual files a valid initial claim, which establishes the claimant's benefit year, the claimant may, during the benefit year, file subsequent continued claims, weekly or biweekly, by telephone [~~telephonic means~~], facsimile (fax) transmission, mail, common carrier, electronic [~~Internet~~], or other means as the Agency may approve in writing, but at intervals of no less than seven consecutive days. A claimant shall file all claims by telephone [~~telephonic means~~], in writing, or orally, during the hours, days, and weeks directed by Agency representatives. Internet filing is available 24 hours each day. If at any time during the benefit year, more than 30 days have elapsed since the filing of the claimant's last claim, the claimant shall file an additional or reopened claim for benefits as defined in §815.1 of this chapter [~~(relating to Definitions)~~] and shall comply with all eligibility requirements for the claims. A claimant who exhausts regular benefits may file continued claims for extended benefits as referenced in §815.26 of this subchapter [~~(relating to Extended Benefit Period Announcement)~~] in the same manner in which the claimant filed claims for regular benefits, but the claimant's claims for extended benefits may be for benefit periods subsequent to the end of the claimant's benefit year.

(3) An individual who files a claim for benefits shall comply with all Agency requirements [~~of the public employment office in which the claimant files an application for work~~] that are necessary to establish a valid registration for work and for continued reporting to the Agency [~~in that public employment office~~]. The claimant shall comply with an Agency representative's requests, whether oral or written, that are reasonably designed to inform the claimant of the claimant's rights and responsibilities in filing a claim for benefits. The claimant also shall:

(A) provide evidence, upon request, to establish the claimant's correct Social Security [~~account~~] number;

(B) file all claims in the manner directed by the Agency, whether on Agency-provided forms or by telephone [~~telephonic~~], electronic [~~Internet~~], or other means approved by the Agency for claims purposes;

(C) supply all information within the claimant's knowledge, which is necessary to determine the claimant's rights to benefits under the Act;

(D) sign all provided claims forms personally for the claims that are filed in person or by mail or common carrier; and

(E) submit all claims filed by mail, common carrier, hand delivery, or by other means, including by telephone [~~telephonic~~] or electronic [~~Internet~~], as instructed by the Agency, in accordance with the terms of this section.

(4) An individual may file a claim by mail, common carrier, hand delivery, or by other means as the Agency may approve, in writing in any of the following circumstances:

(A) Conditions exist that make it impracticable for the Agency representative to take claims by telephone [~~telephonic~~], electronic [~~Internet~~], or other approved means; or

(B) The Agency finds that the claimant has good cause for failing to file a claim by telephone [~~telephonic~~], electronic [~~Internet~~], or other approved means.

(5) If a claimant's answer to a question on a claim filed with the Agency creates uncertainty about the claimant's credibility, or a lack of understanding, or the claimant's record shows that the claimant previously filed a fraudulent claim; then the claimant may be required to file written claims on an Agency-approved form in a manner prescribed by the Agency in writing. A claimant required to file a claim under this section shall continue to file the claim in the prescribed manner[~~,~~] until the Agency determines that the reason no longer exists and directs otherwise in writing.

(6) The following provisions shall apply to the disqualification provisions of the Act, Chapter 207, Subchapter C, concerning disqualification for benefits.

(A) The term "employment" in the Act, Chapter 207, Subchapter C, shall be interpreted and applied to mean employment as defined in the Act.

(B) The disqualification to be imposed against an individual who has left work to move with a spouse, as provided in the Act, §207.045(c), shall be construed to mean both a benefits (money payments) and a benefit period (time period) disqualification; and such disqualification shall be restricted in its application to apply only to the range from six weeks to 25 weeks.

(C) Agency employees are authorized to administer oaths to claimants in an effort to verify that the requalifying requirements of the Act, Chapter 207, Subchapter C, concerning employment or earnings, have been satisfied.

(D) An employer identified as the employer by whom the claimant was employed, for purposes of satisfying the requalifying requirements of the Act, Chapter 207, Subchapter C, shall be afforded 14 days within which to respond to [~~notice by~~] the Agency's notice [~~Agency~~] of the filing of an additional claim by the claimant.

(E) In order to satisfy the requirement of the Act, Chapter 207, Subchapter C, concerning returning to employment and working for six weeks, a "work week" shall be defined as seven consecutive days during which the claimant has worked at least 30 hours.

(F) Disqualifying separations, new benefit year, and extended benefit period.

(i) A claimant filing an initial claim, continued claim, or additional claim shall be disqualified from receiving benefits if the separation from the claimant's last work is a disqualifying separation as defined in the Act, Chapter 207.

(ii) If a work separation in a previous benefit year is the last separation prior to a claimant's filing an initial claim that creates a new benefit year, then that work separation may result in a disqualification in the new benefit year in accordance with the provisions of the Act, Chapter 207.

(iii) A disqualification resulting from a work separation in a benefit year shall continue during the extended benefit period until:

(I) the extended benefit period is terminated;

(II) the claimant qualifies to file a new initial claim; or

(III) the claimant requalifies in accordance with the provisions of the Act, Chapter 207, under which the disqualification was imposed.

(7) A claimant shall be eligible to receive benefits with respect to any week only if the individual demonstrates the availability for work required by the Act, §207.021(a)(4), and, if required by the Act, §207.021(a)(9) [~~§207.021(a)(8)~~], by participating in reemployment services, including, but not limited to, job search assistance, if:

(A) the claimant has been determined, according to a process established by the Agency, to be likely to exhaust regular benefits and to need [~~needs~~] reemployment services to obtain new employment; or [~~pursuant to a profiling system established by the Agency.~~]

(B) the Agency has determined that participation in reemployment services is in furtherance of the following goals:

(i) reduces the duration of unemployment compensation through improved employment outcomes;

(ii) strengthens the integrity of the unemployment compensation program;

(iii) promotes alignment with the vision of the Workforce Innovation and Opportunity Act;

(iv) establishes reemployment services as an entry point to other workforce system partner programs; and

(v) demonstrates the effectiveness of reemployment services.

(8) The following categories of claimants are exempt from the requirement to register for work:

(A) individuals on temporary layoff with a definite date to return to work;

(B) members in good standing in unions that maintain a hiring hall; [~~and~~]

(C) individuals participating in a Shared Work plan as defined in the Act, Chapter 215;[~~.~~]

(D) individuals in areas affected by a disaster, as declared by the governor of this state and the president of the United States, if approved by the Agency executive director and approved by the US Department of Labor; and

(E) individuals employed by the federal government who are in temporary layoff status due to a federal government furlough or shutdown, and who will return to their federal government employment when the furlough or shutdown ends.

(9) Withholding from Benefits for Federal Income Tax.

(A) An individual filing a new claim for unemployment compensation shall, at the time of filing the claim, be advised that:

(i) unemployment compensation is subject to federal, state, and local income tax;

(ii) requirements exist pertaining to estimated tax payments;

(iii) the individual may elect to have federal income tax deducted and withheld from the individual's payment of unemployment compensation at the amount specified in the federal Internal Revenue Code; and

(iv) the individual shall be permitted to change a previously elected withholding status.

(B) Amounts deducted and withheld from unemployment compensation shall remain in the unemployment fund until transferred to the federal taxing authority as a payment of income tax.

(C) The Agency shall follow all procedures specified by the US [~~United States~~] Department of Labor and the federal Internal Revenue Service pertaining to deducting and withholding [~~of~~] income tax.

(D) Amounts shall be deducted and withheld under this section only after amounts are deducted and withheld under any other provisions of the Act.

(10) An employer's protest to an initial, additional, or continued claim made in accordance with the Act, §208.004, may be delivered by telephone [~~telephonic~~], which includes a verification procedure approved by the Agency in writing, mail, common carrier, facsimile (fax), internet [~~Internet~~], or other means approved by the Agency in writing and as prescribed in the Agency's notice of claim form.

(11) A claimant shall verify his or her identity as required by the Agency, including electronically, by telephone, or in person. The Agency may require a claimant to complete identity verification with the Agency; a local, state, or federal partner; or a third-party vendor. A claimant may be required to verify his or her identity when the Agency believes or suspects the claimant's identity is in question. The Agency may also require all claimants to verify their identity. A claimant's failure to verify his or her identity, as required by the Agency, shall result in the claimant being held ineligible under the Act, §207.021(a)(1).

§815.28. Work Search Requirements.

(a) Purpose. The purpose of this section [~~rule~~] is to describe the work search requirements and process that [~~must be met for~~] claimants must meet to continue to receive unemployment compensation benefits. A claimant is required to register for work, to actively seek work and be available for work, as well as accept suitable work. The rule also describes the process to be used [~~utilized~~] by Local Workforce Development Boards (Boards) when formulating the numerical weekly work search contact requirements.

(1) A claimant shall be considered available for work during the time the claimant is making a reasonable search for suitable work as defined by this section.

(A) Work registration alone does not establish that the claimant is making a reasonable search for suitable work.

(B) The claimant shall make a personal and diligent search for work.

(C) Unreasonable limitations by a claimant as to salary, hours, or conditions of work indicate that a claimant is not making a reasonable search for suitable work.

(D) The Agency expects each claimant to act in the same manner as a prudent person who is out of work and seeking work.

(E) This section shall not apply to individuals who are:

(i) [~~individuals~~] participating in a Shared Work plan, §215.041(c) of the Act;

(ii) [~~individuals~~] participating in Agency-approved [~~Agency approved~~] or Trade Act training, as described in §207.022 and §207.023 of the Act;

(iii) [~~individuals~~] on temporary layoff with a definite date to return to work that is within eight weeks or less from the date of layoff;

(iv) [~~individuals~~] on temporary layoff with a definite [~~return to work~~] date to return to work that is within eight-to-12 [~~eight to 12~~] weeks from the date of layoff, provided the exemption from work search requirements is explicitly requested in writing by the separating employer;

(v) [~~individuals~~] on temporary layoff with a definite return to work date that is more than 12 weeks from the date of layoff provided that a waiver from work search requirements is requested by the separating employer and granted by the Agency executive director [~~Executive Director~~]. The Agency executive director's [~~Executive Director's~~] decision is subject to review in any benefits appeal where ineligibility results from the decision. The requesting employer is a party of interest to any such appeal, as described in §815.15(c)(6) of this subchapter;

(vi) [~~individuals who are~~] members in good standing of a union that maintains a nondiscriminatory hiring hall, as that term is defined by the Landrum-Griffin Act, and who maintain contact with and use the placement services of the hiring hall;

(vii) performing [~~individuals who perform~~] jury service for a period of three days or longer[~~,~~] during the weeks in which the individual is actively performing jury service; [~~or~~]

(viii) in areas affected by a disaster, as declared by the governor of this state and the president of the United States, if approved by the Agency executive director and approved by the US Department of Labor;

(ix) employed by the federal government who are in temporary layoff status due to a government furlough or shutdown, and who will return to their federal government employment when the furlough or shutdown ends; or

(x) [~~(viii)~~] [~~individuals who are~~] otherwise exempted by law.

(F) This section shall apply to all claimants unless specifically exempted, including:

(i) recipients of state-extended [~~state extended~~] unemployment benefits, who are required to actively seek work under the Act, [~~Texas Labor Code~~] §209.043;

(ii) recipients of federal extended unemployment benefits, except that if the legislation establishing such benefits or administrative directives for administering such benefits include work search requirements that[~~, which~~] are in conflict with those established in this section [~~herein~~], the federal requirements or administrative directives shall apply; or

(iii) individuals who are engaged in efforts to establish themselves in a self-employment venture.

(2) The reasonableness of a search for work will, in part, depend upon the employment opportunities in the claimant's labor market area. A work search that may be appropriate in a labor market area with limited opportunities may be totally unacceptable in an area with greater opportunities.

(b) General Work Search Requirements. A claimant shall make the minimum number of weekly work search contacts, as established by the Board for the county in which they reside [~~as required by the Agency~~].

(1) The claimant will be notified of the minimum number of weekly work search contacts required.

(2) If there is a change to the minimum weekly number of work search contacts, the claimant shall be notified of the change in writing by US [~~U.S.~~] mail.

(3) Claimants are required to maintain weekly work search contact logs and may be required to submit weekly work search contact logs, using an acceptable method as determined by the Agency.

(4) The Agency shall provide to and publish guidelines for claimants describing the types of activities that may constitute a work search contact for purposes of a productive search for suitable work. Examples of such activities include, but are not limited to:

(A) using [~~utilizing~~] employment resources available at Texas Workforce Centers that directly lead to obtaining employment, such as:

(i) using local labor market information;

(ii) identifying skills the claimant possesses that are consistent with targeted or demand occupations in the local workforce development area;

(iii) attending job search seminars[~~,~~] or other employment workshops that offer instruction in developing effective work search or interviewing techniques;

(iv) obtaining job postings and seeking employment for suitable positions needed by local employers;

(B) attending job search seminars, job clubs, or other employment workshops that offer instruction in improving individuals' skills for finding and obtaining employment;

(C) interviewing with potential employers, in-person or by telephone;

(D) registering for work with a private employment agency, placement facility of a school, or college or university if one is available to the claimant in his or her occupation or profession; and

(E) other work search activities as may be provided in Agency guidelines.

(5) Failure to comply with work search requirements, without good cause, could result in an ineligibility determination that may result in a loss of benefits.

(c) Number of Work Search Requirements. The minimum number of weekly contacts assigned shall be five [~~three~~] work search contacts for all claimants, unless otherwise provided by this section.

(d) A Board, based on specific local labor market information and conditions, may advise the Agency that a claimant residing in the workforce area is required to make more than five [~~three~~] work search contacts per week.

(e) Rural Counties. In counties designated as "rural" by the Agency, the Board may reduce the minimum number of weekly work search contacts in response to specific local labor market information and conditions. "Rural" counties are defined as those counties having a population estimated by the Texas Demographic [~~State Data~~] Center at The [~~Texas A&M~~] University of Texas at San Antonio to be not more than 10,000 as of July 1 of the most recent year for which county population estimates have been published.

(f) [~~Local~~] Boards shall have the flexibility within the guidelines provided in this section to formulate the appropriate minimum number of weekly work search contacts for their respective workforce area, using appropriate guidelines to be developed in consultation with Agency staff, and shall maintain written documentation. Boards shall review the minimum number of weekly work search contacts for each workforce area at least once per year on a date [~~to be~~] determined by the Agency.

(g) Local Policies. A [~~Local~~] Board shall develop, adopt, and modify its policies to promulgate the appropriate methodology for formulating the appropriate number of work search contacts for the workforce area in a public process consistent with the procedures required for compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551 et seq. A Board shall maintain written copies of the policies that are required by federal and state law, or as requested by the Agency, and make such policies available to the Agency and the public upon request. A Board shall also submit any modifications, amendments, or new policies to the Agency no later than two weeks after adoption of the policy by the Board.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on April 14, 2026.

TRD-202601620
Les Trobman
General Counsel
Texas Workforce Commission
Earliest possible date of adoption: May 31, 2026
For further information, please call: (737) 301-9662

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 7. BANKING AND SECURITIES

PART 5. OFFICE OF CONSUMER CREDIT COMMISSIONER

CHAPTER 83. REGULATED LENDERS AND CREDIT ACCESS BUSINESSES

SUBCHAPTER A. RULES FOR REGULATED LENDERS

DIVISION 10. DUTIES AND AUTHORITY OF AUTHORIZED LENDERS

7 TAC §83.828, §83.829

The Finance Commission of Texas (commission) adopts amendments to §83.828 (relating to Files and Records Required (Subchapter E and F Lenders)) and §83.829 (relating to Files and Records Required (Subchapter G Lenders)) in 7 TAC Chapter 83, Subchapter A, concerning Rules for Regulated Lenders.

The commission adopts the amendments to §83.828 and §83.829 without changes to the proposed text as published in the March 6, 2026, issue of the *Texas Register* (51 TexReg 1351). The rules will not be republished.

The rules in 7 TAC Chapter 83, Subchapter A govern regulated lenders. In general, the purpose of the rule changes to 7 Chapter 83, Subchapter A is to implement changes resulting from the commission's review of the subchapter under Texas Government Code, §2001.039.

Adopted amendments to §83.828 update recordkeeping requirements for regulated lenders making consumer loans that are not secured by real property under Texas Finance Code, Chapter 342, Subchapter E or Subchapter F. Regulated lenders are required to maintain transaction records under Texas Finance Code, §342.558, and are required to allow the OCCC to access records under Texas Finance Code, §342.552. Currently, provisions throughout §83.828 refer to both paper and electronic recordkeeping systems. Amendments throughout §83.828 simplify and rearrange this language to refer to electronic recordkeeping systems before referring to paper systems, based on licensees' increasing use of electronic systems rather than paper systems. Additional amendments to §83.828 relate to data security recordkeeping. An amendment at §83.828(14)(A) specifies that licensees must maintain written policies and procedures for an information security program to protect consumers' customer information, as required by the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314. Another amendment at §83.828(14)(B) specifies that if a licensee maintains customer information concerning 5,000 or more consumers, then the licensee must maintain a written incident response plan and written risk assessments, as required by 16 C.F.R. §314.4. An amendment at §83.828(15) specifies that licensees must maintain data breach notifications to consumers and to the Office of the Attorney General under Texas Business & Commerce Code, §521.053. Data security is a crucial issue. The OCCC's 2025-2029 strategic plan includes action items to "[p]romote cybersecurity awareness and best practices among regulated entities" and "[m]onitor cybersecurity incidents and remediation efforts reported by regulated entities." Recent data breaches affecting financial institutions highlight the urgent need for vigilance in this industry. The data security recordkeeping amendments will help ensure that the OCCC can monitor this crucial issue.

Adopted amendments to §83.829 update recordkeeping requirements for regulated lenders making secondary mortgage loans under Texas Finance Code, Chapter 342, Subchapter G. Similarly to the amendments described in the previous paragraph of this preamble, the amendments to §83.829 simplify and rearrange language to refer to electronic recordkeeping before paper systems, specify that licensees must maintain records for an information security program, and specify that licensees must maintain data breach notifications.

In November 2025, the OCCC issued an advance notice of rule review, seeking informal feedback on the rule review. Notice of the review of 7 TAC Chapter 83, Subchapter A was published in the *Texas Register* on December 5, 2025 (50 TexReg 7925). The OCCC and the commission did not receive any comments in response to these notices.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC did not receive any written precomments on the rule text draft.

The OCCC received no official comments on the proposed amendments.

The rule changes are adopted under Texas Finance Code, §342.551, which authorizes the commission to adopt rules to enforce Texas Finance Code, Chapter 342. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Title 4.

The statutory provisions affected by the adoption are contained in Texas Finance Code, Chapter 342.

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 April 17, 2026.

TRD-202601658

Matthew Nance
General Counsel
Office of Consumer Credit Commissioner
Effective date: May 7, 2026
Proposal publication date: March 6, 2026
For further information, please call: (512) 936-7660

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CHAPTER 84. MOTOR VEHICLE INSTALLMENT SALES
SUBCHAPTER F. LICENSING

7 TAC §84.617

The Finance Commission of Texas (commission) adopts amendments to §84.617 (relating to License Term, Renewal, and Expiration) in 7 TAC Chapter 84, concerning Motor Vehicle Installment Sales.

The commission adopts the amendments to §84.617 without changes to the proposed text as published in the March 6, 2026, issue of the *Texas Register* (51 TexReg 1353). The rule will not be republished.

In general, the purpose of the rule changes to §84.617 is to adjust the license term for motor vehicle sales finance licensees under Texas Finance Code, Chapter 348, and commercial vehicle sales finance licensees under Texas Finance Code, Chapter 353, in anticipation of a transition to the Nationwide Multistate Licensing System (NMLS).

NMLS is an online platform used by state financial regulatory agencies to manage licenses, including license applications and renewals. NMLS was created in 2008. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 explains that the purposes of NMLS include increasing uniformity and reducing regulatory burden. SAFE Act, 12 USC §5101. Each state currently uses NMLS for licensing individual RMLOs, and states are increasingly using the system to license consumer finance companies. NMLS is managed by the Conference of State Bank Supervisors and is subject to ongoing modernization efforts and enhancements.

The OCCC has begun a phased process of migrating license groups from ALECS (the OCCC's previous licensing platform) to NMLS. In 2025, property tax lenders and regulated lenders completed their transition to NMLS. The OCCC believes that moving to NMLS will improve the user experience of the licensing system and promote efficiency. The OCCC anticipates that licensees under Chapters 348 and 353 of the Finance Code will be required to transition to NMLS during calendar year 2026.

Adopted amendments to §84.617 adjust the license term for motor vehicle sales finance licensees and commercial vehicle sales finance licensees. Currently, these licenses have a term that runs from November 1 of a calendar year to October 31 of the next calendar year. These rule amendments adjust the license term to run from January 1 to December 31, to align with the dates in the NMLS system. License fees paid in 2026 may be prorated to account for the extended term of licensure.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC did not receive any written precomments on the rule text draft.

The OCCC received no official comments on the proposed amendments.

The rule changes are adopted under Texas Finance Code, §14.112, §348.5055, and §353.5055, which authorize the commission to prescribe the term for a motor vehicle sales finance license under Texas Finance Code, Chapter 348, and the term for a commercial vehicle sales finance license under Texas Finance Code, Chapter 353. Also, Texas Finance Code, §348.513 and §353.513 authorize the commission to adopt rules to enforce Texas Finance Code, Chapters 348 and 353. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Title 4.

The statutory provisions affected by the adoption are contained in Texas Finance Code, Chapters 348 and 353.

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 April 17, 2026.

TRD-202601657
Matthew Nance
General Counsel
Office of Consumer Credit Commissioner
Effective date: May 7, 2026
Proposal publication date: March 6, 2026
For further information, please call: (512) 936-7660

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TITLE 16. ECONOMIC REGULATION

PART 2. PUBLIC UTILITY COMMISSION OF TEXAS

CHAPTER 24. SUBSTANTIVE RULES APPLICABLE TO WATER AND SEWER SERVICE PROVIDERS
SUBCHAPTER C. ALTERNATIVE RATE METHODS

The Public Utility Commission of Texas (commission) adopts the repeal of 16 Texas Administrative Code (TAC) §24.76, relating to System Improvement Charge, and replaces it with new 16 Texas Administrative Code (TAC) §24.76, relating to System Improvement Charge. The commission adopts the repeal of §24.76 without changes. The repeal will not be republished. The commission adopts this new rule with changes to the proposed text as published in the November 28, 2025 issue of the *Texas Register* (50 TexReg 7651). The new rule implements Texas Water Code §13.183(c) as revised and Texas Water Code §13.183(c-1)-(c-4) as enacted by Senate Bill (SB) 740, Section 4, during the 89th Legislature (Regular Session). The new rule establishes specific procedural requirements and deadlines associated with system improvement charge (SIC) applications. Specifically, the new rule overhauls the SIC application process by revising the form, manner, and content of information and documentation that a utility must file with the commission. The new rule also aligns §24.76 with the procedural timelines and the specific requirements related to the Office of Public Utility Counsel (OPUC) established by SB 740. The rulemaking also includes several commission-prescribed forms, including the SIC application form required by SB 740, a template notice for utilities to issue to

ratepayers when establishing a SIC, two separate Excel filing schedules for SIC applications for water service and sewer service, and an instruction form for the SIC filing schedules. The rule will be republished.

The commission received comments on the proposed rule from the City of Houston (Houston); CSWR-Texas Utility Operating Company, LLC (CSWR); the Office of Public Utility Counsel (OPUC); Karen Ricks (Ricks); SJWTX, Inc. d/b/a The Texas Water Company (SJWTX); Texas Association of Water Companies, Inc. (TAWC); and Texas Water Utilities, L.P. (TWU).

General Comments

Commission Jurisdiction

Houston recommended that proposed §24.76(a) and (c) should be revised to state that the rule applies only to the SIC applications under the commission's jurisdiction. Houston explained that Texas Water Code §13.183 authorizes municipalities with original jurisdiction to "implement their own rules for handling SIC applications from utilities under their jurisdiction." City of Houston provided draft language consistent with its recommendation. OPUC supported Houston's recommendation to clarify that the proposed rule only applies to SIC applications filed by entities under the commission's jurisdiction. TAWC commented that Houston's recommended change to specifically exclude municipally owned utilities from the commission's jurisdiction is unnecessary. TAWC explained that a municipality may adopt its own ordinance implementing a SIC independently, therefore Houston's proposed revision is unnecessary. TAWC indicated that several municipally owned utilities, particularly smaller or resource-constrained jurisdictions, may not be aware of their ability to adopt a SIC ordinance and that "[a]ddressing this gap would help ensure more consistent and informed use of SIC authority statewide."

Commission response

The commission revises §24.76(a) and (c) to clarify that the section and application requirements apply to "a utility under the commission's jurisdiction."

Internal cross-references

OPUC recommended that cross references to "this title" should be replaced to "this chapter", where appropriate in the rule. OPUC commented that referencing "this title" (i.e., Title 16 of the Texas Administrative Code) encompasses rules by at least six different state agencies. OPUC further commented that "this chapter" is more appropriate as it would refer to "Chapter 24, Part 2 of Title 16," which are the commission's water rules.

Commission response

The commission declines to implement the recommended change. Across the Texas Administrative Code there may be several instances of a specific chapter. For instance, "Chapter 22" appears in Title 1, Title 4, Tile 13, Title 16, Title 19, Title 28, and Title 43. The reference to "Title 16" is intended to ensure the Chapter 22 that is applicable to the commission rules. For this reason, the usage of "of this title" is common practice among Texas state agencies (e.g., Title 16, Part 1, Chapter 3 of the Texas Railroad Commission's rules and Title 30, Part 1, Chapter 290 of the Texas Commission on Environmental Quality's rules both use the phrase "of this title" over 200 times and "of this chapter" less than five times).

"Shall" vs. "must" or "will"

OPUC recommended that the proposed rule use the term "shall" as used in statute, instead of replacing it with the word "must." OPUC maintained that the Legislature is intentional when selecting words such as "shall" in drafting bill language. Therefore, to ensure legislative intent is followed, the proposed rule should use the term "shall." OPUC emphasized that if the Legislature intended to use a different word than "shall" it would have done so and that the Texas Code Construction Act explicitly defines the terms "shall" and "must" with specific meanings. Specifically, "shall" imposes a duty while "must" imposes a condition precedent per Texas Government Code §311.016(2) and (3). As such, the two terms are not interchangeable. OPUC further commented that the term "shall" is not an outdated term as it is still used in modern legal authorities such as The Texas Rules of Civil Procedure, Texas Disciplinary Rules of Professional Conduct, and Texas Code of Judicial Conduct.

Commission response

The commission declines to implement the recommended change. The commission acknowledges the general applicability of the TCCA to the commission's rules. See Texas Government Code §311.002(4) (applying the TCCA to "each rule adopted under a code"). However, forgoing use of the term "shall" or replacing the term with "may," "must," or another contextually relevant term is appropriate and not inconsistent with the TCCA. As indicated by OPUC, the TCCA does separately indicate a specific construction for the terms "may," "shall," "must," and "may not" under Texas Government §311.016(1)-(3) and (5). However, the statute also establishes that: "[t]he following constructions apply unless the context in which the word or phrase appears necessarily requires a different construction or unless a different construction is expressly provided by statute" (emphasis added). This provision indicates a general level of flexibility in usage and interpretation of various modal verbs. More importantly, the TCCA does not require the usage of "shall" as opposed to "must" or "may" when implementing statutes in agency rules. Therefore, the commission is not prohibited by law from utilizing other modal verbs to replace "shall." Lastly, commenters have not identified specific instances where the usage of a different modal verb has resulted in ambiguity as to the intended meaning.

Nature and framework of SIC applications

Rule requirements generally

TAWC, CSWR, TWU, and SJWTX commented that the proposed rule imposes overly burdensome requirements on SIC applicants that should be reduced. TAWC, CSWR, TWU, and CSWR noted that other commission rules, even those governing comprehensive base rate cases, do not require the level of production required under the rule. CSWR emphasized that the proposed rule should specify "a reasonable level of production that balances the need to confirm accuracy against the cost of absolute precision" rather than make it more difficult for utilities. TWU and SJWTX explained that the proposed requirements are more akin to what would be required in a comprehensive base rate proceeding or are analogous to a "mini-rate case" rather than what is appropriate for an expedited surcharge proceeding without a commensurate benefit. TWU and SJWTX contended that the overly prescriptive requirements of the proposed rule do not account for certain safeguards inherent to SICs, such as reconciliation in the utility's next comprehensive base rate proceeding and requirements in the existing rule to file such a rate case within a specific time period from commission approval of a SIC based on the utility's classification (i.e., Class A, B,

C, or D). TWU and SJWTX further commented that requiring excessive information or imposing burdensome formatting and presentation requirements would materially increase SIC application case expenses that will ultimately be paid by ratepayers and are ultimately unnecessary given NARUC requirements and commission oversight and review. TWU and SJWTX maintained that a streamlined SIC filing process with reasonable information requirements, supplemented by later reconciliation, is the most effective way to implement SB 740 and effectuate the legislative intent of reducing the time required for the commission process SIC applications. OPUC opposed all recommendations from utility commenters that would decrease the amount of supporting documentation and evidence that a SIC applicant must provide as such changes would be harmful to ratepayers.

Commission response

The commission disagrees with the utility commenters that the application requirements under the new rule are overly burdensome and tantamount to a comprehensive base rate proceeding. In past SIC proceedings, such as Project 55577, the commission has emphasized the importance of filing organized and comprehensive applications in commissioner memos and final orders. The commission has accordingly taken steps to address shortcomings in utility SIC applications while also complying with the directives of SB 740 to develop a commission-prescribed form in accordance with §13.183(c-1)(2). As such, the requirements for SIC applications in both the adopted rule and forms represent information commission staff, intervenors, and the presiding officer need to evaluate a SIC application. Ultimately, an application containing all necessary information from the outset will ensure SIC proceedings are streamlined. Delays in the processing of SIC applications have been primarily due to the disorganization and difficulty in reviewing those applications. The adopted rule takes steps to address such shortcomings in part by providing a comprehensive list of requirements each SIC application must meet. The commission further notes that the rule-prescribed schedule for filing SIC applications and the requirement to reconcile SIC costs in a comprehensive base rate proceeding does not address the fundamental issue of deficient SIC applications being filed at the outset. The long-term benefit of requiring utilities to file more organized and detailed applications outweighs any short-term issues associated with compliance. Ratepayer costs associated with SIC applications will be decreased overall through shorter proceedings due to superior applications being filed.

SJWTX recommended referring to "administrative completeness" rather than "sufficiency" throughout the rule for clarity.

Commission response

The commission agrees with SJWTX and implements the recommended change.

OPUC's comments generally

OPUC generally recommended that utilities be required to file all documentation for costs substantiating eligible plant in a SIC application, impose higher organization standards on SIC applicants due to previously deficient applications, and maximize intervenor participation and discovery in the SIC proceeding itself. TAWC and TWU generally opposed OPUC's comments on the proposed rule and forms. TAWC commented that several of OPUC's comments mischaracterize investor-owned utility operations under commission oversight and legislative intent for providing the SIC mechanism. TAWC disagreed with OPUC's premise that the procedural efficiencies in the proposed draft "incentivize utilities to ˜game' the SIC process, evade Commission requirements, or submit incomplete applications." TAWC maintained that investor-owned utilities are, and remain subject to, commission recordkeeping requirements and enforcement authority regardless of how the SIC application process is structured. TAWC further emphasized that sampling or similar procedures do not reduce public transparency or accountability. Instead, they are practical tools for managing voluminous information that preserve the commission's ability to request additional documentation. TAWC also disagreed with OPUC's assertion that application delays primarily originate "from disorganized recordkeeping or premature filings." TAWC stated this characterization is uncharitable and overlooks the difficulty and complexity inherent to organizing voluminous, asset-level data and "the evolving interpretation of SIC requirements over time." TWU commented that OPUC "fundamentally misunderstand[s]…the nature of SIC proceedings and the role of administrative completeness review under SB 740." Specifically, TWU remarked that OPUC conflates administrative sufficiency (i.e., the "threshold determination that an application contains the required information to commence the statutory review period") with substantive review of a SIC application on the merits with a full evidentiary record. TWU noted that this distinction is essential to preserve the 60-day statutory deadline for substantive commission review. TWU explained that administrative completeness should be construed in accordance with §24.8, relating to Administrative Completeness, and standard commission practice. TWU stated that administrative completeness is "determined using objective, clearly defined criteria" and not through "open-ended information demands or quasi-adjudicative processes that would effectively toll the statutory timeline before it begins."

Commission response

The adopted requirements provide clear standards for SIC applications filed with the commission both to implement the new statutory requirements and to ensure utilities file organized and robust applications. More specifically, the adopted requirements for SIC applications reflect a holistic consideration of all information the commission has determined to be necessary for both administrative completeness and review on the merits. In the long term, the benefits of such heightened requirements outweigh the associated costs. Moreover, the timelines for the commission's review of administrative completeness do not- and could not- toll the 60-day statutory deadline, beyond the statute's 15-day good cause extension. The commission addresses OPUC's specific recommendations under the headings below.

Burden of proof in SIC applications

OPUC opposed recommendations from utility stakeholders that would shift the burden of proof away from the utility. OPUC also opposed utility recommendations to replace the documentation requirements of §13.183(c-2) with "[a]lternatives, adjustments, or affidavits." OPUC cautioned that utilities regularly include ineligible costs in SIC applications under existing §24.76, even after a commission finding of administrative completeness, and that such applications still continue to a hearing on the merits despite being materially deficient. OPUC referenced Projects 55577 and 56974 in support of its position. OPUC maintained that the adopted rule should "reduce the potential for Staff recommending applications be deemed administratively complete when the submitted information fails to comply with Commission standards as set out in Commission-prescribed forms." OPUC reiterated that Texas Water Code § 13.183(c-3) requires production of 100% of all documentation substantiating each eligible

cost. OPUC acknowledged that while production for SIC applications can be voluminous, "volume is not an excuse for statutory compliance." OPUC asserted that properly organized SIC applications facilitate expeditious review, which was highlighted by the commission's final order in Project 55577. OPUC noted that between Texas Water Code §13.183(c) and Texas Water Code 13.131(a), the commission has "clear authority to require utilities to submit organized and easily readable data relating to capital expenditures recoverable under TWC § 13.183, for the benefit of allowing applicants expedited recovery through an alternative ratemaking process." Therefore, the commission should require utilities to provide an executable Excel spreadsheet with links to PDFs that contain "complete and accurate invoices for all claimed costs in compliance with TWC § 13.183 and NARUC methodology" (emphasis added) rather than a sample for audit or transaction ledger. OPUC noted that the commission could also require (1) affidavit certifications concerning the compilation of such records to be produced as part of the SIC application and (2) submission of only proper capital expenditures compliant with NARUC accounting standards. OPUC cited Chairman Gleeson's memorandum in Project 55577 as well as commission orders in Projects 54430, 55577, and 56871, finding SIC applications to be materially incomplete as support for its recommendations.

Commission response

The commission agrees with OPUC that a utility has the burden of proof under Texas Water Code §13.184(c). The commission also has comprehensive authority over a water or sewer utility's books and records under Texas Water Code § 13.131, including the system of accounts, organization of books and records, and accounting methods used by a utility. Accordingly, the commission notes that utilities do not have any presumption that costs are eligible plant simply by opening their books and records to inspection. Additionally, the commission has the general authority under Texas Water Code § 13.132(a)(1) to require a utility within its jurisdiction to report "any information relating to themselves and affiliated interests both inside and outside this state that it considers useful in the administration of [Texas Water Code Chapter 13], including the form, manner, and timing of any reports." The commission agrees with OPUC that "properly organized SIC applications facilitate expeditious review." The commission notes that the application form already includes an affidavit (Attachment D-2) which requires a utility to attest to the veracity of the information filed with a SIC application and compliance with commission rules.

Ricks supported standardizing identifying information to ensure regulatory oversight. Ricks opposed the assertions by utility commenters that the documentation requirements of the proposed rule are overly complicated or burdensome as NARUC accounting standards already impose requirements for utility books and records. Ricks noted that clear disclosure of active connections and CCN history under proposed §24.76(d)(1)(B) and (C) are foundational evidentiary requirements necessary for the commission to verify the utility's classification and ensure compliance with the annual limit of one SIC application per year under Texas Water Code §13.183(c). Ricks maintained that reconciliation under §24.76(h) is an inadequate customer protection because it can be deferred for up to eight years for Class C and D utilities. Ricks explained that if a SIC application is imprecise, the ratepayer in effect provides the applicant utility with a multi-year no cost loan for potentially ineligible costs.

Commission response

The commission agrees with Ricks that the proposed requirements are neither overly complicated nor unduly burdensome. However, the commission disagrees that, in the event a utility over-earns using a SIC, ratepayers effectively provide the applicant with "a multi-year no cost loan for potentially ineligible costs." If the commission determines that a utility is over-earning, any refund is issued with carrying costs and interest, meaning the SIC was not an interest-free loan. The length of time between the overcharge and recovery is also accounted for when calculating the refund and the applicable interest and carrying costs.

Comments of Ricks

Considerations from other states for SIC proceedings

Ricks recommended that the commission "rewrite the proposed rule to ensure it provides a streamlined process for utilities without placing an undue financial burden on the thousands of Texas ratepayers" that rely on essential water and sewer service. Ricks submitted general comments urging the commission to adopt a rule that would ensure compliance and consistency with the intended statutory purpose of a SIC. Specifically, Ricks referenced recent, direct experience as a ratepayer with SIC applications filed in Projects 53428 and 55577. Ricks emphasized the necessity of "a robust planning and protective framework" for SIC proceedings given "the absence of a comprehensive planning requirement and a meaningful revenue cap allowed for streamlined cost recovery without sufficient forensic verification of service improvements" in those proceedings. Ricks noted that the legislative intent to expeditiously incentivize utility investment in water and sewer systems must be appropriately balanced with utility transparency, commission oversight, and the statutory mandate under §13.182 that rates be just and reasonable. Ricks cautioned that "administrative completeness" must remain a robust standard that complies with the substantiation requirements of Texas Water Code §13.183(c-2).

Commission response

The adopted rule is the commission's rewrite of §24.76 to streamline the SIC application process with the additional requirements of SB 740. The rule accounts for what is practicable in an expedited, interim rate proceeding while addressing historical issues with SIC proceedings to ensure applications are processed efficiently.

Ricks provided a comprehensive history of SICs across the United States, the development of the concept of "eligible property" (i.e., "eligible plant"), the introduction of the Texas SIC framework in SB 700 from the 86th Legislature, and comments filed in the commission's first interim rate rulemaking Project 45112. Ricks further noted the procedural history of the commission's SIC rule (i.e., the existing version of §24.76 proposed and adopted in Project 50322), including the advocacy of stakeholders and final commission determination.

Commission response

Ricks's comments recommend a completely revised SIC rule. The commission implements SB 740 within the existing SIC framework and the adopted rule does not contemplate a complete overhaul of the current process, despite making major changes. A cross-comparative study of other states' SIC-related rules is impractical and unnecessary in this rulemaking. Specific issues such as the Long-Term Infrastructure Improvement Plan (LTIIP) and a revenue cap are addressed under the appropriate heading. Finally, the commission notes that Ricks only submit-

ted reply comments, meaning other commenters did not have an opportunity to respond to her proposals. Where possible and appropriate, Ricks's comments have been treated like initial comments.

Chapter 24 Rule Review

Ricks recommended the commission extend the 58391 rulemaking or alternatively open a new project to review §24.76 under the Chapter 24 rule review. Ricks commented that the adoption of the proposed rule potentially conflicts with and circumvents the commission's statutorily required Chapter 24 rule review required under Texas Government Code Chapter 2001 (APA), §2001.039 that must be initiated on September 1, 2026 "effectively postponing a full evaluation of the SIC's impact on the public interest until 2031."

Commission response

This rulemaking cannot be extended due to SB 740's September 1, 2026 implementation deadline and the six month adoption deadline associated with rulemakings generally under APA §2001.027. The re-adoption of §24.76 in this rulemaking does not conflict with the commission's rule review schedule listed under Project 54474. This rulemaking does not preclude §24.76 from being included in the Chapter 24 rule review.

LTIIP and recovery cap

Ricks noted that the proposed rule omitted certain consumer protections, such as the LTIIP and the revenue cap imposed by Pennsylvania's counterpart rule. Cf. Item #8, Project 45112 (Pennsylvania Model- Act of Feb. 14, 2012 P.L. 72 No. 11, Cl. 66) with Item #10, Project 45112 (Aqua Text Strawman for Texas SIC).

Commission response

The commission declines to implement an LTIIP or a cap on SIC recovery because those proposals are out of scope and not required by statute. Texas Water Code §13.183 neither requires an LTIIP or prescribes a cap for SIC recovery; it only establishes the right of a water or sewer utility to recover costs the commission deems eligible in a streamlined proceeding. The commission generally notes that similar regulatory mechanisms, such as a SIC, necessarily vary between states for a number of reasons, whether it be due to pre-existing statutes and requirements, the overarching regulatory scheme applicable to utilities in that state, or even the nature of the resource subject to regulation (e.g., water) within the historical and practical realities of the state. What is appropriate for Pennsylvania or Indiana may not be appropriate for Texas. The closest apparent analogy to an LTIIP in Chapter 13 is the capital improvements plan required by Texas Water Code §13.244(d)(3) and §24.233, relating to Contents of Certificate of Convenience and Necessity Applications, as a prerequisite to a Certificate of Convenience and Necessity (CCN). Moreover, the limitations on "eligible plant" under §24.76(b)(3) and the commission's review of such plant appears to function similarly to the Pennsylvania LTIIP in terms of ensuring the applicant utility carries its burden of proof and the scope of the SIC application is appropriately limited. A recovery cap is also not appropriate for a SIC as it would add an additional level of complexity on how to establish the cap. If a SIC application includes ineligible plant, parties can challenge inclusion of that plant. If a SIC order authorizes an inordinately high recovery, commission staff can indicate that the utility should be called in for a comprehensive base rate proceeding. Nothing prevents commission staff from requesting that the commission require a utility come in for a comprehensive rate case for any reason, including over-earning or under-earning. If a utility has a SIC for recently acquired systems that were brought into its consolidated rate structure through initial acquisition rates then adding SIC charges may justify a recommendation that a utility come in for a comprehensive base rate case.

NARUC Account Ranges and defining "project"

Ricks commented that the proposed draft "continues to mirror the utility-friendly drafts of Project 45112" and therefore perpetuates the flaws of the existing rule by omitting mandatory planning requirements and using broad NARUC account ranges (i.e., 304-339 for water), rather than "specific, non-revenue-producing replacement assets" as used in other states such as "Pennsylvania, New Jersey, Delaware, Illinois, and most other states." Ricks commented that the proposed rule does not clearly define what constitutes a single, discrete "project" and instead utilizes a general "catch-all" for general plant. Ricks emphasized that projects "must be restricted to non-revenue-producing physical infrastructure.".

Commission response

The NARUC accounts listed in the definition of "eligible plant" under §24.76(b)(3) are correct and up to date for purposes of a SIC. "Non-revenue producing assets" is an ambiguous and unworkable standard. Per §13.183(c) and (c-2), the standard for inclusion of costs in a SIC is what the commission considers to be "eligible" to ensure infrastructure investment that is not already included in the applicant's rates is timely recovered. The commission declines to make any change in response to Ricks's comment.

Ambiguity concerning the cessation of a SIC

Ricks commented that the proposed rule is ambiguous as to when a SIC surcharge must cease being billed prior to reconciliation in a comprehensive base rate proceeding.

Commission response

A SIC continues through the next comprehensive base rate proceeding until the utility either implements (1) its proposed rates after the expiration of the suspension period specified by Texas Water Code §§13.187(e) or 13.1871(g), (2) interim rates, or (3) final rates after the issuance of the commission's final order setting rates.

Cost causation

Ricks commented that the proposed rule violates the cost causation principle. Specifically, Ricks stated that the proposed rule allows for the inclusion of capitalized overheads without explicitly adopting the NARUC prohibition against "arbitrary percentages." Ricks further stated that the proposed rule allows for recovery of costs of furniture or general equipment under Accounts 339 and 389 (Other Plant for water and sewer, respectively) "that do not directly improve water delivery or service quality."

Commission response

The commission disagrees with Ricks and declines to implement the recommended changes. The connection between the cost causation principle and Ricks's variously cited proposals is unclear. The "arbitrary percentages" prohibition for capitalized overhead appears to refer to 7 Code of Federal Regulations (CFR) § 1767.16(d)(2)(ii), 18 CFR Parts 101 and 201, which prohibit "[t]he addition to direct construction cost of arbitrary percentages or amounts to cover assumed overhead costs in the

context of assumed overhead payroll costs for purposes of electric or gas plant." Moreover, this prohibition is a requirement of the Federal Power Act that does not apply to water or sewer service in Texas. While this does not preclude the commission from adopting the change, the commission declines to do so because it is unnecessary. The recommendation, if implemented, would appear to impact the utility's revenue requirement or entail a form of prudence review. The reasonableness of SIC-related costs will be reviewed in a subsequent rate proceeding

Accumulated Deferred Income Taxes (ADIT) and customer protections

Ricks commented that the proposed rule lacks certain essential customer protections. Specifically, proposed §24.76(e) does not deduct Accumulated Deferred Income Taxes (ADIT) and therefore allows utilities to "earn a return on zero-cost capital provided by ratepayers." Additionally, Ricks indicated that the existing and proposed SIC methodology fails to require offsets for retired plant which enables utilities to double recovery by earning a return on both old, non-existent assets and the replacement assets.

Commission response

The commission agrees with Karen Ricks and implements the recommended change to revise §24.76(c)(3)(B) to address adjustments for ADIT and the addition of new §24.76(c)(3)(B)(iii) which requires a SIC application to "include ADIT adjustments related to the effects of accelerated depreciation expense, including bonus depreciation, of eligible plant." The commission also revises "reconcilable cost" under §24.76(e)(3) by adding new §24.76(c)(3)(B) to require ADIT associated with eligible plant in service to be deducted from reconcilable costs. The addition of adjustments for ADIT in a rate proceeding is consistent with standard commission ratemaking practice. Cf. with §25.243(b)(4), relating to Distribution Cost Recovery Factor (DCRF) (defining "net distribution invested capital as "[d]istribution invested capital less accumulated depreciation and adjusted for any changes in distribution-related accumulated deferred federal income taxes…") (emphasis added) and §24.41(c)(3)(A), relating to Cost of Service (stating that the commission will deduct certain items from rate base, including accumulated reserve for deferred federal income taxes, when considering rate applications under Texas Water Code §13.187 and §13.1871). Moreover, adjusting for ADIT ensures utilities do not receive government-subsidized cost-free capital- ensuring that a utility does not accrue the tax benefits of accelerated depreciation without an attendant and proportional reduction in rates to prevent over-recovery. Lastly, ADIT adjustments comport with current Internal Revenue Service regulations and practice regarding bonus depreciation. See Internal Revenue Code §168(f)(2) (specifying requirements for utility tax normalization); See generally IRS Notice 2026-11. The commission also makes conforming revisions to Schedule B in the SIC Filing Packages by renaming Line 3 to Subtotal Net Plant in Service/Reconcilable Cost and adding new Line 4 for the ADIT deduction and new line 5 to account for the Total Reconcilable Cost. The commission also reflects these changes in the Instructions for the SIC Filing Packages.

Ricks observed that the proposed rule does not provide for a short-term mechanism to reset a SIC if a utility over-earns due to connection growth that significantly increases utility revenue. Ricks further stated that the rule does not include a quarterly earnings test that is used in other jurisdictions such as Pennsylvania and New Jersey where a SIC can be reset to zero upon over-recovery. Instead, the rule relies on reconciliation in a rate case on a 4-to-8 year cycle.

Commission response

The commission declines to implement the recommended changes because they are unnecessary. Over-earning will be accounted for and corrected in a comprehensive base rate case. Additionally, the heightened filing and organizational requirements for SIC applications in the adopted rule will facilitate review by commission staff and intervenors and ensure ineligible costs are disallowed. A load growth adjustment is addressed under the appropriate header.

Questions for Comment

The proposal for publication included four questions for comments with multiple subparts each.

Question 1 (Samples for audit and filing of all supporting documentation)

Proposed §24.76(d)(1)(J)(ii) required a SIC application to include, for each capital project included in the application, either (1) a transaction ledger describing all associated supporting documentation or (2) all supporting documentation. If an applicant elects to provide a transaction ledger, a "sample for audit" must be provided under proposed §24.76(d)(2). Specifically, proposed §24.76(d)(2) described a process by which the sample for audit would be determined by the presiding officer based on the recommendation of commission staff that will be determined prior to a sufficiency determination.

Houston supported the proposed sample for audit methodology and opposed a "one-size-fits all" process advocated by other commenters. TAWC, TWU, CSWR, and SJWTX, primarily defended the concept of a sample for audit and opposed any recommendation that would replace the sample for audit with a requirement to file all supporting documentation with a SIC application. OPUC and Ricks opposed the sample for audit concept in the proposed rule, including any alternative methodologies for the usage of such a sample for audit either by a SIC applicant or commission staff. OPUC and Ricks emphasized that a SIC applicant must file all of the information listed under Texas Water Code § 13.183(c-2) for each claimed eligible cost. OPUC maintained that a transaction ledger, sample for audit, or representative sample, as contemplated in the proposed rule, is inconsistent with Texas Water Code § 13.183(c-2). Specifically, OPUC stated that Texas Water Code § 13.183(c-2) requires "[a] SIC applicant to ˜substantiate each claimed eligible cost' of ˜eligible plant' not already included in rates with receipts, invoices, contracts, or other documentation of eligible costs." OPUC asserted that representative sampling would permit cost recovery for SIC applicants that substantiate only a portion of the eligible costs claimed in a SIC application that are not already included in the applicant's rates. OPUC contended that the Legislature did not intend representative sampling to be used when it listed specific records in the statute, such as invoices and receipts, that must be provided before a SIC application can be deemed administratively complete by the commission. OPUC emphasized that while the SIC process was intended to allow for the expedited recovery of infrastructure investments without a prudence review, it is contrary to legislative intent to permit utilities to "recover for costs that they are not required to prove." OPUC supported the use of a transaction ledger only as an organizational tool for a SIC applicant that could assist the commission and intervenors to efficiently review the application. OPUC further commented that past SIC applications have been extremely

disorganized, making it difficult for both the commission and intervenors to evaluate SIC applications. OPUC commented that, per Texas Water Code §13.301, the alternative ratemaking processes under Texas Water Code §13.183 were adopted to protect the public interest in the rates and services of public utilities. In contrast, allowing SIC applicants to recover for expenses that they are not required to prove, and for which ratepayers must pay, is not in the public interest. OPUC noted that as of December 19, 2025, ten SIC applications have been filed with the commission since the SIC rules were adopted in 2021. OPUC noted that the SIC rule has been "utilized by some of the largest and most highly sophisticated utilities in Texas who have the ability to provide supporting documentation for the expenses they are requesting to recover from ratepayers." Accordingly, the commission should obligate these utilities to maintain sufficient records necessary to substantiate the eligible costs included in a SIC application. TWU and TAWC opposed OPUC and Ricks's recommended revisions to require a SIC applicant provide "complete documentation" as the proposal is impractical given the expedited timeline. TWU and TAWC maintained that OPUC and Ricks's approach to SIC applications is unworkable because it does not account for "the practical realities of utility operation" where larger utilities may include tens of thousands of individual transactions with its SIC application which, if complete documentation for each transaction were required "would result in filing packages of hundreds of thousands of pages." TWU and TAWC stated review of applications with 100% of all documentation would be neither efficient nor cost-effective, whereas representative sampling using a transaction ledger strikes an appropriate and practical middle ground that promotes transparency and auditability while avoiding any unnecessary burdens and expenses. TWU commented that a transaction ledger balances the need for substantiation with administrative sufficiency by providing "objective, predictable criteria for determining administrative completeness," which enables the commission to meaningfully review SIC applications within the statutory timeframe. TWU also noted that OPUC's position conflates administrative completeness with substantive sufficiency and indicated that the issue to be addressed at the administrative completeness stage is "whether the application contains the information required by the rule not whether that information, once reviewed, will support the utility's claimed costs." As such, whether documentation supports the utility's claimed costs is an issue for the substantive merits review, not sufficiency.

Commission response

The commission agrees with OPUC and Ricks and revises §24.76 to (1) remove samples for audit and the transaction ledger from the adopted rule and (2) require an applicant to file all substantiating documentation with its SIC application. The commission notes that the omission of explicit language does not preclude commission staff from performing a sample for audit, as discussed below. Texas Water Code §13.183(c-2) states: "[a]n application for a system improvement charge…may not be considered complete by the [commission] unless, to substantiate each claimed eligible cost of a utility's eligible plant that is not already included in the applying utility's rates, the application includes [receipts, invoices, contracts, or other documentation]" (emphasis added). In every exercise of statutory interpretation logical inferences may be made, but one must always begin with the plain language. See City of Richardson v. Oncor Elec. Delivery. Co., 539 S.W.3d 252, 261 ("A statute's unambiguous language controls."); Silguero v. CSL Plasma, Incorporated, 579 S.W.3d 53, 59 (Tex., 2019). ("In interpreting statutes, we must look to the plain language, construing the text in light of the statute as a whole…The statutory terms bear their common, ordinary meaning, unless the text provides a different meaning or the common meaning leads to an absurd result… The statutory words must be determined considering the context in which they are used, not in isolation."); See also Texas Government Code §2001.042. A plain interpretation of the statute requires that the applicant utility substantiate each claimed eligible cost as a prerequisite to a determination of administrative completeness. A reasonable way to achieve this interpretation is to require the presentation of documentation for all requested recovery items with the application. The filing of all substantiating documentation enables intervenors to fully exercise their participatory rights, particularly with regards to discovery, when reviewing SIC applications. This requirement, however, does not mandate any particular manner of review for commission staff when making a recommendation on application sufficiency. Commission staff may use a sampling methodology to evaluate whether the applicant utility has presented an administratively complete application. This reflects the reality that it may not always be practical to scrutinize every single claimed cost or supporting document before making a sufficiency recommendation.

OPUC commented that if any form of sampling is implemented, then the sample should be randomized without any input from the applicant utility. Specifically, the random sampling should be derived from information included in the transaction ledger "across all transaction types, including all NARUC account numbers, work orders, affiliate costs, capitalized overhead, timesheet for labor, interest expenses, allocated overhead, etc." OPUC explained that random sampling is necessary to ensure applicant utilities do not cherry-pick its samples for audit and therefore only maintain adequate records for the types of information that the commission routinely requests. OPUC further emphasized that it and other intervenors should be authorized to work with commission staff to ensure the sample is representative.

Commission response

The commission declines to implement OPUC's recommended changes because they are moot. Samples for audit and the transaction ledger have been omitted for the rule. The commission notes that commission staff are still permitted to audit a sample of a SIC applicant's filed documentation for each project or NARUC account included in the application.

Question 1a (Alternatives to sampling generally)

Should the proposed rule specify one or more alternative methodologies by which a sample or audit may be derived that would either (1) allow an applicant to provide relevant information at the outset of its application or (2) be used by commission staff when determining its sample for audit?

Hybrid sampling (OPUC proposal)

OPUC opposed sampling and any alternative methodologies for sampling on the basis that the concept is inconsistent with Texas Water Code § 13.183. However, OPUC presented an alternative "hybrid" methodology if sampling is preserved in the adopted rule. Ricks opposed OPUC's hybrid approach proposal while SJWTX was amenable to the concept of a hybrid sample but noted the proposed version is ambiguous and could delay the processing of SIC applications. TAWC expressed openness to alternatives to other means of verifying the accuracy of supporting documentation without producing all substantiating doc-

uments in a SIC application. TWU expressed support for a hybrid approach for sampling of larger and smaller assets as proposed by OPUC, provided that documentation requirements are reasonable, there are clearly defined timelines for the commission's sufficiency determination, discovery is structured and limited, and reconciliation in a base rate proceeding serves "primary safeguard against inaccuracy or over-recovery."

Commission response

The commission declines to implement any alternatives to sampling for audit as the issue is moot. The commission omits all references to a sample for audit or transaction ledger from the adopted rule and revises §24.76 to require a SIC applicant file all substantiating documentation.

Specific comments regarding hybrid sampling

OPUC recommended that, if the commission proceeds with usage of the proposed sampling and audit methodology, that a hybrid approach be used. Specifically, OPUC recommended that the applicant should be required to provide receipts, invoices, contracts, or other documentation for all eligible plant not already included in the utility's rates if the cost of the asset exceeds $30,000.00. For eligible plant that is less than $30,000.00, a transaction ledger can be used for selection of the sample for audit. OPUC explained that a hybrid approach balances the need for sampling with addressing the prevailing issues associated with supporting documentation in SIC proceedings, including the lack of adequate recordkeeping practices among SIC applicants. OPUC noted that expenses of over $50,000 generally account for 10% or less of the total number of assets included in the SIC application. OPUC contended that there is great value in enabling the commission and intervenors to review a SIC applicant's low-cost expenses, which generally comprise the majority of assets included in a SIC. OPUC referenced its responses in filed in Docket No. 58681 as well as the SIC applications filed by utilities under Docket Nos. 58681, 55585, and 54201 in support of its position that only a small proportion of assets included in a SIC application are greater than $50,000. However, OPUC indicated that requiring samples for audit over a certain dollar value is problematic because low-cost expenses, which generally make up the majority of expenses in a SIC application, can amount to millions of dollars. OPUC provided draft language consistent with its recommendation. Ricks opposed OPUC's hybrid sampling approach or any other alternative methodology for deriving a sample for audit from Class A and B utilities for purposes of a SIC. Ricks remarked that any sampling methodology, regardless of design, is "inherently insufficient to verify the data integrity of high-volume transaction ledgers." Specifically, Ricks stated that OPUC's proposed $30,000 hybrid sample threshold is insufficient because it could lead to instances where a utility could recover large amounts without providing any substantiation if the utility aggregates its total costs using low-cost assets (i.e., less than $1,000). Ricks commented that in Docket Nos. 58682, 54201, and 55585 prove that a $30,000 sample for audit threshold, as proposed by OPUC, is "mathematically insufficient to protect ratepayers from mass-asset aggregation." Ricks alternatively recommended a requirement to substantiate all assets that exceed $20,000 in the aggregate and, for all other assets if the utility elects to use a transaction ledger, require a random sampling of 50% of the ledger entries for 100% invoice verification. TAWC disagreed with OPUC that representative sample violates Texas Water Code § 13.183(c-2) and maintained that sampling appropriately balances supporting eligible costs and preserving the expedited nature of SIC proceedings. If more production is required, TAWC indicated this would turn a SIC application into a "mini rate case," which is contrary to legislative intent. TAWC further stated that while NARUC prescribes a system of accounts, it does not "instruct each company precisely how to maintain its accounting records and support." Moreover, different classes of utility may have different recordkeeping practices that may have varying levels of sophistication. TAWC emphasized that "recordkeeping is not a one-size fits all endeavor and requiring utilities to retrofit their records to match new prescriptions in a Commission SIC rule just to obtain a SIC is untenable." TWU supported a hybrid approach to samples for audit as OPUC recommends if the commission "determines that some level of detailed documentation is appropriate," but emphasized that any sampling methodology must be clearly defined in the rule to provide regulatory certainty and avoid disputes. TWU maintained that "[a]llowing parties or Staff to negotiate sampling parameters on an ad hoc basis would defeat the purpose of a streamlined process and invite delay and inconsistency."

Commission response

The commission declines to implement a hybrid approach for samples for audit because it is moot. As stated previously, the commission omits all references to a sample for audit or transaction ledger from the adopted rule and revises §24.76 to require a SIC applicant file all substantiating documentation. The commission generally agrees with OPUC and Ricks regarding a utility's application obligations, and confirms that commission staff may undertake any appropriate method of application review in its administrative sufficiency recommendation, including sampling of costs and documentation. Further, OPUC and other intervenors are not restricted from conducting their own review of applications in the manner they see fit.

Other alternative sampling proposals

CSWR recommended the proposed rule specifically define the necessary sample size for an audit, rather than authorize a case-by-case determination for a sample size for each SIC application. CSWR stated that ad hoc determinations of samples sizes are overly complicated and only create additional obstacles for commission review. CSWR proposed using a sample size between 8.5% to 10% is adequate to avoid confusion and delay in SIC proceedings but expressed openness to alternative thresholds. OPUC and Houston opposed CSWR, TAWC, and TWU's recommendation to limit a sample for audit to a maximum of 10% if a sample for audit methodology is retained in the adopted rule. OPUC explained that a 10% sample size is insufficient given the scope of SIC applications. In support of its position, OPUC cited Docket No. 55585 where the applicant utility requested SIC cost recovery of "4,728 individual assets" for a total of "$61.1 million." OPUC noted that a 10% sample for audit of $61.1 million would only result in a review of $6.11 million of the SIC costs. OPUC further emphasized most of utility documentation issues in SIC applications concern the recordkeeping of small individual expenses, which in fact comprise the majority of costs included in a SIC applications. However, OPUC agreed with CSWR that the sample for audit procedure is overly complicated and that the commission should define an appropriate sample size in the adopted rule. Houston noted that materiality thresholds for a sample for audit may differ on a case-by-case basis.

Commission response

The commission declines to implement a hybrid approach for samples for audit because it is moot.

Ricks maintained that automatic, 100% reconciliation is the industry standard for ensuring "data integrity in infrastructure recovery. Ricks referenced Illinois 220 ILCS 5/9-220.3 and Indiana IC 8-1-31 in support of that conclusion. Ricks emphasized that due to the interim nature of SIC recovery, "holistic forensic scrutiny" is required for a SIC application, regardless of whether the commission requires a sample for audit of a transaction ledger. Ricks noted that additional discussion is needed on "Digital Verification Ledger," where every Excel entry for an asset, regardless of dollar value "is hyperlinked to its corresponding invoice or contract, as a condition of administrative completeness and to apply the intent of [SB 740] to Class C and D utilities."

Commission response

The commission declines to make any change in response to Ricks's comments on reconciliation because elimination of the transaction ledger and sampling from the adopted rule substantially addresses her concerns. Moreover, reconciliation of the entirety of a SIC is performed in the utility's next comprehensive base rate proceeding. Workpaper Schedule C-2 requires a breakdown of documents and costs associated with NARUC accounts and projects. Moreover, Workpaper Schedule C-4 also requires independent asset-level identification if the applicant used group depreciation in its last comprehensive base rate proceeding. Additionally, requiring hyperlinks to a corresponding invoice or contract is unnecessary as Workpaper Schedule C-2 requires page number cross-references.

Requirement to provide additional or other information for SIC applications

TAWC, TWU, CSWR, and SJWTX opposed the authorization included throughout the rule for the presiding officer or commission staff to require additional information for a SIC application or a sample for audit because it is unduly burdensome. TAWC, TWU, CSWR, and SJWTX recommended the general authorization to require additional information be replaced with clearly defined filing requirements and a straightforward post-sufficiency review process. TAWC and TWU stressed that the legislative intent of SB 740 was to ensure SIC applications have clear timelines and impose procedural certainty. In contrast, allowing for requests of additional information outside of discovery invites "uncertainty, delay, and the potential for procedural disputes that occur outside the statutory review period." More specifically, the authorization is ambiguous as to the type of information that may be used to support eligible costs and does not provide a defined timeframe for response. Therefore, SIC applicants can neither reasonably anticipate nor prepare for compliance with requirements that are not clearly enumerated within the rule. Further, it would be imprudent for the commission to rule that a SIC application is deficient without limiting the requirements for sufficiency to those clearly defined in the rule. TAWC and TWU remarked that RFIs are more appropriate as that provision authorizes commission staff and other parties to seek additional information only after a SIC application has been deemed sufficient and preserves the timeline prescribed by SB 740. TAWC commented that any additional requests for information should occur after sufficiency review of the SIC application is completed. TWU noted that the provision gives commission staff "effectively unlimited discretion to determine during the administrative review stage what unspecified ˜additional information' may be required for a SIC application to proceed" invites disputes over whether particular information is necessary before sufficiency is determined. TWU stated that such disputes would in turn delay the sufficiency review of the SIC application and therefore effectively toll the statutory deadline. TWU commented that such a level of discretion is not appropriate for a streamlined proceeding with a statutory deadline and risks SIC applications being subject to indefinite extension through undefined informational demands at the administrative sufficiency stage. CSWR noted that the additional information authorization is unnecessary because the requirements of the provision are addressed by other rules. Specifically, CSWR noted that an administrative law judge may already require additional documentation from an applicant, find an application deficient, and require the production of additional information to cure the deficiency. SJWTX commented that while TWC § 13.183(c-2)(4) references "other documentation of eligible costs," the commission should use this statutory discretion to specifically identify all other forms of documentation, such as testimony, rather than grant an unspecific discretion for commission staff and the presiding officer to subjectively request information on an ad hoc basis. OPUC opposed TAWC, TWU, CSWR, and SJWTX's recommended changes as the deletion would make the SIC application documentation requirements overly permissive and would invite further ambiguity concerning the documentation a SIC applicant must provide. OPUC further commented that the omission is inconsistent with the requirement of Texas Water Code § 13.183(c-2) for applications to include "other documentation" in addition to "receipts, invoices, or contracts." OPUC commented that the provision should be preserved if the commission proceeds with a sample for audit methodology. OPUC maintained that the presiding officer should be authorized to request additional information if issues are discovered with a SIC applicant's supporting documentation. OPUC also noted that proposed §24.76(d)(3)(A) would be unnecessary if the commission required the provision of all supporting documentation rather than proceed with allowing for a sample for audit.

Commission response

The commission agrees with TAWC, TWU, CSWR, and SJWTX and deletes the various provisions that authorize commission staff or the presiding officer to request additional information. Further information may be requested through discovery by commission staff or intervenors. The commission believes OPUC's concerns regarding overly permissive documentation requirements and ambiguity can be addressed on a case-by-case basis through the discovery process. The commission agrees with OPUC that §24.76(d)(3)(A) is no longer necessary given that sampling and the transaction ledger are omitted from the rule. The commission accordingly revises §24.76(d)(1)(J)(iii)(III) and deletes §§24.76(d)(1)(J)(iv)(V), 24.76(d)(1)(Q), 24.76(d)(3)(A)(i)(III) (previously §24.76(d)(5)(A)(i)(III)), and proposed §24.76(d)(3).

Question 1b (Criteria for alternative methodologies)

If alternative methodologies should be specified by the rule (1) what should those methodologies be based on (i.e., number of assets, dollar amount for assets, number of projects, dollar amount for projects, or a combination thereof) and (2) what should the percentage thresholds be to provide sufficient assurance that the sample for audit adequately supports the eligible plant placed into service detailed in the SIC application?

OPUC reiterated that alternative methodologies such as a sample for audit should not be used for SIC proceedings as such methodologies are inconsistent with the letter and intent of SB 740 as well as other obligations a utility has to provide information under existing commission rules. Specifically, OPUC stated the cost documentation required by SB 740 are all part of the

utility's books and records which should always be available to the commission, regardless of whether the utility is applying for a SIC. OPUC further remarked that NARUC requires such books and records to be maintained to provide "full information as to any item included in the account" such that each entry is supported "by such detailed information as will permit ready identification, analysis and verification of all facts relevant thereto." As such, providing such records does not present an undue burden on the applicant utility, particularly given the limited time frame under which a SIC can be applied for and imposed. OPUC commented that the use of a sample for audit will create incentives for utilities to "bypass and circumvent basic Commission record keeping requirements and make it easier for the utilities to ˜game' the SIC process." OPUC commented that a sample for audit is inconsistent with the public interest objective of Chapter 13 of Texas Water Code under §13.001(a) and stated that utility commenter's alternative proposals to providing 100% of all documentation are contrary to the statutory 60-day timeline (or 75 days with good cause). Specifically, OPUC stated it is unclear how discovery can be conducted in the expedited timeline if an application contains missing or incomplete information. Ricks commented that no percentage threshold for a sample for audit is sufficient for purposes of a SIC. Ricks commented that "mandatory 100% Forensic Reconciliation" is the default requirement for any SIC application where the number of included items creates a margin of error that "exceeds the capacity for manual administrative review." By way of example, Ricks referenced the SIC application filed in Docket No. 53428 where 14,615 items were identified that totaled an investment of over $2.6 million. Ricks emphasized that total reconciliation is essential for consumer protection to prevent "materiality gaps" where SIC applications can avoid commission scrutiny. Specifically, Ricks contended that allowing a sample for audit or dollar-value threshold to be used for a SIC application "shifts the risk of unnecessary small-scale investments entirely onto the ratepayer." Ricks noted that the NARUC Uniform System of Accounts requires utilities to furnish "readily full information" for any item included in an account.

Commission response

As stated previously, the commission deletes all references to a sample for audit or transaction ledger from the adopted rule and revises §24.76 to require a SIC applicant file all substantiating documentation. Accordingly, the commenters' respective positions on alternate methodologies are inapplicable to the adopted rule.

Question 1c (Replacement of sample for audit with alternative methodology)

If such an alternative methodology is determined, should it replace the currently proposed sample for audit process or be an additional available option for the sample for audit?

OPUC expanded upon its alternative recommendation under Q1a stating that the eligible assets of a SIC applicant under $30,000 should be subject to an approximately 25% random sampling threshold that is adjustable on a case-by-case basis. OPUC remarked that, given the discovery limitations in the proposed draft, the only manner in which such a sample for audit may be taken and evaluated is to require "briefing and additional time to accommodate this additional step in an expedited review process." OPUC reiterated that that the commission should ensure that the utility is not involved in selecting the sample for audit. Ricks recommended that a "Holistic Forensic Reconciliation" should be required for SIC applications in lieu of a sample for audit for all Class A and B investor-owned utilities. Ricks further recommended that any Holistic Forensic Reconciliation methodology should be paired with (1) a "Mandatory Earnings Test" that is consistent with the Pennsylvania standard to prevent surcharges while a utility is over-earning; and (2) a "3-Year Eligibility Window" where eligibility for a SIC by Class A and B investor-owned utilities "must be contingent upon the completion of a comprehensive general rate case within the preceding three years" to ensure that base rates remain "forensically grounded" and subject to regular and rigorous scrutiny.

Commission response

The commission declines to implement a hybrid approach for samples for audit so the commenters' respective positions on this issue are inapplicable to the adopted rule. Ricks's proposed "Mandatory Earnings Test" is unnecessary given that over-earning will be addressed in the utility's next comprehensive base rate proceeding. Similarly, the eligibility window recommendation is unnecessary given the SIC application schedule under §24.76(c)(2)(D).

Question 2 (Procedural timelines for commission review of a SIC application)

SB 740 (89R) Section 4 revised Texas Water Code §13.183(c) to require the commission to "enter a final order on a request for a system improvement charge…not later than the 60th day after the date the utility commission determines that a complete application for a system improvement charge has been filed." The commission uses a sufficiency review and recommendation by staff and a subsequent order by the presiding officer as the functional equivalent of a commission determination on "completeness." SB 740 Section 4 does not specify a timeline by which the commission must deem an application "complete" (i.e., sufficient). Similarly, proposed §24.76 does not impose a time limitation for between application filing and the sufficiency determination.

TWU and SJWTX commented that the adopted rule should establish a firm 60 calendar-day deadline beginning from the date a completed application is received. TWU and SJWTX asserted that the text of the §13.183, as revised by SB 740, requires a SIC application to be substantively reviewed and a final order issued within 60 days. TWU and SJWTX asserted that "[r]eferences in TWC § 13.183 to a ˜complete' application necessarily mean administrative completeness, not a fully litigated record" and contended that this interpretation aligns with §24.8 (relating to Administrative Completeness) and Texas Water Code § 13.183(c-3). Both TWU and SJWTX also cited the commission's final order in Docket No. 55577 as support for the proposition that Texas Water Code §13.183, as amended by SB 740, creates a regulatory framework where the commission should review a SIC application on the merits and issue a final decision in 60 days. Specifically, TWU and SJWTX stated that §24.8(a) establishes a 30-day default period for administrative completeness review. TWU and SJWTX also stated that Texas Water Code § 13.183(c-3), which prohibits a SIC application from being deemed complete before the 30th day prior to filing, implies a short timeline for commission review of administrative completeness. TWU further recommended that, in ensuring a streamlined process for SIC proceedings, the adopted rule should "avoid introducing procedural or informational requirements that undermine the Legislature's timeline." TWU and SJWTX cautioned that the commission's review for administrative completeness of a SIC application should not become a

"quasi-adjudicative process involving extensive information demands or disputes" that renders the statutory 60-day deadline "unworkable and effectively moot." TWU emphasized that the main objective of the rulemaking "is to identify a reasonable universe of information sufficient to establish administrative completeness while preserving the efficiencies the Legislature intended" and maintained that cost considerations are essential to that goal. Similarly, SJWTX recommended the commission implement SB 740 in a manner that harmonizes the rule with the legislative intent. Specifically, SJWTX cited the bill analysis for SB 740, which states that the amended statute implements "a 60-calendar day time limit that runs from the day a completed SIC application is received."

Commission response

The commission disagrees with TWU and SJWTX that the statutory deadline established by SB 740 begins on "the date a complete application is received." Texas Water Code §13.183(c), as revised by SB 740, provides that the commission must "enter a final order on a request for a system improvement charge under this subsection not later than the 60th day after the date the [commission] determines that a complete application for a system improvement charge has been filed" (emphasis added) in conjunction with a 15-day allowable extension for good cause. The commission agrees with TWU and SJWTX that "complete application" as used in the statute is equivalent to "administrative completeness" under §24.8. To avoid confusion, the commission revises the header for §24.76(d)(5)(A) to replace "Sufficiency determination" with "Determination that a complete application has been filed" and makes conforming changes to §24.76(d)(5)(A)(i), (ii), (vi), and (viii) and §24.76(d)(5)(B) to refer to "administrative completeness" (or equivalent context-appropriate term such as "complete application") instead of "sufficiency." The commission notes, however, that the terms "sufficiency" and "administrative completeness" refer to the same concept. As stated in the final order in Docket No. 55577, "A review of an application's administrative completeness is performed to determine whether the Commission has received sufficient documentation to allow Commission Staff to evaluate the merits of an application." More specifically, "the sufficiency determination for purposes of triggering deadlines in Rule 24.76 bears only on the determination to advance the application to a substantive review." In this way, "sufficiency is synonymous with administrative completeness." The commission disagrees with TWU and SJWTX's interpretation of the final order issued in Docket No. 55577. In that case, the commission noted that the SIC applicant conflated the standard for administrative completeness with a utility's burden of proof. More specifically, the commission stated that "it would place semantics above substance to suggest that an application is legally sufficient just because it has been found administratively complete. Whether or not one uses the term sufficiency, the utility bears the burden of proof by a preponderance of the evidence to show that its application meets the applicable statutory and rule requirements and complies with prior Commission orders." As noted previously, the 60-to-75-day statutory deadline for the issuance of a final order on a SIC application only applies after an application is deemed administratively complete. The plain text of the statute, not a bill analysis, controls. Moreover, the statute does not impose a deadline for commission review of administrative completeness. However, it does prohibit an application from being determined administratively complete unless the application includes receipts, invoices, contracts, or other documentation to substantiate each claimed eligible cost of a utility's eligible plant that is not already included in the applying utility's rates. Consistent with the final order in Docket No. 55577 and TWC §13.183(c-2), it is the responsibility of the SIC applicant to present an application that allows commission staff and the presiding officer to expeditiously determine the administrative completeness of that application. That is, "if a review is to be expedited, it must be presented in a manner that lends itself to expedited review."

TAWC generally referred to its comments and proposed redlines in response to Question 2. TAWC, TWU, SJWTX recommended that SIC applications be processed within the 60-day statutory period. TAWC also opposed the usage of any "deficiency" determinations to extent time for the commission to review SIC applications. TAWC generally requested the rule provide specific SIC application requirements that can be met by utilities "without costly preparation or litigation." TAWC stated that OPUC's proposals recommending procedural changes are "unrealistic" as they would induce delay in the sufficiency review period and significantly extend the substantive review period of SIC applications beyond the statutory timeframe. TAWC maintained that "[a]llowing for infinite sufficiency review is plainly contrary to" legislative intent.

Commission response

The commission disagrees with TAWC, TWU, and SJWTX that SB 740 necessitates the processing of a SIC application within 60 days. The specific language of the statute provides for a 60-day statutory deadline that may be extended for 15 days for good cause after the commission determines that a complete application has been filed. The 60-day statutory deadline only applies to merits review of a SIC application and does not apply to the initial administrative completeness review portion. The requirements of the adopted rule are intended to promote the filing of robust and organized applications. The adopted rule will not interfere with the 60-75-day deadline because that period only begins after the determination of a complete application. The presiding officer can therefore establish an appropriate procedural schedule for review of both the administrative completeness phase and the substantive merits evaluation portion of a SIC application.

Question 2a (Procedural timeline for administrative completeness review and opportunity to cure)

Considering all other aspects of the application (i.e. a potential sample for audit, review of supporting documentation, requests for information), should a procedural timeline be added to the proposed rule that governs the time period between an applicant filing a SIC application and the commission's determination of application sufficiency?

TAWC, CSWR, TWU, and SJWTX commented that the rule should be streamlined in a fashion that is more efficient and timelier than a comprehensive base rate proceeding given the letter and intent of SB 740 and the pre-existing safeguards that are present in the rule such as reconciliation of SICs in a base rate proceeding. Houston opposed adding a specific procedural timeline in the rule governing the time period between the time the applicant files a SIC application and the commission making a determination of application sufficiency. Houston stated that while it supports expediting infrastructure investment, the complexity of SIC filings and the potential impact that SICs may have on ratepayers does not support the inclusion of a specific timeline for review of SIC sufficiency. In contrast, OPUC and Ricks recommended a 45-day deadline from the date a SIC application is filed for staff to make a recommendation on

sufficiency and a 55-day deadline for the presiding officer to declare the application to be administratively complete. OPUC stated that a specific procedural schedule for sufficiency review of SIC applications should be established in the rule given the various procedural deadlines prescribed by SB 740. OPUC emphasized that the deadline should not be too short to ensure that presiding officer and commission staff have sufficient time to review an application to determine whether it is complete. OPUC remarked that the recommended deadlines "assume that the applicant is required to file a complete application with all the cost documentation required by SB 740." TWU supported the removal of provisions that would allow for "indefinite extension of the administrative review period" and opposed language that would permit commission staff "unlimited discretion to request additional information" prior to a commission determination on administrative completeness. TWU commented that deadlines for sufficiency review are only effective if accompanied by "clearly defined, objective criteria for determining administrative completeness." SJWTX opposed OPUC's proposed 45-day deadline for the commission's sufficiency review of a SIC application recommended that the "standard 30-day period" should be applied instead. SJWTX stated that a 30-day period aligns with the statutory deadline for OPUC's comments on §13.183(c-4) and is "consistent with the nature of a review for administrative completeness" as a determination of whether an application includes sufficient documentation to proceed to substantive commission review. SJWTX provided draft language consistent with its recommendation.

Commission response

The commission agrees with Houston and revises §24.76(d)(3)(A)(iii) and §24.76(d)(3)(B) to clarify that the presiding officer will establish a procedural schedule for the SIC application. The commission declines to implement the specific procedural timelines for administrative completeness review proposed by OPUC and SJWTX because those timelines may not always be suitable to ensure adequate review. Allowing the presiding officer to set a procedural schedule on a case-by-case basis ensures that enough time is available depending on the size and quality of a SIC application. In response to TWU's concerns of "indefinite extension of the administrative review period" and "unlimited discretion [of commission staff and the presiding officer] to request additional information," SB 740 does not impose a timeline by which the commission is to determine whether a SIC application is administratively complete. Moreover, TWU's concern is substantively addressed by the elimination of provisions authorizing additional information to be requested as stated previously and by the changes related to curing deficient applications discussed below.

Opportunity to cure deficient applications

OPUC and Ricks recommended that if the presiding officer finds the application deficient and the applicant fails to cure the deficiency within five days, the application should be denied and the applicant required to bear the rate case expenses associated with filing the incomplete application. OPUC and Ricks provided draft language consistent with their recommendation. OPUC expressed strong opposition to providing SIC applicants multiple opportunities to cure deficiencies and maintained that an applicant seeking to utilize a streamlined commission proceeding should be sufficiently prepared. OPUC explained that its recommended disallowance of SIC applicants from recovering attorney fees and other rate case expenses would incentivize utilities to provide accurate and complete applications and supporting documentation. Ricks supported OPUC's proposals to "attach financial consequences to filing quality" and noted that the proposed rule omits a "Deficiency Forfeiture Clause." Specifically, Ricks recommended that if a SIC application is dismissed for administrative insufficiency or if a final order denies recovery for more than 25% of the requested costs due to a failure to provide the documentation required by Texas Water Code §13.183(c-2), then the applicant should be prohibited from requested or recovering any rate case expenses associated with that SIC application in any future rate case. Ricks stated that such a provision is necessary to comply with the requirement that rates be just and reasonable under Texas Water Code §13.182. Ricks also recommended that denial of a SIC application should be "with prejudice" if the utility fails to provide necessary information or cure a deficiency within five days. Ricks proposed further discussion to establish that a utility's "reasonable and necessary regulatory expenses do not include costs associated with correcting documentation included in a SIC application that does not comply with NARUC standards. Ricks provided draft language consistent with her recommendation. TAWC, TWU, and SJWTX opposed OPUC and Ricks's recommendations that would "eliminate or severely restrict an applicant's ability to cure deficiencies." TAWC noted that denying applications and requiring re-filing as a default remedy for minor or technical errors would only serve to lengthen SIC proceedings, waste commission resources, and "delay the deployment of capital for needed system improvements." TWU and SJWTX noted that re-filing of an application and re-issuing notice to ratepayers would confuse ratepayers and result in unnecessary expense. TWU maintained that automatic denial "frustrates the goal of ensuring complete applications and encourages formalistic disputes rather than substantive resolution in order to prejudice the utility's ability to seek rate relief." TWU further commented that if the commission implements the five-day cure period, it should be eligible for extension for good cause shown. SJWTX similarly recommended that the deadlines for curing deficiencies or supplemental recommendations on sufficiency be flexible and in proportion to any deficiencies. SJWTX noted OPUC's proposed revisions are unnecessary because a finding of deficiency does not impact the 60-day statutory timeline which begins only when an application is deemed administratively complete. SJWTX provided draft language consistent with its recommendation.

Commission response

The commission declines to implement OPUC and Ricks's recommended revisions concerning deficient applications because they are inefficient and overly punitive. Additionally, requiring dismissal "with prejudice," as Ricks recommends, would essentially mean that mere organization deficiencies would permanently prevent a utility from recovering necessary infrastructure costs for all time. The commission agrees with TAWC that dismissing an application and requiring re-filing would lengthen SIC proceedings, waste resources, and potentially delay capital infrastructure improvements. However, the commission acknowledges and agrees with OPUC's previously stated concerns with deficient SIC applications. The commission accordingly revises the relevant rule provisions to (1) provide a single opportunity to cure eligible cost-related deficiencies in a SIC application within five calendar days and (2) to require the disallowance of any costs included the SIC application that are not cured within the prescribed timeline. The commission accordingly adds new §24.76(d)(3)(A)(vii) which limits a SIC applicant to a single opportunity to cure eligible

cost-related deficiencies in a SIC application. However, an applicant will have additional opportunities to cure application deficiencies unrelated to eligible costs if authorized by the presiding officer. This approach ensures that ineligible costs are not included while preserving administrative efficiency. The provision requires that any claimed eligible cost included in the application that is found deficient after the cure period is to be excluded from the application and disallowed from recovery in the current SIC proceeding. The provision, however, does not prevent a SIC applicant from appealing any order finding there to be eligible cost-related deficiencies or arguing on the merits that such eligible costs were sufficiently supported in the application and should not be disallowed. The provision further specifies that a SIC applicant is not precluded or restricted from seeking recovery of disallowed costs in a subsequent rate proceeding and authorizes the presiding officer to impose specific requirements to allow costs to be presented with adequate documentation in a subsequent rate proceeding. The commission also adds new §24.76(d)(3)(A)(vi) to clarify that commission staff must file a recommendation on administrative completeness of an amended application within a time period prescribed by the presiding officer. The commission also makes conforming revisions to §24.76(d)(3)(A)(iv)(I) and (II) and §24.76(d)(3)(A)(v)(II) and clarifying changes to and §24.76(d)(3)(A)(viii).

OPUC stated that administratively incomplete applications should be dismissed in accordance with §22.181(d)(7) after a single opportunity to cure. OPUC commented that the basis for dismissal should include "(1) failure to maintain records supporting the SIC request in accordance with NARUC record-keeping standards and Commission standards; (2) failure to furnish records in accordance with Commission-prescribed forms; (3) submitting voluminous deposits of records that lack required information or any index permitting cross reference; (4) submitting records that do not provide all required information or that fail to link to supporting information; (5) forestalling access to its records internally and requiring special training or permission to examine and copy records beyond a Protective Order Certification; (6) proffering records that are not in a searchable or executable format, and (7) failing to certify records that are in conformity with applicable Commission rules.

Commission response

The commission declines to implement OPUC's recommended criteria for dismissal an application as they are unnecessary and overly punitive. The single opportunity to cure eligible-cost related deficiencies and disallowance of uncured costs from an application substantively address OPUC's concerns. The presiding officer will determine whether the criteria for dismissal under §22.181 are met on a case-by-case basis.

Question 2b (Procedural timeline for sample for audit)

Should there be a specific timeline associated with the proposed sample for audit under proposed §24.76(d)(2)? If yes, please provide details. Answers to this question may incorporate any alternative proposals provided in response to Question 1.

Houston opposed the implementation of a timeline for samples for audit for the same reasons it opposed a procedural timeline for sufficiency review. Specifically, the complexity and potential ratepayer impact of a SIC application does not lend itself to the establishment of specific timelines for either. As part of its alternative recommendation, OPUC stated that any sample for audit timelines "must be contained within the same timeline for the determination of sufficiency." OPUC supported imposing a deadline for the sample for audit if the commission proceeds with implementing a sample for audit methodology. Ricks expressed support for OPUC's comments responding to Question 2b.

Commission response

The commission declines to implement a procedural timeline for an audit as it is moot. Because the sample for audit and transaction ledger have been removed from the rule, it is unnecessary to prescribe a procedural timeline for a sample for audit.

Question 3 (Prohibition on replacement assets from being included in a SIC)

Proposed §24.76(c)(3)(B) prohibits any assets from being included in a SIC application that have replaced existing plant to provide the same service or level of service. The provision also defines "existing plant" as including plant that is included in the utility's current rates established in the utility's most recent base-rate proceeding and excluding eligible plant that is included in the utility's current SIC for a proceeding in which the utility seeks to amend its SIC. In a previous SIC contested case, the commission requested that parties brief the following threshold policy question "Should the utility be required to offset costs that are no longer needed because of the improvements included in the system improvement charge?" In the commission's preliminary order, the commission stated: "Neither the Texas Water Code nor Commission rules provide for offsetting of costs in the context of a system improvement charge. Whether or not the costs are still needed because of the improvements included in the system improvement charge is irrelevant. Because there is no legal basis for this type of offset, the utility should not be required to offset costs in a proceeding for a system improvement charge. To the extent that a utility is recovering costs in base rates that are rendered unnecessary by improvements included in a system improvement charge, the appropriate inquiry is whether the utility is overearning and therefore whether the Commission should initiate a proceeding under TWC § 13.186(a)." (Docket No. 53109, Preliminary Order at 3 (Aug. 25,2022)).

Question 3a (Prohibitions on replacement assets and the Texas Water Code)

Does the Texas Water Code prevent the Commission from establishing the prohibition in proposed §24.76(c)(3)(B)?

CSWR, TAWC, TWU, and SJWTX commented that SB 740 neither requires nor contemplates such a prohibition, and opposed the inclusion of the prohibition in §24.76(c)(3)(B). Houston, OPUC, and Ricks stated that Texas Water Code § 13.183(c-2) does not prevent the commission from establishing the prohibition in proposed §24.76(c)(3)(B), and emphasized that the statute in fact requires it. Houston, OPUC, and Ricks supported the inclusion of the prohibition or, alternatively, the addition of a retirement offset to prevent double recovery and ensure just and reasonable rates. CSWR and TAWC stated that the prohibition is effectively a form of prudence review that is inappropriate for a SIC proceeding and that the proposed language is ambiguous. Specifically, CSWR indicated that if the provision were to be read literally, "it could be interpreted to prohibit a utility from seeking recovery of investments that are repairs or replacements of existing assets." CSWR emphasized that the purpose of a SIC is to promote repairs to existing infrastructure and that utilities are obligated by law to only make prudent investments. Any imprudent investments will be reviewed and reconciled in a future comprehensive rate proceeding. CSWR noted that a "utility has no incentive to

replace assets that are already providing adequate service or seeking recovery of costs that it will be required to refund in the future." TAWC and TWU stated that the provision not only discourages timely capital replacements, but is also an unnecessary and overly complicated restriction on the plant a utility may include for recovery in a SIC. TAWC and TWU noted that whether a replacement improves service or provides the same service or level of service are inherently subjective and the provision will only cause disagreements with intervenors, which will further complicate and increase costs associated with SIC proceedings. TAWC and TWU emphasized that replacements inherently improve service because newer plant will extend the useable life of a water or sewer system, reduce failure risk, and enhance operational reliability regardless of whether the utility "receives no other specific service improvement from replaced plant." TAWC explained that "[j]ust because replaced assets remain in existing base rates does not mean that a utility should not be able to start earning on new replacement assets within the limitations of the SIC rule." TAWC remarked that adjusting a utility's full rate structure to account for all changes since the utility's last base rate case is improper. Specifically, TAWC stated that SICs are intended to be an expedited process focused on infrastructure investment, not a review of all of a utility's cost of service changes. TAWC further commented that any concerns of a utility overearning are addressed through the commission's oversight of a utility's annual report and the reconciliation process detailed in the proposed and existing rule. TAWC alternatively proposed the inclusion of a "depreciation adjustment mechanism as part of the SIC to account for retirements" but noted such a mechanism would add complexity to the SIC process. Specifically, the provision could be revised to account for depreciation of retired plant within a SIC proceeding as well as associated revisions to other portions of the rule to reflect that change. However, TAWC noted that adjusting for the entirety of a utility's cost of service changes prior to a base rate proceeding is fundamentally incompatible with the concept of a streamlined SIC proceeding. TAWC provided redlines consistent with its recommendation. TWU stated that the proposed language would effectively require a granular, asset-by-asset review of whether replacement plant provides the same service or level of service as retired facilities that "necessarily implicates depreciation, net plant, and cost-of-service considerations that the Commission has expressly excluded from SIC proceedings." TWU commented that neither Texas Water Code §13.183 nor the existing commission rule conditions SIC recovery on whether new infrastructure replaces existing plant or incrementally improves service. TWU remarked that the prohibition "materially disincentivizes proactive capital investment by encouraging utilities to defer necessary replacements until a full base rate case" and therefore is contrary to the legislative intent of a SIC proceedings encouraging timely infrastructure investment. SJWTX commented that SB 740 does not permit the inclusion of the prohibition on SIC recovery of retirements and is silent on the issue. SJWTX remarked that capital investment in replacements should not be prohibited if the replacement is necessary to provide safe and reliable service. Houston and OPUC opposed the utility commenters position that replacement plant improve service "if only through the replacement asset being able to remain in service for a longer period of time than the asset originally providing service." Houston and OPUC also opposed TAWC's recommendation that "only the depreciation effect of the replacement should be recognized in SIC rates." More specifically, Houston opposed a limited approach to recognizing offsets "as there is no substantive difference between components of the offset and no basis for adjusting for the ˜return of' invested capital without also recognizing the ˜return on' portion and associated effect that reduction in return will have on tax expense." Houston stated that TAWC "recognizes that other offsets will occur because of retirements but submits that those adjustments should be left for base rate proceedings." Houston recommended that if documentation of costs or investments that are included in rates is either unavailable or unrepresentative of the current system, "a full rate proceeding would be justified before SIC recovery occurs." Houston commented that the only assets that are eligible for recovery through a SIC are those associated with actual infrastructure or improvements to water or sewer systems that produce tangible benefits for customers that are not already included in the applicant utility's rates. Houston stated the inclusion of such costs would constitute a "mathematically-provable over-recovery of return on investment, depreciation expense, and related federal income taxes in rates." Houston explained that replacement of existing plant or plant that did not improve service for existing customers should be prohibited from recovery through in a SIC (e.g., the replacement of a meter at the end of its service life with an effectively identical meter from a different manufacturer). However, Houston noted that in some instances replacements may be warranted for inclusion and recovery through a SIC, such as for the replacement of assets that pose a risk to public health. Similarly, OPUC noted that a SIC is an additional charge to base rates for all capital assets included in the application. OPUC explained that base rates "include a return on investment, income tax on that return, and depreciation expenses on assets that are used and useful in providing service to the utilities' customers" and if a SIC includes those same elements for a replacement asset, then the utility would then result in "the utility overearning at the expense of its customers." OPUC explained that this is because the utility is earning a return on the replacement items incorporated into the SIC, which are existing plant already placed into service, and on the replaced items that were incorporated into the utility's commission-approved rates which are plant that are no longer in service. OPUC indicated that if a utility were to file a base rate application instead of a SIC, the utility would be prohibited from including both assets in rate base as "as the asset that was retired from service is no longer used and useful in providing service," which eliminates the risk of over-collection and therefore prevents rates that are not just and reasonable. CSWR, TAWC, TWU, and SJWTX disagreed with Houston, OPUC, and Ricks that allowing replacements to be recovered in a SIC will lead to double recovery or over-earning. SJWTX stated that OPUC's comments neither address Texas Water Code § 13.131(c) which requires the commission to "fix proper and adequate rates and methods of depreciation, amortization, or depletion of the several classes of property of each utility" nor does it account for §24.41(c)(2), relating to Cost of Service, which applies to retirements.

Commission response

The commission generally agrees with Houston, OPUC, and Ricks's alternative recommendation to account for replacements of retired plant in a SIC proceeding using an offset mechanism to ensure a utility is not recovering both the cost of the original asset and the replacement. As such, the commission implements a replacement plant offset under §24.76(c)(3)(B)(i). Further discussion of the new provision addressing retirements and replacements in SIC proceedings is included under the headings for Question 3b below. In response to TAWC's citation of the

commission final order in Docket No. 55577, the decision to not consider the replacement of retired assets in that proceeding and Docket No. 53109 reflects case-by-case determinations that have prevailed in the absence of explicit rule language. In Docket No. 55577's final order, conclusion of law 15 established the following: "A system improvement charge proceeding does not address accounting for replacing retired plant, which would require reconciliation." Stated differently, replacements of retired plant- if not properly netted out (i.e., if the cost of the existing plant were included in the SIC)- would be subject to reconciliation in a base rate proceeding. This is what currently occurs in interim transmission cost of service (interim TCOS) and distribution cost recovery factor (DCRF) proceedings under §§25.192(h) and 25.243. While it is true that a SIC functions as a rate rider (i.e., a charge additional to base rates) whereas interim TCOS effectively rolls forward (i.e., are incorporated) into base rates, accounting for retirements in a SIC proceeding can be performed without affecting base rates. As OPUC noted, the commission's final order in Docket No. 56974 required an accounting of replacement assets for retired plant to address the potential for over-recovery. The commission generally agrees with Houston and OPUC's concerns regarding the risk of double recovery, but also acknowledges the importance of encouraging the replacement of assets to improve service as expressed by TAWC and SJWTX. The commission agrees with TAWC and TWU that excluding replacement plant would discourage the timely replacement and improvement to infrastructure. Similarly, the commission agrees with Houston that any approach to replacement plant is an inquiry into whether an improvement has occurred based on commission discretion to prevent over-earning. This replacement plant offset strikes an appropriate balance between affording utility the opportunity to recover costs associated with replacement assets while mitigating the risk of double recovery by excluding costs associated with the retired asset that are already being recovered for in base rates.

TAWC and TWU stated that if the legislature intended to categorically exclude replacement plant from SIC eligibility it would have explicitly done so. TAWC and TWU further commented that the exclusion of replacement plant would "fundamentally alter the scope and utility of the SIC mechanism" and goes beyond revising the commission rule to address technical implementations or resolve omissions. Instead, it is a substantive policy change restricting SIC eligibility in a manner that the Legislature did not authorize. TAWC noted that the prohibition would discourage timely capital replacements and "overly complicate and restrict the plant a utility may include for recovery through SICs" and is contrary to the position taken by the commission in previous final orders. TWU remarked that the commission "lacks authority to make such a fundamental change through rulemaking." TWU contended that the commission's decision in prior proceedings reflect "a considered judgment that the streamlined nature of SIC proceedings is incompatible with the complex factual and legal determinations required to evaluate plant retirements, replacement issues, and potential offset calculations."

Commission response

The proposed language excluding replacements of retired plant from inclusion in a SIC is reasonable given the comprehensive review of replacements and retirements conducted in a base rate proceeding. Moreover, such an exclusion does not contradict the plain language of the statute. The silence of Texas Water Code § 13.183 on retirements does not prohibit the commission's capability to address the issue through a rulemaking. As stated previously, past commission orders have taken varying positions on replacements of retired assets in SIC proceedings on a case-by-case basis. Regardless, the position taken in a final order in one or more proceedings, or even the absence of language on a specific issue in a prior version of a commission rule, does not preclude the commission from making a different policy decision through a rulemaking. The addition of the replacement plant offset under §24.76(c)(3)(B) and §24.76(c)(3)(B)(i) substantially addresses the concerns of all stakeholders and represents a compromise position on the issue. Replacement assets undergo comprehensive review in the utility's next base rate proceeding where the commission thoroughly evaluates the prudence of the utility's decision to replace the asset and the ability of the replacement asset to provide improved service.

"Reconcilable cost"

Ricks commented that the current definition of "reconcilable cost" in §24.76(e)(3) is legally insufficient because it omits retirement offsets required by the NARUC Uniform System of Accounts for Class A water and sewer utilities and fails to deduct ADIT. Specifically, the failure to account for retirement offsets allows for double recovery by SIC applicants by only focusing on new plant installed and not subtracting old plant that was removed or retired. Ricks explained that this allows utility recovery on both the "ghost asset" and the replacement asset simultaneously and inherently inflates "reconcilable costs." Ricks further remarked that the failure to deduct ADIT allows an applicant utility to include the entire net book value of its assets as reconcilable cost and therefore earn a high rate of return on what effectively becomes "an interest-free loan" from ratepayers and inflates the SIC revenue requirement. Ricks stated that reconcilable cost is equivalent to the original costs of eligible plant less (1) accumulated depreciation; (2) any costs for plant provided by explicit customer agreements or funded by customer contributions in aid of construction (CIAC); (3) ADIT associated with the eligible plant; and (4) the net book value of any plant retired or replaced by the eligible plant projects. Ricks explained the proposed revision to the reconcilable cost methodology would require a utility to "˜net out' the tax benefits and the ghost assets," therefore ensuring that a SIC only pays for incremental improvement to a water or sewer system.

Commission response

The commission agrees with Ricks's position with respect to ADIT. As stated previously, the commission revises "reconcilable cost" in §24.76(e)(3) to require adjustments for ADIT. The addition of the replacement plant offset under §24.76(c)(3)(B) in addition to new §24.76(c)(3)(B)(i) and §24.76(e)(10) substantively address Ricks's retirement asset-related concerns. The discussion of ADIT is addressed under the appropriate header.

Question 3b (Accounting and offset for retired assets)

If the Texas Water Code does not prevent the Commission from establishing the prohibition under proposed §24.76(c)(3)(B), should the Commission, in lieu of establishing the prohibition, consider revising the methodology for calculating the SIC such that it accounts for retirements (i.e., "offsets"), thus requiring a utility to offset the costs that are no longer needed because of the improvements included in the system improvement charge but that are still being reflected in the utility's base rates? If so, include an explanation and proposal, if any, as to what extent the methodology should be revised.

TAWC indicated that a depreciation adjustment may be appropriate in a SIC proceeding to prevent double recovery of

assets. TAWC noted that base rates can only be changed in a comprehensive base rate proceeding where a complete "offset" may occur, not through a SIC. Houston, OPUC, and Ricks disagreed with TAWC that the commission has already addressed the recognition of retirements and found it to be outside the scope of SIC proceedings. Houston, OPUC, and Ricks also recommended the commission include such an offset in the adopted rule but differed in their approaches. Houston remarked that, to the extent that the replacement of existing assets results in improvements to service, an offset would be required to avoid any over-recovery in rates, similar to those made in interim proceedings for electric distribution or transmission investments before the commission. Houston stated that in Docket No. 53109 the commission found that neither the underlying SIC legislation nor the applicable rules allowed for the offsetting of such costs. Houston offered the following hypothetical: A utility replaces a capital asset in a SIC proceeding for which it is recovering $1 per customer for under base rates. The replacement asset benefits customers and is proposed for recovery in the SIC proceeding at a rate of $2 per customer. Houston indicated that if no offset for the increased cost of service is included in rates for that capital asset in the SIC proceeding, the utility would therefore collect a total of $3 for in-service assets for which it only should be recovering $2 for. This would result in an over-recovery of $1 per customer unless costs unrelated to the capital asset increased by $1 since the utility's last comprehensive base rate proceeding. Houston maintained that that the cost recovery provisions of Texas Water Code §13.183 "are not intended to provide a de facto allowance for other unrelated cost increases." Houston remarked that not including such an offset would violate the principle that rates must be set at a level that permits the utility a reasonable opportunity to earn a reasonable return on invested capital that is used and useful. Houston explained that not including an offset would authorize a utility to recover a return on investment "higher than invested capital and on assets no longer used and useful." Houston also stated that not including an offset would violate Texas Water Code § 13.183(e) which requires any rates established through alternative ratemaking methodologies to be just and reasonable. Houston commented that its analysis extends to any expansion-related investments made by a utility, as "recovery of the average investment in infrastructure needed to serve a customer is already included in base rates." Houston noted that, similar to replacements, any expansion-related assets that result in service improvements must be "offset by the associated average cost of similar assets being recovered in base rates." OPUC and Ricks also recommended revising §24.76(e) to alter the methodology for calculating the SIC such that it accounts for retirement offsets. OPUC maintained that the proposed rule language governing SIC calculations should account for retirements by requiring the utility to offset the costs that are no longer necessary because of the improvements included in the SIC but that are still included in the utility's base rates. OPUC indicated that a base rate proceeding, not a SIC, is the appropriate mechanism for recovery of a utility's operation and maintenance costs. OPUC disagreed with TAWC that replacements are improvements to service, but only repairs where subpar service is brought back to its previous baseline. OPUC stated that it is "it is neither just nor reasonable for ratepayers to pay not only for the improved eligible plant but the initial plant that has been replaced" as it constitutes double recovery. OPUC stated that NARUC accounting standards establish that when an asset is "retired from utility plant, with or without replacement, the book cost thereof shall be credited to the utility plant account in which it is included." (NARUC Uniform System of Accounts for Class A Water Utilities, Accounting Instruction No. 27 (1996).) OPUC accordingly maintained that allowing SIC applicants to recover for new replacement assets without a reduction in rates associated with the corresponding retirement of the original asset would result in an over-recovery. OPUC noted that, in Docket No. 56974, the commission ordered the SIC applicant to address the potential for over-recovery when presenting replacements for retired assets. If the commission accounts for retirements in the proposed rule, OPUC alternatively recommended the allowable net book value of asset for the purpose of the SIC calculation be calculated as "[n]et book value of the replacement asset net book value of the replaced asset at the time of the previous rate case" and depreciation expense of the asset claimed in the previous rate case to be deducted from the depreciation expense of the replacement asset. As part of its alternative recommendation, OPUC further recommended that the proposed rule require the SIC applicant to "file a copy of the asset listing, including a detailed description of those assets included in its last rate case, indicating the net-book value of the asset at the time of the previous rate case and the claimed depreciation expense" and also provide "a reconciliation and tracking key that identifies the asset in the present application and links that asset to the specific line item from the previous rate case." OPUC indicated that if a utility cannot provide such information, the amount should be prohibited from inclusion in the SIC to prevent over-recovery because cost substantiation is a prerequisite for just and reasonable rates. OPUC maintained that its proposed alternative recommendation does not prohibit the utility from recovering a return on replacement assets as those may be recovered in the utility's next comprehensive base rate proceeding. Ricks also proposed additional discussion on requiring that project descriptions include the original cost of the retired asset for reconciliation purposes and to require "any utility using group depreciation be mandated to perform a new, itemized depreciation study as a condition of the reconciliation proceeding." Ricks provided draft language consistent with her recommendation

Commission response

The commission generally agrees with commenters that the adopted rule should account for replacements of retired plant. As stated previously, the commission agrees with TAWC that the more practical approach is to properly account for replacements and retirements through an adjustment mechanism in a manner that does not change base rates or involve prudence review. Accordingly, the commission adds new §24.76(c)(3)(B) and §24.76(c)(3)(B)(i) to require a replacement plant offset. Under the new provision, a SIC application must include incremental invested capital less any retirements. Specifically, for each replacement asset for which recovery is sought, the SIC application must identify specific criteria identified by the SIC Filing Package to ensure that existing plant that has been replaced is not recovered through a SIC. Any replacement assets that do not comply with the provision will be disallowed from recovery in the SIC proceeding. The removal of retired assets will ensure there is no double recovery; this avoids a situation in which--although the commission monitors utility annual reports for indications of over-earning a utility could potentially over-earn for years before reconciliation in a comprehensive base rate proceeding. The commission also revises §24.76(e) as recommended by OPUC and Ricks to account for the replacement plant offset in the SIC calculation. The commission also adds new §24.76(e)(10) which establishes that the replacement plant

offset is equivalent to the total annual depreciation expense for existing plant plus the product of the rate of return approved by the commission and the total net plant for existing plant. In response to Ricks's comment about requiring utilities to provide project descriptions for retirements, Workpaper Schedule C-3 accomplishes that objective. The commission also makes conforming revisions to Workpaper Schedule C-3 to account for the replacement plant offset and new definitions of "existing plant" and "replacement plant." Specifically, the commission adds four new columns - [E] Annual Depreciation Expense For Existing Plant; [F] Accumulated Depreciation (As Of End of Test Year From Last Comprehensive Base Rate Proceeding); [G] Net Plant For Existing Plant (As Of End of Test Year From Last Comprehensive Base Rate Proceeding); [H] Date of Retirement, and [I] Replacement Plant Description. The commission also revises the titles for columns [A]-[D] to clarify that they apply to existing plant and adds a new table to WP SCH-C3 to reflect the replacement plant offset calculation and revises Notes 1 and 3 to reflect the new definitions. The commission declines to require a utility use group depreciation in a base rate case as it is out of scope.

Service extensions and acquisitions (Load growth adjustment)

Houston, OPUC, and Kaen Ricks commented that eligible plant should not include service extensions to new customers. Houston commented that the rates established in the last comprehensive base rate proceedings recover the average investment per customer create "a baseline from which any improvement to service or level of service is judged." By way of example, Houston remarked that "the cost of a meter installed at a new service location would not be recoverable in a SIC proceeding as the rates being charged to that new customer already include recovery of metering equipment." Houston explained that including the cost of the new or replacement meter in a SIC would result in the recovery of both the average cost of the meter through base rates and the cost of the newly installed meter through a SIC without any actual infrastructure improvements being made. Houston contended that allowing replacement or extension-related assets would result in a SIC becoming a "catch-all" of all assets placed into service by the utility over a given period. Houston emphasized that the general goal of Texas Water Code § 13.183(c) is to promote more affordable, reliable, and higher quality water service; encourage regionalization; and to ensure utilities are financially healthy. Houston also maintained that any extensions of service to new customers are prohibited from inclusion in a SIC because recovery would cause rates "to increase regardless of whether the actual investment per customer was higher or lower than the average investment per customer at the last time the utility's base rates were determined." Houston therefore argues that service extension investments do not result in service improvement. OPUC commented that eligible plant should exclude extensions of service to new customers because a SIC applicant "cannot show that it improved service by providing service to new customers that were not accounted for in the applicants last comprehensive rate case or SIC application." OPUC also opposed authorizing an acquiring utility to use a SIC to recover any investments made by the acquired utility. Ricks commented that "expansion-related assets designed to serve new growth" should not be included to prevent a SIC from becoming a "catch-all bucket" for any asset placed into service. Ricks encouraged further discussion of the forensic standard used in Illinois and New Jersey, where "recovery is limited to the replacement of existing distribution facilities rather than the expansion of the network."

Commission response

The commission acknowledges the concerns of Houston and OPUC regarding service extensions. The appropriate consideration is to account for new revenue from additional customers and how the utility is recovering such revenue. As such, new customers should not be grouped with existing customers in a SIC proceeding. A load growth adjustment is the appropriate method to account for the average cost of additional service extensions. Accordingly, the commission adds new §24.76(c)(3)(B) and §24.76(c)(3)(B)(ii) to account for service extensions, including new customer connections acquired through a sale, transfer, or merger, in SIC proceedings through a load growth adjustment. Specifically, the new provisions require the application of a load growth adjustment to offset the incremental costs included in the SIC application when the utility's customer count exceeds the amount used to establish rates in the utility's most recent comprehensive rate proceeding. Revenues associated with a load growth adjustment used to offset the gross SIC revenue required must be calculated as the product of: (1) the applicant's average revenue requirement per customer (i.e., the comprehensive rate proceeding revenue requirement divided by the number of connections the applicant had at the end of the test year); and (2) the increase in customer count since that rate proceeding, including any new customer connections associated with a sale, transfer, or merger. Any load growth-related costs that do not comply with the provision will be disallowed from recovery in the SIC proceeding. The commission also adds Workpaper Schedule C-5 to the Water and Sewer Filing Packages to reflect the addition of §24.76(c)(3)(B) and §24.76(c)(3)(B)(ii). The commission also revises §24.76(e) account for the load growth adjustment in the SIC calculation and adds new §24.76(e)(11), which establishes the load growth adjustment calculation.

Question 3c (Other relevant information for replacements of retired plant)

Provide any other context or information that may be relevant to Questions 3a and 3b, including, if necessary, a discussion of the methodologies implemented for similarly expedited electric rate proceedings such as §25.243 (relating to Distribution Cost Recovery Factor (DCRF)) and §25.192(h) (relating to Interim Update of Transmission rates).

Houston noted that, in addition to offsets, DCRF and TCRF proceedings "capture changes in average rate base per customer or kW of demand, not just the cost of improvements occurring on the system." Houston indicated that this approach is necessary to prevent "clear over-recovery of the return of and on invested capital by the utility." Houston remarked that the legislative intent for SIC proceedings to facilitate the timely and efficient recovery of certain costs necessarily requires those costs be appropriate for expedited recovery. And if such costs would either result in an over-recovery of investment-related costs or did not result in the benefits to ratepayers enumerated by statute, then those rates would be unlawful. OPUC agreed with Houston that the total SIC charges applicable to ratepayers should be assessed in a manner similar to expedited electric rate proceedings (i.e., by capturing changes in average rate base per customer or kilowatt or demand, not just the cost of improvements occurring on the system). OPUC commented that an analysis of actual costs to ratepayers would be invaluable to the commission when reviewing SIC applications and generally endorsed any rule changes that promote transparency concerning actual costs to ratepayers attributable to SICs.

Commission response

The commission generally agrees with Houston and OPUC's comments regarding the risk of over-recovery in SIC applications. The addition of the load growth adjustment, as discussed under the heading for Question 3b, substantially addresses these concerns.

Question 4 (SIC cost recovery limited to end of test year)

House Bill 2712 (89R) allows a utility to use a historic, future, or combined future and historic test year. Proposed §24.76(c)(1)(D) limits the cost recovery of a SIC to cost recovery of eligible plant placed into service subsequent to the end of the future test year or combined historic and future test year if the applicant used a test year in a base rate proceeding after September 1, 2026 that includes either only future data or combined historic and future data. The intention of this provision is to prevent overlap between any potential future test year period selected by the utility and the period covered by the SIC.

Question 4a (Test year prohibition on double recovery)

Should proposed §24.76(c)(1)(D) be maintained in the rule?

TAWC did not oppose the inclusion of proposed §24.76(c)(1)(D) in the rule but indicated that it may not be necessary because as long as "no double recovery is recurring, recovery of eligible plant costs through SICs should be allowed." TAWC commented that the rule could be revised to preclude such recovery instead of the language in proposed in §24.76(c)(1)(D). Houston supported maintaining proposed §24.76(c)(1)(D) on the basis that it minimizes the potential for double recovery of infrastructure investments. OPUC opposed TAWC's recommendation to allow SIC applicants to recover for eligible plant placed into service before the end of a future or combined test year. OPUC stated that TAWC's proposal would conflict with the requirement of Texas Water Code § 13.183 to substantiate eligible costs with receipts, invoices, and contracts as supporting documentation. OPUC noted that given the future-oriented nature of a future test year or combined test year, a SIC applicant would be unable to provide such documentation until costs were incurred. OPUC accordingly recommended proposed §24.76(c)(1)(D) remain as proposed. Ricks expressed support for the date boundary established in proposed §24.76(c)(1)(D) but noted that the proposed language "omits the forensic safeguards necessary to prevent a mathematically provable over-recovery when a utility uses a future or combined test year." Specifically, Ricks commented that the proposed rule omits an essential true-up or offset mechanism for utilities opting for a future test year. Ricks noted that Texas Water Code §13.184(d) requires the regulatory to require a refund from a utility if a future test year results in rates yielding more than a fair return. More specifically, Ricks observed that §24.76(c)(1)(D) only sets a date boundary, whereas future test years are based on projections of facilities to be in service. Therefore, if a utility using a future test year includes forecasts of a project in its base rate case and that project is delayed, "the utility still collects the base rate return." Ricks noted that if that same utility then files a SIC application for that same asset category once the project is actually placed into service, ratepayers effectively pay twice for that project until the utility's next comprehensive base rate case. For Class C and D utilities, the next base rate proceeding can be up to eight years from the date of the order approving a SIC. Ricks commented that additional language is needed to properly effectuate the "affordability mandate" of Texas Water Code § 13.183(c)'s "affordability mandate" and the refund requirements of Texas Water Code § 13.184(d).

Commission response

The commission declines to adopt the alternative standard for §24.76(c)(1)(D) (now §24.76(c)(1)(E)) proposed by TAWC. The commission agrees with Houston and OPUC that §24.76(c)(1)(E) should be maintained; however, the commission revises the provision for clarity. If the applicant used a future test year or combined test year in a base rate proceeding initiated after September 1, 2026, a subsequent SIC application is limited to cost recovery of eligible plant placed into service subsequent to the end of the future test year or combined test year. In response to Ricks's specific comments, no change is necessary as the provision explicitly prohibits costs included in the base rates of a future test year or combined test year. Moreover, reconciliation in a base rate proceeding will address any over-earning by the utility. The rulemaking to implement SB 2712 (89R) regarding future and combined test years is Project No. 59086.

Question 4b (Other considerations for prohibition on double recovery)

Are there any other considerations that should be addressed in proposed §24.76 to prevent the potential overlap of a future test year period and the period covered by the SIC. OPUC agreed with TAWC and City of Houston that the proposed rule, as it relates to future test years, sufficiently prevents risk of double recovery.

Houston and TAWC reiterated that the proposed rule "should be sufficient to mitigate the risk of double recovery from overlapping test years and SIC effective periods." OPUC agreed with TAWC and Houston that the proposed rule, as it relates to future test years, sufficiently prevents risk of double recovery.

Commission response

As discussed under the heading for Question 4a, the commission adopts §24.76(c)(1)(D) with revisions for clarity.

Commissioner Hjaltman Memorandum- OPUC's right to participate in SIC proceedings

On December 17, 2025, Commissioner Hjaltman filed a memorandum in Project 58391 that expressed concerns regarding OPUC's participatory rights in SIC proceedings in the context of the 30-day statutory comment period provided to OPUC by SB 740 under §13.183(c-4). The memorandum also noted that the changes of SB 740 do not share a uniform effective date. Namely, the expedited 60-75 statutory deadline only applies to SIC applications filed on or after September 1, 2026 whereas the new 30-day comment period took effect immediately upon the passage of SB 740. As such, the memorandum indicated that the varying effective dates raised questions as to OPUC's ability to continue participation in a SIC proceeding after it has submitted comments- particularly in the interim period between the effective dates.

OPUC recommended proposed §24.76(d)(5)(A)(iii) be revised to authorize OPUC to comment on the sufficiency of the SIC application no later than 30 days from the date the SIC application is filed. OPUC further recommended revisions to authorize OPUC to "continue to fully participate as a party to the proceeding beyond the 30th day" for the reasons already stated. OPUC commented these additions are necessary to prevent future instances where SIC applicants will "attempt to object to any participation by OPUC beyond the first 30 days. OPUC noted that Texas Water Code § 13.183(c-4) provides OPUC with the opportunity to comment on the sufficiency of an application and

therefore the provision should be revised to prevent any future unnecessary litigation over OPUC's participation in SIC proceedings going forward. In response to Commissioner Hjaltman's December 17, 2025 memorandum, SJWTX and TAWC commented that it does not interpret the 30-day deadline prescribed by § 13.183(c-4) as a limit on OPUC's participation in SIC proceedings. SJWTX agreed with OPUC and noted that the statutory language is atypical as it permits OPUC to provide comments on the administrative completeness of an application. Specifically, SJWTX recommended the provision be revised to state that "OPUC may file comments addressing whether the SIC application is administratively complete no later than 30 days from the date the SIC application is filed." SJWTX remarked that regardless of the statutory deadline, OPUC has standing to intervene and participate in SIC proceedings per the procedural schedule established by the presiding officer in the same manner as all other parties. SJWTX further stated that the statutory deadline provides OPUC with an additional opportunity to comment that is not available to other intervenors. Similar to SJWTX, TAWC expressed support for the 30-day comment period following the filing of a SIC application "unless there is a procedural schedule adopted by the presiding officer that establishes a deadline or deadlines for filings by intervenors." TAWC emphasized that the proposed rule does not limit OPUC's participation rights provided by statute, but instead "balance[s] meaningful stakeholder engagement with predictable timelines and administratively workable procedures" to diminish the likelihood of procedural disputes and focus on substantive review. TAWC alternatively suggested that the commission leave "special circumstances to a case-by-case adjudication by the presiding officer if warranted" and noted that OPUC could file a motion for additional time if the applicant utility is provided an opportunity to respond. Specifically, those concerns regarding the lack of a uniform effective date for certain provisions in SB 740. Ricks noted that the 60-day procedural deadline for issuance of a commission final order ruling on a SIC after the application is deemed administratively complete "risks being rendered moot if the rule does not provide an efficient mechanism for resolving sufficiency disputes and discovery gamesmanship." Ricks cautioned, however, that the need for administrative expediency should not outweigh the statutory requirement for rates to be just and reasonable.

Commission response

The commission agrees with SJWTX and TAWC that Texas Water Code § 13.183(c-4), codified in the rule under §24.76(d)(3)(A)(ii), is not a limit on OPUC's right to participate in SIC proceedings. Rather, it is a requirement for the commission to allow OPUC to comment on a SIC application "no later than" 30 days from the date the application is filed. Stated differently, the commission may not infringe upon OPUC's statutory right to comment on a SIC application within 30 days of its filing even if OPUC is not a party to the case. Moreover, the statutory language does not otherwise limit or prevent OPUC from actively participating as a party in a SIC proceeding beyond the filing of its statutorily allowed comments. The commission makes a clarifying revision to the provision to more closely align the provision to statute. The commission also makes clarifying edits to §24.76(d)(3)(A)(viii) to more closely adhere to the statutory language.

Commissioner Hjaltman Memorandum- Discovery and procedural changes

Commissioner Hjaltman's memorandum also noted the risk of discovery gamesmanship and requested commission staff consider an expedited discovery process throughout the SIC proceeding (i.e., for both the administrative completeness portion and during merits review) and whether OPUC should be allowed a "limited-scope opportunity to file supplemental comments within a brief window if there are pending discover motions at the end of their comment period."

Commission response

Discovery is available during both stages of a SIC proceeding application review for completeness and merits review. Accordingly, the commission generally deletes the specific discovery requirements under §24.76(d)(2) and deletes §24.76(d)(3)(B)(ii)-(iv) entirely. The commission further revises §24.76(d)(2) to require discovery to comply with Chapter 22, Subchapter H (relating to Discovery Procedures), "except as otherwise determined by the presiding officer" and merges §24.76(d)(3)(B)(i) into §24.76(d)(2). The commission also revises the relevant provisions of the rule to clarify that the presiding officer will establish a procedural schedule for the SIC application and refrains from adding specific deadlines in either the application review phase or merits review phase.

Specific Comments on Discovery

OPUC explained that the proposed discovery limitations severely restrict the ability for the public to participate in SIC proceedings and do not actually reduce the burden on the applicant to respond to RFIs. Specifically, OPUC stated that it is foreseeable the proposed rule will result in utilities being "inundated with RFIs from intervenors the days following the presiding officer's sufficiency determination." OPUC noted that because commission staff often does not file RFIs prior to making a recommendation on administrative completeness, the burden of the provision primarily falls on intervenors. OPUC emphasized the benefit of intervenor RFIs in revealing deficiencies in a SIC application. In support of its conclusion, OPUC cited commission staff's recommendation in Docket No. 58682, which recommended a finding that the SIC application was administratively incomplete based on information obtained through OPUC's filed RFIs. OPUC maintained that restricting discovery as proposed would actually incite further delays in sufficiency determinations of SIC applications and that the commission's sufficiency review of a SIC application "is in no way delayed by intervenors maintaining the ability to file RFIs as necessary."

Commission response

The adopted rule makes discovery tools available to all parties on an equal basis. Moreover, the adopted rule does not impose specific deadlines on the administrative completeness portions of SIC applications and instead leaves discovery and the procedural schedule for both portions of the application to the discretion of the presiding officer, subject to the 60-75 day merits review deadline prescribed by statute. These changes are sufficient to ensure that the public and intervenors are afforded a meaningful opportunity to participate in SIC proceedings.

SJWTX noted that while technically a party is not prohibited from propounding discovery on the merits of an application immediately upon filing, the proposed rule should minimize the risk of a party utilizing discovery to delay a finding of administrative completeness. SJWTX cited Docket No. 46245 as support for the proposition that "[a] review of an application's administrative completeness is performed to determine whether the Commission has received sufficient documentation to allow Commis-

sion Staff to evaluate the merits of an application." SJWTX opposed OPUC's proposed revisions to §24.76(d)(3)(B), (d)(4)(A), and (d)(5)(B)(iii)-(iv) on the basis that limitations on discovery are consistent with the limited and expedited nature of a SIC. SJWTX noted that if a SIC application is found to be deficient, "the applicant will be required to provide the information needed to cure the deficiencies regardless of whether a party has propounded discovery requesting it." SJWTX recommended that if the commission adopts the discovery limitations included in the proposed rule, then the default timelines provided in §22.144(b) apply to pre-sufficiency RFIs. SJWTX endorsed the proposed rule limiting pre-sufficiency discovery to 20 RFIs and post-sufficiency discovery to 10 RFIs to all parties other than commission staff. SJWTX also supported proposed §24.76(d)(4)(D) which states that "a question that is withdrawn before the deadline to respond or for which an objection is sustained does not count against the 20-question limit."

Commission response

The commission declines to implement the recommended changes because they are moot. As stated previously, the commission deletes the specific discovery-related requirements in lieu of a general application of §22.144, unless otherwise ordered by the presiding officer.

Proposed §24.76- System Improvement Charge

Proposed §24.76(a)- Applicability

Proposed §24.76(a) establishes the requirements for a utility to establish or amend a system improvement charge to ensure timely recovery of infrastructure investment.

Ricks recommended that proposed §24.76(a) be revised to include the statutory mandate included under §13.183(c) for the commission to ensure that alternative ratemaking methodologies must result in "˜more affordable' service for consumers." Ricks further noted that Texas Water Code §13.182 establishes that the commission may authorize a utility to set reduced rates for a minimal level of service for elderly customers 65 years or older to ensure those customers receive more affordable rates. Ricks also stated that the commission's 2021 findings in Project No. 50322 where §24.76 was initially adopted state that the SIC is intended to facilitate "˜higher quality and more affordable service' through the acceleration of infrastructure replacement.". Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended change because it is unnecessary. Despite being included in the same statute, a SIC is not an alternative ratemaking methodology; it is an interim rate proceeding for recovery of infrastructure investment. The list of alternative ratemaking methodologies under Texas Water Code §13.183(c) is exclusive: "Appropriate alternative ratemaking methodologies are the introduction of new customer classes, the cash needs method, and phased and multi-step rate changes." Texas Water Code § 13.183(c) states that the commission may authorize a SIC for the express purpose of "[ensuring] timely recovery of infrastructure investment."

Proposed §24.76(b)- Definitions

Proposed §24.76(b) establishes the defined terms used in §24.76.

Proposed §24.76(b)(1)- Definition of "eligible plant"

Proposed §24.76(b)(1) defines the term "eligible plant" as plant properly recorded in the National Association of Regulatory Utility Commissioners (NARUC) System of Accounts, accounts 304 through 339 for water utility service or accounts 354 through 389 for sewer utility service.

OPUC recommended revising the definition of "eligible plant" to exclude replacements of existing infrastructure for purposes of a SIC for the reasons already stated. OPUC provided redlines consistent with its recommendation. TAWC, Houston, and TWU opposed OPUC's recommendation. TAWC and TWU commented that OPUC's proposed revision is contrary to statute and would be an unreasonable restriction on the assets a utility may include as eligible plant in a SIC application for the reasons already stated.

Commission response

The commission agrees with TAWC, Houston, and TWU and declines to implement OPUC's recommended change. The commission instead defines "existing plant" as new §24.76(b)(2) as "plant that is included in the utility's current rates established in the utility's most recent-base rate proceeding that is being retired and replaced. This definition is used in conjunction with the definition of "replacement asset" under new §24.76(b)(3) which is defined as "an asset placed into service to replace existing plant that is retired from service." Both new definitions are necessary to implement the replacement asset offset under §24.76(c)(3)(B)(i) and contain the minimum necessary elements for identifying what constitutes a replacement of retired plant.

Proposed §24.76(b)(2)- Definition of "system improvement charge"

Proposed §24.76(b)(1) defines the term "system improvement charge" as an additional charge to recover certain costs of service associated with the portion of the cost of a utility's eligible plant that is not already included in the utility's base rates.

OPUC recommended that the definition of "SIC" under proposed §24.76(b)(2) should be revised to identify replacement assets. Specifically, OPUC recommended that the definition should include all replacement assets, not just replacements of plant that are included in the utility's existing base rates. OPUC explained that this clarification would help commission staff and intervenors to effectively review SIC applications and disallow prohibited items. In turn, this would diminish the risk for over-recovery and therefore be beneficial for customers. OPUC stated that a utility will frequently acquire one or more systems since its last base rate proceeding, however, the utility still collects rates from the customers of the newly acquired systems. OPUC contended that if the return on investment, income tax, and depreciation expense are not incorporated into rates charged to those customers, then the utility should file a full base rate application rather than a SIC. OPUC further noted that, depending on the period of time between the SIC and the utility's previous base rate case, an asset could have been replaced several times. This could lead to instances where an asset is recently replaced and technically not included in the utility's last base rate case because the utility was replacing a replacement asset. Moreover, OPUC observed that the phrase "plant that is included in the utility's current rates" becomes a burden of proof issue in a SIC proceeding which becomes difficult to litigate given SB 740's expedited timeline for the review SIC applications. OPUC commented that to preserve the statutory timeline, the rule should clearly prohibit the inclusion of assets in SIC applications that are already included

in the utility's existing base rates. Ricks recommended that the definition of "system improvement charge" under proposed §24.76(b)(2) be revised to include the "mandatory benchmark required to verify the acceleration of that recovery." Ricks explained that the commission must have a predictable baseline to ensure that that 60-day statutory timeline required by SB 740 is workable. Ricks also noted that if a LTIIP is included as the benchmark for all SIC applications, such a definition should be added in proposed §24.76(b). Ricks indicated that the LTIIP provides essential objective criteria by which a SIC may be evaluated for administrative completeness "within the statutory 30-day window." Ricks commented that additional discussion is necessary to synchronize the LTIIP with the SB 740 timeline for administrative completeness.

Commission response

The commission declines to implement OPUC's revisions to the definition of "system improvement charge" for the reasons already stated under the heading for Question 3 and "eligible plant." Specifically, it is unnecessary given the new provision addressing replacement of retired assets. The commission also declines to implement Ricks's recommendation regarding LTIIPs for the reasons already stated.

New §24.76(b)(3)- Definition of "replacement assets"

TAWC recommended a new definition of "replacement assets" be added to §24.76(b) to clarify the term where it is used in other parts of the proposed rule and prevent ambiguity. Specifically, TAWC recommended the term "replacement assets" be defined as "[n]ewly acquired assets that are identical in type, function, location, and specifications to retired assets currently included in the utility's approved base rates." TAWC provided draft language consistent with its recommendation. Houston opposed TAWC's proposed definition for the term "replacement assets" and instead supported "an approach that allows for the exercise of judgement based on whether an improvement to service has occurred" to ensure the commission retains flexibility to address consumer needs and the types of investment changes that may be required in the future. OPUC opposed TAWC's recommendation to add the definition of "replacement asset" as new §24.76(b)(3) as overly narrow. OPUC stated that, if the commission were to implement such a definition, the NARUC definition should be adopted instead. Specifically, "the construction or installation of utility plant in place of property of retired, together with the removal of the property retired." (Uniform System of Accounts for Class A Water Utilities, 1996, National Association of Regulatory Commissioners).

Commission response

The commission agrees with Houston and declines to implement TAWC's proposed new definition for "replacement assets" for the reasons already stated under the heading for Question 3 and "eligible plant." The commission also defines "replacement asset" as "an asset placed into service to replace existing plant that is retired from service" under new §24.76(b)(3).

Proposed §24.76(c)- System improvement charge

Proposed §24.76(c) authorizes a utility to apply or amend one or more SICs in accordance with the requirements of §24.76

Proposed §24.76(c)(1)- General requirements

Proposed §24.76(c) would establish the general requirements applicable to SIC applications.

Proposed §24.76(c)(1)(A)- Nondiscriminatory and uniform application of SIC

Proposed §24.76(c)(1)(A) would require that a SIC be nondiscriminatory and be applied uniformly to each meter size provided in the utility's tariff.

Commission response

The commission revises the provision to state that "[a] SIC must be nondiscriminatory and be applied uniformly to each meter size, if any, provided in the utility's tariff" to account for instances where an applicant charges a flat rate (i.e., for sewer) instead of including meter sizes in its tariff.

Proposed §24.76(c)(1)(B)- Application of SIC to meter size

Proposed §24.76(c)(1)(B) would establish that a SIC applies to each meter size provided in the utility's tariff based on the calculation and multiplier under §24.76(e).

Ricks recommended proposed §24.76(c)(1)(B) be revised to include language requiring a SIC to only be applied to distribution revenues and explicitly exclude certain fire protection surcharges to maintain cost causation. Ricks explained that such language is an essential customer protection found in Pennsylvania's counterpart statute (66 Pa. C.S. § 1358). Ricks further recommended new §24.76(c)(1)(F) be revised to include a percentage cap on the total cumulative revenue increase available for recovery through a SIC. Ricks noted that the omission of such a cap is a departure from industry best practices established by the founders of the SIC mechanism and violates the cost-causation and affordability principles of Texas Water Code §13.183(c). Ricks indicated that, without such a cap, a SIC allows for "mathematically-provable over-recovery" when combined with multi-step increases from previous comprehensive base rate proceedings. Ricks noted that Pennsylvania (PA Act 12) explicitly limits its SIC to 5% of the amount billed to customers to prevent rate shock. Similarly, Ohio (Ohio Revised Code § 4909.172) limits waterworks surcharges to 4.25%. Ricks stated that the commission decided in 2021 to forgo adding the 10% cap, which has "left Texas ratepayers with significantly fewer protections than those in the ˜best practices' states the utilities claim to emulate." Ricks stated that to ensure the statutory objective of more affordable service, the commission should include a cap on SIC recovery as is found in SIC statutes or rules in Pennsylvania, New Jersey, North Carolina, Illinois, New York, and Ohio. Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement a cap or otherwise limit the scope of SIC recovery for the reasons already stated. There is no statutory support for implementing a recovery cap. The commission declines to implement any fire protection surcharge because it is unclear what that mechanism would entail. The commission also revises the provision to state that "[a] SIC applies to each meter size provided in the utility's tariff, if any, based on the calculation and multiplier…" for the reasons already stated under the heading for §24.76(c)(1)(A).

Proposed §24.76(c)(1)(C)- Native format and formula requirements

Proposed §24.76(c)(1)(C) would require a SIC application to include any relevant data, attachments, or supplementary materials filed in their native format and, if applicable, any formula intact.

SJWTX recommended revising proposed §24.76(c)(1)(C) to exempt the external and internal supporting documentation required under §24.76(d)(1)(J)(iii) and (iv) from the new confidential filing requirements adopted that amended §22.71, relating to Commission Filing Requirements and Procedures and §22.72, relating to Form Standards for Documents Filed with the Commission under Project No. 52059. SJWTX stated that such supporting documentation is likely to be voluminous and may contain competitively sensitive pricing information. SJWTX provided draft language consistent with its recommendation. OPUC opposed SJWTX's proposed exemption to §22.71 that would permit the filing of only unredacted information instead of filing both redacted and unredacted copies. OPUC stated that the proposed revision may potentially prevent intervenors that may not be eligible to review highly sensitive material and could result in the exclusion of "information that is not protected by proxy." Ricks recommended proposed §24.76(c)(1)(C) be revised to comply with Texas Water Code §13.183(c-2) and the disclosure requirements of the Public Information Act (PIA) under Texas Government Code Chapter 552. Ricks further recommended that SJWTX's request for a waiver of the commission's filing rules be rejected. Ricks additionally recommended that §24.76(c)(1)(C) be applied universally to all commission rate-related applications. Ricks opposed the utility practice of withholding voluminous documentation until requested by the commission. Ricks noted that the proposed rule omits a means to ensure the public record is complete upon the filing of a SIC application. Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement SJWTX's recommended change. There are only two exemptions to the redaction requirements for confidential filings under §22.71(j)(1)(C)(i) and (ii) for letters of credit and for documents in Excel format where redaction is impracticable. Any other exemptions should be listed explicitly in §22.71 itself, not separately in the applicable rule governing a specific application or proceeding. The limited exemptions under §22.71(j)(1)(C) are exhaustive and represent a commission decision to unilaterally apply the confidential redaction requirements to all filings except to the limited circumstances specifically enumerated in the filing rule. The commission also declines to implement Ricks's proposed language because it is redundant of the confidential filing requirements under §22.71(j). §22.71 applies to all commission filings and that compliance with the PIA under Texas Government Code § 552 is required regardless of whether a commission rule specifically states the requirement. Therefore, Ricks's proposed change is unnecessary.

OPUC recommended proposed §24.76(c)(1)(C) be revised to require a SIC application and any supporting documentation filed with the commission to be "in an easily readable, searchable format." OPUC stated imposing such a requirement would benefit both commission staff and intervenors in reviewing and facilitating expedited review. OPUC further recommended that the word-searchable requirement should also apply to information not listed in §13.183(c-2) (i.e., "other documentation," including internal documentation) because that provision is only effective as of September 1, 2026. Specifically, OPUC indicated that its recommended language would ensure that the proposed rule is applicable to SIC applications filed before September 1, 2026. TAWC opposed OPUC's recommended changes because the revisions are improper and contrary to statute. TAWC also opposed OPUC's proposed recommendation that both the application and any supporting documentation be filed in an easily readable and searchable format. TAWC stated that adding such requirements concerning the form and format of components of a SIC application, including subjective requirements such as "easily readable," are "unnecessary and could potentially lead to motion practice that could have been easily avoided." TAWC maintained that SIC application requirement should be unambiguous.

Commission response

The commission declines to implement OPUC's recommended changes because they are unnecessary. However, the commission does revise the rule to mandate that applications include word-searchable documents. Formatting standards applicable to all filings are already enumerated under §22.72. Specifically, §22.72(c)(1)(A) states that "[i]tems must be formatted in a manner that renders the information legible and generally accessible." Additionally, §24.76(d)(2)(J)(i)(III) specifies that external documentation must be word-searchable and organized by each NARUC account. To address OPUC's concerns, the commission revises §24.76(d)(2)(J)(i)(III) to state that: "External documentation and internal documentation, must be word-searchable. External documentation and internal documentation must be organized by each NARUC Account, grouped by capital project." The commission also revises §22.74(d)(1)(J)(ii) to specify that "all associated supporting documentation described by clauses (iii) and (iv) of this subparagraph with page number cross-references to each capital project and NARUC account included in the application." In conjunction with those additions, the commission also adds new §24.76(d)(1)(D) and renumbers the subsequent subparagraphs. New §24.76(d)(1)(D) requires each asset in a SIC application to be directly associated with at least one NARUC account, grouped by capital project. The above changes are reflected in revisions made to Workpaper Schedule C-2. The specific changes to Workpaper Schedule C-2 are discussed under the appropriate heading.

Proposed §24.76(c)(1)(D)- Test year limitation of SIC cost recovery

Proposed §24.76(c)(1)(D) would limit SIC cost recovery to eligible plant placed into service subsequent to the end of the future test year or combined historic and future test year if the applicant used a test year in a base rate proceeding after September 1, 2026, that includes either only future data or combined historic and future data.

Ricks expressed support for the date boundary applicable to future test years in proposed §24.76(c)(1)(D). However, Ricks recommended the provision be revised to include "forensic safeguards necessary to prevent a mathematically provable over-recovery when a utility uses a future or combined test year," and to comply with the affordability mandate under Texas Water Code §13.183(c) and the refund requirements of Texas Water Code §13.184(d). Ricks commented that additional review is needed to establish a specific account methodology for a base rate offset to ensure compliance with cost-causation principles. Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended changes for the reasons already stated under Question 4a. Ricks's comments concerning cost causation have been addressed under the relevant subheading.

Proposed §24.76(c)(1)(E)- Prohibition on SICs concurrent with base rate proceeding

Proposed §24.76(c)(1)(E) would prohibit a utility from establishing or amending a SIC while a comprehensive base rate proceeding for that utility is pending before the commission. The provision further establishes that a utility will be deemed to have withdrawn a pending SIC application if the utility files a base rate application and the presiding officer will dismiss the application.

Ricks recommended that proposed §24.76(c)(1)(E) be revised to prohibit a utility from establishing or amending a SIC until 12 months after the commission order establishing rates is final and appealable. Ricks noted that such language was included in the original 2021 draft but was not adopted. Ricks emphasized such a prohibition is necessary to prevent a "rolling rate case" environment that increases regulatory expenses. Ricks stated that additional review is necessary to clarify the definition of a "pending" case to ensure it includes the full period for motions for rehearing under Texas Government Code §2001.146 to prevent utilities from using a SIC to circumvent final commission orders.

Commission response

The commission declines to implement the recommended change. The provision referenced is §24.76(d)(3) of the proposed version published in Project No. 50322. The rationale in the adoption order for the removal of this provision was: "The commission does not agree with the commenters that the proposed rule creates a 45-month waiting period. However, the commission does agree that the 12-month waiting period creates an unnecessary delay in implementing a SIC and removes this requirement from the adopted rule." If a utility has a lengthy rate case, it is possible for a utility to file a SIC immediately after its base rate proceeding has concluded. There is no statutory basis to limit a utility's ability to file a SIC in that manner. If necessary, commission staff or intervenors can make recommendations, or parties can agree, in a base rate case to prohibit a utility from seeking SIC relief within a specified amount of time from the end of the base rate proceeding.

New §24.76(c)(1)(F)

Ricks recommended new §24.76(c)(1)(F) be added to the rule, which would include a percentage cap on the total cumulative revenue increase available for recovery through a SIC. Ricks noted that the omission of such a cap is a departure from industry best practices for SIC proceedings and violates the cost-causation and affordability principles of Texas Water Code §13.183(c). Ricks emphasized that a recovery cap is necessary to prevent rate shock and indicated other states with SIC mechanisms include such a cap. Ricks maintained that a SIC recovery cap is the "only objective tool the Commission has to enforce this affordability mandate" of Texas Water Code §13.183(c). Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement a cap on SIC recovery for the reasons already stated.

Proposed §24.76(c)(2)- Eligibility for and timing of SIC application

Proposed §24.76(c)(2) would establish the requirements for a utility to be eligible to apply for a SIC and the timing requirements for filing SIC applications.

Proposed §24.76(c)(2)(D)- Quarterly filing requirements for SIC applications

Proposed §24.76(c)(2)(D) would limit SIC applications to be filed in a specific calendar year quarter based on the last two digits of the applicant utility's certificate of convenience and necessity (CCN) number, unless good cause is shown for filing in a different quarter. The provision also permits a utility holding multiple CCNs to file an application in any quarter for which any of its CCN numbers is eligible.

CSWR, TAWC, and SJWTX recommended deleting the filing schedule for SIC applications under proposed §24.76(c)(2)(D) on the basis that such a schedule is unnecessarily complex and burdensome on utilities. CSWR, TAWC, and SJWTX indicated that such a filing schedule is unnecessary for administrative efficiency purposes since utilities may only file one SIC per calendar year. Moreover, given the historically low volume of SIC applications, it is unlikely that utilities will file at the same time and substantially affect the workload of commission staff. CSWR indicated that filing limitations for SIC proceedings may impact the timing of adjudications in other commission proceedings. TAWC similarly remarked that the prohibition on filing a SIC while a comprehensive base rate proceeding is pending has previously caused timing issues that necessitate the filing of a good cause exception or otherwise delay filing of a SIC. CSWR commented that utilities should be authorized to file a SIC when necessary to timely recover investments, which will very likely not occur at the same time each year. Houston recommended that if the commission implements TAWC's proposal to strike the CCN-based filing schedule under proposed §24.76(c)(2)(D), the commission should include language in the rule limiting a utility to a single SIC filing within any 12-month period. Houston commented that this alternative would ensure utilities are provided sufficient flexibility when filing their SIC applications while simultaneously avoiding the potential for overlapping SIC applications that may strain commission resources. OPUC and Ricks opposed TAWC and SJWTX's recommendation to delete the CCN-based filing schedule. OPUC stated that, due to the streamlining changes to SIC proceedings made by SB 740, it is likely that more SIC applications will be filed with increasing frequency in the future. OPUC noted that, despite the newly abbreviated SIC timelines, the burden on commission staff and intervenors to review applications, conduct discovery, and litigate disputes remains the same. Ricks commented that the 60-day deadline imposed by SB 740 is a "hard deadline" which requires substantive review of the transaction ledger by commission staff, OPUC, and other intervenors. Ricks remarked that if the schedule is omitted, several large utilities could potentially filing large SIC applications contemporaneously. Ricks stated this could result in utilities strategically filing applications to exhaust OPUC and ratepayer intervenors and therefore prevent "the asset-by-asset forensic audit required by TWC § 13.183(c-2) within 60 days." Ricks also stated that the rule omits a definition of "good cause" for utility seeking to file a SIC application outside of its eligible calendar quarter. Ricks stated that this effectively create as loophole where "utilities can claim ˜emergency capital needs' to bypass the queue." Ricks maintained that SB 740 only accelerated the processing of a complete application but did not "grant utilities the right to create an administrative bottleneck." Ricks stated that a SIC filing schedule is consistent with the requirement of Texas Water Code § 13.182 for the commission to ensure rates are just and reasonable by efficiently managing SIC applications and facilitating effective review within the statutory 60-day time period. Ricks noted that the utility commenters argument that SIC applications are currently infrequent fails to address that SB 740 was intended to incentivize more frequent applications.

Commission response

The commission declines to delete the provision as recommended by CSWR, TAWC, and SJWTX because of the possibility of numerous SIC applications arriving within a short period. The commission agrees with Ricks that the filing schedule should be preserved to mitigate the risk of overlapping SIC proceedings and minimize the human resource strain of multiple SIC proceedings occurring contemporaneously.

OPUC recommended proposed §24.76(c)(2)(D) be revised to use an alternative methodology for staggering SIC applications. Specifically, OPUC recommended the provision be revised such that the last digit of the utility's CCN corresponds with the quarter in which the utility is eligible to file (e.g., CCNs ending with 0, 1, and 2 would file in Q1 [January through March]; 3-4 in Q2; 5, 6, and 7 in Q3; and 8 and 9 in Q4). Ricks supported OPUC's proposal for a staggered filing schedule for SIC applications. OPUC stated that a staggered filing schedule would facilitate more efficient review of SIC applications as they will allow parties to administer resources more effectively. OPUC commented that this revised schedule would provide more time for applicants to prepare SIC applications as well as reduce commission and intervenor workload by ensuring utilities can only file in a single quarter. OPUC noted that currently, "larger utilities have numerous CCNs that allow them to file in the quarter of their choosing" whereas assigning a specific quarter would increase predictability and efficiency in SIC proceedings. OPUC remarked that this change is necessary because the commission noted in the initial adoption order for §24.76 in Project No. 50322 that there are "significantly more water utilities eligible for SIC than there are electric utilities eligible for GCRR and interim TCOS." OPUC provided draft language consistent with its recommendation. SJWTX and TAWC opposed OPUC's changes to the SIC filing schedule. SJWTX remarked that OPUC's claim that larger utilities have numerous CCNs is inaccurate. SJWTX stated that the majority of utilities have a single CCN for water and a single CCN for sewer. SJWTX contended that OPUC's proposed change would limit the timeframe in which a utility may file a SIC application and therefore increase regulatory lag contrary to legislative intent, particularly in conjunction with the prohibition on filing a SIC while a comprehensive base rate proceeding is pending. TAWC commented OPUC's proposed filing schedule is unnecessarily restrictive, particularly for utilities with multiple CCNs that were obtained at the same time. TAWC also commented that the meaning of "oldest [CCN]" in OPUC's proposal is also unclear. Ricks observed that the proposed filing schedule omits a necessary "Anchor CCN requirement" which would permit large utilities to "˜choose' a quarter and ˜clump' filings to the detriment of ratepayer review." Ricks opposed the utility commenters' recommendation to delete the staggered filing schedule for SIC applications. Ricks encouraged further discussion of OPUC's proposed language for the SIC filing schedule and to establish that filing outside of the assigned quarter without a declared disaster under Tex. Gov't Code Chapter 418 shall result in a mandatory finding of administrative insufficiency."

Commission response

The commission declines to revise the provision as alternatively recommended by OPUC and Ricks as it would not necessarily mitigate overlapping or contemporaneous SIC applications. Nor would either proposal prevent any potential gamesmanship associated with selecting a CCN by a SIC applicant for scheduling purposes. Additionally, the commission agrees with SJWTX and TAWC that OPUC's proposal is ambiguous and therefore may arbitrarily and unnecessarily restrict when a utility may file a SIC.

Proposed §24.76(c)(3)- Eligible costs

Proposed §24.76(c)(3) would establish the qualifications associated with eligible costs that may be included, and ineligible that are prohibited, from including in a SIC application.

Proposed §24.76(c)(3)(A)- Eligible plant

Proposed §24.76(c)(3)(A) would limit SIC cost recovery to eligible plant that is not already included in the utility's rates and eligible plant that has been placed into service after the later of the ending date of the 2019 reporting period reflected in the utility's annual report filed with the commission as required by §24.129, relating to Water and Sewer Utilities Annual Report, or the end of the test year used in the utility's most recent base-rate proceeding.

OPUC recommended that §24.76(c)(3)(A) be revised to clarify that a SIC "is limited to recovering cost for eligible plant that is not a replacement of previously existing infrastructure.". OPUC remarked that its proposed language includes "assets which may have been owned by a previous predecessor and closes a loophole when a utility acquires an asset not in its own rate base." OPUC provided draft language consistent with its recommendation. TAWC opposed OPUC's recommended changes and maintained that the "full impact of any replacements, along with consideration of other cost of service changes, will be reconciled in the SIC applicant's next comprehensive rate case, but they must be allowed in SICs so return of and on those assets can start earlier" as intended by Texas Water Code § 13.183. TAWC recommended its proposal for a depreciation adjustment of retired plant be adopted if the commission wishes to address replacements. TAWC maintained that replacements must be permitted for inclusion in a SIC "so return of and on those assets can start earlier as the SIC statute intends." Ricks also commented that proposed §24.76(c)(3)(A) omits the requirement for assets to be non-revenue producing distribution improvements which is "the primary forensic boundary" of a SIC. Ricks indicated that, without such a distinction, existing ratepayers essentially subsidize "system expansions intended for new developers" which violates the cost causation principle. In support of her claim, Ricks referred to Docket No. 53428 as an example of a violation of the cost causation principle.

Commission response

The commission declines to implement OPUC's and Ricks's recommended changes. The addition of the retirement and replacement adjustment mechanism under §24.76(c)(3)(B) and §24.76(c)(3)(B)(i) substantially addresses the concerns of all stakeholders. Replacements and retirements as well as service extensions are discussed under the headings for Question 3b. Ricks's comments regarding non-revenue producing assets are addressed under the appropriate header.

OPUC recommended correcting the cross-reference in §24.76(c)(3)(A) to §24.129, relating to Water and Sewer Utilities Annual Reports.

Commission response

The commission implements the recommended change.

Proposed §24.76(c)(3)(B) and §24.76(c)(3)(B)(i)-(iii)- Ineligible plant (replacement of existing plant)

Proposed §24.76(c)(3)(B) would prohibit a utility from including any assets in a SIC application that have replaced existing plant to provide the same service or level of service. In describing the prohibition, the provision defines "existing plant" as including

plant that is included in the utility's current rates established in the utility's most recent base-rate proceeding but excluding eligible plant that is included in the utility's current SIC for a proceeding in which the utility seeks to amend its SIC.

CSWR, TAWC, TWU, and SJWTX opposed including the prohibition on "including any assets in a SIC application that have replaced existing plant to provide the same service or level of service" in §24.76(c)(3)(B). TAWC, TWU and SJWTX further recommended deleting §24.76(c)(3)(B) in its entirety Houston, OPUC, and Ricks opposed the utility commenters proposed edits for the reasons already stated. Houston commented that allowing SIC recovery of replacement assets used for ordinary day-to-day operations or related to system expansion "renders any incentive to achieve…the intent of the legislation effectively moot." TWU emphasized the failure to replace aging infrastructure is essential to system reliability and the protection of public health. TWU stated that it is impossible to fully reconcile all cost-of-service impacts of replacement plant outside of a comprehensive base rate proceeding while still ensuring SIC proceedings are streamlined and efficient. TWU commented that the legislative intent for a SIC is to be a "narrow, forward-looking surcharge focused on infrastructure investment," and not a re-evaluation of "embedded plant determinations." SJWTX indicated that the removal of the prohibition is essential to ensure the timely recovery of capital investments necessary to provide safe and reliable service to customers through a SIC. SJWTX further noted that the prohibition implies that interim relief is inappropriate for the replacement of assets such as well pump components. SJWTX stated that it is impossible to provide continuous and adequate service without the replacement of certain asset components. Houston explained that the goal of SB 740 and the SIC mechanism as a whole is to promote "investment in improvements to historically underinvested systems that pose reliability and safety risks to Texas consumers." Houston maintained that eligibility for SIC recovery should be based on a commission determination that the asset for which recovery is sought results in tangible and material improvements to existing customers of the utility. OPUC endorsed adding rule language that would require utilities to offset costs for replacement assets and assets acquired since the utility's last comprehensive base rate proceeding. OPUC proposed quantifying the phrase "same service or level of service" by considering the "depreciation of the plant; the expected life of the plant; and additional measures that ensure the utility does not circumvent the intention of the Commission by allowing for double recovery."

Commission response

The commission declines to delete the provision as recommended by TAWC, TWU, and SJWTX. The addition of the replacement plant offset under §24.76(c)(3)(B) and §24.76(c)(3)(B)(i) substantially addresses the concerns of all stakeholders. Replacements and retirements as well as service extensions are discussed under the headings for Question 3b. The commission declines to quantify "same service or level of service" as the relevant factors will vary depending on the asset.

Ricks observed that opposition to §24.76(c)(3)(B) does not address the "the forensic reality of the McCloskey decision," which held that allowing a return on items no longer in service (the replaced items) while simultaneously collecting a surcharge on the replacement results in unreasonable rates. Ricks emphasized that further discussion is needed to require a mandatory "Credit for Retired Plant" in the SIC formula to ensure that net investment, not gross cost, is the basis for a surcharge.

Commission response

The ADIT deduction is discussed under the appropriate heading. The commission notes that the "Credit for Retired Plant" resembles the new adjustment mechanism for replaced assets of retired plant under §24.76(c)(3)(B)(i). The commission declines to make any revisions in response to Ricks's comments.

OPUC recommended that proposed §24.76(c)(3)(B) should require asset replacements that are included in the utility's base rate or owned by a predecessor utility to be identified in the SIC application and should be prohibited from inclusion in rate base. OPUC stated that such language is necessary to close a loophole in which a utility may include an asset in a SIC application as a system improvement on the sole basis that it was owned by an acquired utility. OPUC provided draft language consistent with its recommendation. OPUC further recommended defining same service or level of service using quantifiable metrics that distinguish between replacement assets from true improvements. TWU opposed OPUC's recommendation to revise the term "eligible plant" under §24.76(c)(3)(B). Ricks agreed with OPUC that the definition of "existing plant" must include assets installed by predecessor owners to prevent a "privatization premium" from being charged to customers without any new and tangible improvement to service.

Commission response

The commission declines to implement OPUC's recommended change. For purposes of a SIC, the fair market value of an acquisition will be taken into account and specific requests concerning the recovery of assets recently placed into service by an acquired entity will be performed on a case-by-case basis. Therefore, the commission declines to adopt an outright prohibition.

Proposed §24.76(d) and (d)(1)- SIC application

Proposed §24.76(d) would establish the form and content requirements for SIC applications or amendments.

Proposed §24.76(d)(1)- Commission-prescribed form and content requirements

Proposed §24.76(d)(1) would require a SIC application or amendment to be filed using the form prescribed by the commission and to include the information required by that subsection.

CSWR generally commented that the filing requirements under proposed §24.76(d)(1) should be abridged because they are overly complicated and exceed even the requirements for comprehensive base rate cases. CSWR noted that requiring such a level of documentation and detail is contrary to the general commission and legislative goal for utilities to acquire and invest in troubled water or sewer systems. CSWR further noted that many such systems do not have the information required by the proposed rule. Houston and OPUC opposed the utility commenter's recommendation to reduce the documentation requirements of initial SIC applications and maintained that utilities have the burden of proof in SIC applications. Houston noted that the time for a utility to prepare an application prior to filing is "effectively unlimited" therefore "the burden to ensure sufficient information for expedient processing is available should be placed on the applicant." OPUC further commented that no provision of SB 740 intends to lower the burden of proof surrounding a utility accurately accounting the eligible plant for which recovery is sought. OPUC asserted that utilities should maintain adequate recordkeeping to avail themselves of SIC recovery. In response to CSWR's comments about records of

an acquired utility being incomplete or missing information the proposed rule requires, OPUC acknowledged the challenges associated with acquiring smaller utilities in varying conditions, but maintained that the commission should not "lower its standards across all water and sewer utilities." OPUC commented that such records should therefore be processed in a comprehensive rate case because they would not be appropriate for inclusion in a SIC application. OPUC maintained that the provision of incomplete and inaccurate records is inconsistent within the SIC statutory framework.

Commission response

The commission declines to implement CSWR's recommended change. The rule requirements for SIC applications reflect the minimum standards the commission has deemed necessary for SIC applications. This follows from SB 740's requirement that utilities "substantiate each claimed eligible cost" when seeking SIC recovery. These requirements are also directly reflected in the commission-prescribed forms, including the SIC filing packages. A SIC applicant can seek a good cause exception under §22.5 and §24.2, relating to Suspension of Rules and Commission-Prescribed Forms when it believes suspension of specific documentation requirements is justified- such as for acquired utilities with inadequate recordkeeping. The presiding officer can evaluate that rationale and issue a ruling on the good cause exception request on a case-by-case basis.

Proposed §24.76(d)(1)(D)- Comprehensive base rate proceeding information

Proposed §24.76(d)(1)(D) would require a SIC application to include specific information concerning the applicant's last comprehensive base rate proceeding.

Proposed §24.76(d)(1)(D)(i)- Year of initiation of applicant's last comprehensive base rate proceeding

Proposed §24.76(d)(1)(D)(i) would require a SIC application to include the year the applicant's last comprehensive base rate proceeding was initiated.

SJWTX recommended proposed §24.76(d)(1)(D)(i) be revised to require a SIC applicant to provide the test year used in the applicant's last base rate proceeding. SJWTX commented that this change would align the information provided with the definition of "reconcilable cost" under proposed §24.76(e)(3) which references the end of the test year used in the utility's most recent base rate proceeding. OPUC agreed with SJWTX's revisions to §24.76(d)(1)(D)(i) to require the applicant provide the test year used in the applicant's last comprehensive base rate proceeding. OPUC explained that it will help clarify when costs should be excluded because they are embedded in the future test year and is consistent with the future test year limitation contained in proposed §24.76(c)(1)(D). Ricks supported SJWTX's recommendation to amend proposed §24.76(d)(1)(D)(i) to include the test year end date but for different reasons than those provided by SJWTX. Specifically, SJWTX noted that "reconcilable cost" is defined in the proposed rule as the original cost of eligible plant installed after the "end of the test year used in the utility's most recent base-rate proceeding." In contrast, proposed §24.76(d)(1)(D)(i) only requires the year the base rate case was initiated. Ricks stated that in Texas, a base rate case initiated in 2024 might use a test year ending in 2023. Therefore, if the SIC application only includes the year the test year was initiated, the commission cannot verify whether the assets requested in the SIC were already "used and useful" and accordingly included in the rate base of the prior ate proceeding. Ricks explained this discrepancy omits evidence relevant to when a SIC should begin and without requiring disclosure of the specific test year end date, the 30-day sufficiency review may be functionally "blind to potential ˜tail-end' double recovery" where assets from the end of a historic test year are included into a new SIC. Ricks concluded that the appropriate starting line required by the definition of the "reconcilable cost" is the test year end date. Ricks also encouraged further discussion on requiring a "Baseline Plant-in-Service-Ledger" from a prior rate proceeding to allow for a direct evidentiary reconciliation during the sufficiency review period of a SIC application. Ricks provided draft language consistent with her recommendation.

Commission response

The commission agrees with commenters and adds new §24.76(d)(1)(D)(i), which requires the SIC applicant to provide "the beginning and end dates of the test year used in the applicant's last base rate proceeding." The commission also adds new §24.76(d)(1)(D)(ii), which requires the SIC applicant to specify whether the test year is a historic, combined, or future test year to align with the implementation of House Bill 2712 (89R) in Project No. 59086. The commission renumbers the other clauses in that subparagraph accordingly and makes conforming revisions to the commission-prescribed form.

Proposed §24.76(d)(1)(D)(iii)- Copies of final orders issued by the Texas Commission on Environmental Quality (TCEQ) relevant to the SIC application

Proposed §24.76(d)(1)(D)(i) would require a SIC application to include copies of final orders issued by the TCEQ or any other predecessor agency that are relevant to the application, such as orders relating to rate proceedings.

TAWC recommended the removal of proposed §24.76(d)(1)(D)(iii), in its entirety. TAWC commented that SIC applicants should be authorized to reference such orders without including such copies, which may be lengthy. TAWC further indicated that since such orders are publicly available, such copies are not necessary. TAWC provided draft language consistent with its recommendation.

Commission response

The commission declines to implement the recommended change. Some utilities have not yet had a rate case with the commission, meaning that TCEQ orders may contain the information necessary to support their systems. As stated previously, the burden of proof is on the utility to provide these orders in their SIC application, not the commission.

Proposed §24.76(d)(1)(E)- General information relating to each CCN possessed by the applicant

Proposed §24.76(d)(1)(E) would require a SIC application to include general information concerning each CCN possessed by the applicant.

Proposed §24.76(d)(1)(E)(i)- Current applicant CCNs

Proposed §24.76(d)(1)(E)(i) would require a SIC application to include all of the CCN numbers currently issued to the applicant including a separate identification of which CCN numbers apply to the provision of water service and sewer service, as applicable.

Commission response

The commission deletes the requirement for a separate identification of which CCN numbers apply to water or sewer as CCNs

for the provision of water service always begin with a "1" and CCNs for the provision of sewer service always begin with a "2," rendering the requirement unnecessary. As rewritten, the provision requires "all of the CCN numbers currently issued to the applicant for the provision of water service and sewer service." The commission also makes conforming revisions to the SIC Application Form.

Proposed §24.76(d)(1)(E)(iii)- Pending sale, transfer, or merger (STM)

Proposed §24.76(d)(1)(E)(iii) would require a SIC application to include general information concerning whether the applicant has, at the time the application is filed, a pending STM under §24.239, relating to Sale, Transfer, Merger, Consolidation, Acquisition, Lease, or Rental, or §24.243, relating to Purchase of Voting Stock or Acquisition of a Controlling Interest in a Utility, including the docket control number associated with the STM application.

TAWC recommended proposed §24.76(d)(1)(E)(iii) be deleted from the rule. TAWC commented that such information is irrelevant to SIC proceedings and noted that customers of acquired systems through an STM "will not ordinarily be subject to newly proposed SICs immediately upon acquisition and possibly not ever." Conversely, if the commission prefers to consider "pending SIC matters in STM matters where initial rates are part of the STM application and immediate extension of a pending SIC request upon acquisition is requested" then such instances should be reviewed in the corresponding STM, rather than the SIC application. TAWC provided draft language consistent with its recommendation. Ricks opposed TAC's recommended deletion and disagreed with TAWC's conclusion that information regarding a utilities' STM proceedings is irrelevant to its SIC application. Ricks commented that under Texas Water Code §13.244(d)(3), a CCN applicant must provide a "capital improvements plan" with a budget and estimated timeline. Ricks noted that if a utility is allowed to file a SIC for projects where it has a pending STM, "there is a substantial forensic risk that the utility is seeking a surcharge for infrastructure that was already committed as a condition of the acquisition or is being valued at a price significantly higher than its depreciated original cost." Ricks remarked that the proposed rule omits any link between the capital improvement plan included in an STM proceeding and the SIC application's list of eligible plant. Ricks commented that without such a disclosure, the commission cannot verify that the utility is double-recovering initially through the purchase price of the acquired system reflected in base rates and again through the SIC for the same improvements.

Commission response

The commission disagrees with TAWC and declines to implement the recommended change. STM-related information is beneficial for commission staff and intervenors to review in a SIC proceeding to give a wider view of the utility's system footprint, financial health, and goals. It is also necessary to include given the addition of the load growth adjustment previously discussed and incorporated into the rule. The commission also makes clarifying changes to the provision to indicate that a proceeding under §24.243 is not generally considered to be an STM proceeding and also adds a catch-all indicating that any other application that involves the acquisition of a CCN should be disclosed in the SIC application.

Ricks recommended amending §24.76(d)(1)(E)(iii) by adding new sub-provisions that would require an applicant to provide a statement certifying that eligible costs included in the SIC were not included in any capital improvement commitments made in a pending or recently approved STM. The provision would also require disclosure of any acquisition adjustment or privatization premium associated with the assets in the pending STM to ensure over-recovery does not occur. Ricks commented that such a provision is necessary to ensure compliance with the cost causation principle and ensure rates are just and reasonable under Texas Water Code §13.182. Ricks also encouraged further commission evaluation of a standard for "Forensic Continuity" to ensure that when a system is acquired through an STM, the definition of "existing plant" under proposed §24.76(d)(3)(B) applies uniformly across predecessor and successor entities. Ricks proposed draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended change because it is unnecessary. The fair market valuation of an acquisition will be accounted for and specific requests concerning the recovery of assets recently placed into service by an acquired entity will be performed on a case-by-case basis. This evaluation includes a review of assets acquired through an STM. Commission staff will note any duplicative recovery in its recommendation and the presiding officer may address it in an order.

Proposed §24.76(d)(1)(F) and §24.76(d)(1)(F)(i)-(iii)- General information relating to currently effective SICs

Proposed §24.76(d)(1)(F) would require a SIC application to include general information concerning any currently effective SIC for water or sewer service, or both, as applicable. Proposed §24.76(d)(1)(F)(i) would require a SIC application to include whether the applicant has a SIC in effect as of the date the application is filed. Proposed §24.76(d)(1)(F)(ii) would require a SIC application to include each docket control number associated with the applicant's currently effective SIC for water service or sewer service. Proposed §24.76(d)(1)(F)(iii) would require a SIC application to include each CCN for which the currently effective SIC is applicable.

TAWC recommended proposed §24.76(d)(1)(F) be revised to delete the phrase "concerning currently effective SIC" because it is unnecessary. Specifically, the matters the provision references are explored under §24.76(d)(1)(F)(i)-(iii). TAWC provided draft language consistent with its recommendation. Ricks opposed TAWC's recommendation to revise proposed §24.76(d)(1)(F) to remove language regarding the applicant's currently effective SIC.

Commission response

The commission declines to implement the recommended change. It is necessary to clarify that the provision applies to any SICs the applicant currently has in effect as of the time of the application. This is to ensure compliance with §24.76(c)(2)(C)(i), which prohibits a utility from having more than one SIC in effect at any given time for each type of service unless the utility has multiple rate schedules for systems that have not yet been consolidated under a single rate. The commission also clarifies that the requirement applies to "any" SIC that is effective at the time of the application to reflect that a utility may have multiple SICs if the exception to the prohibition under §24.76(c)(2)(C)(i) is met. The commission also makes conforming revisions to the SIC Application Form.

Ricks recommended that new §24.76(d)(1)(F)(iv) require that a "Cumulative Impact Statement" be included in the application showing the total dollar amount recovered through all active SICs and the percentage that the total represents relative to the utility's revenue requirement approved in the utility's last comprehensive base rate proceeding. Ricks commented that the proposal attempts to minimize the disclosure requirements of the provision and that listing only a docket number is insufficient for an application to be complete under Texas Water Code §13.183(c-1). Ricks further commented that the provision omits "a numeric verification of the Cumulative Percentage Gap [i.e., a cap on the maximum amount of recovery through a SIC]." Ricks asserted that under Texas Water Code § 13.183(c), a SIC "may only be approved if the utility's annual total revenue increase including the proposed SIC-does not exceed 10 percent." Ricks commented that without requiring the application to include disclosure of the specific dollar amount and percentage of revenue that is being recovered through a currently effective SIC, both commission staff and intervenors are forced to manually reconstruct data from past dockets to determine whether the 10% cap is being violated. Ricks noted that this shifts the burden of proof from the utility to the ratepayer in violation of Texas Water Code §13.184(c). Ricks commented that such a provision is necessary to ensure the 10% cap required by Texas Water Code §13.183(c) and to comply with the expedited nature of SIC proceedings as required by SB 740. Ricks also encouraged further discussion of a standardized "Cap Calculation Worksheet" within the SIC Filing Package to prohibit utilities from masking surcharges that exceed the 10% statutory limit. Ricks proposed draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended change because it is unnecessary. A utility is already required to file its annual report with its SIC application under §24.76(d)(1)(N). The annual report includes a worksheet to provide SIC revenue information, therefore rendering the proposed addition unnecessary. The SIC legislation does not include any percentage cap and the commission declines to impose one in this rule. The SIC revenue cap proposal is discussed under the appropriate header.

Proposed §24.76(d)(1)(G)- Date of SIC application and confirmation of eligible filing quarter

Proposed §24.76(d)(1)(G) would require a SIC application to include the date the SIC application is being filed and a confirmation that the application is being filed in the appropriate filing quarter as specified by §24.76(c)(2)(D).

TAWC recommended proposed §24.76(d)(1)(G) be removed for the same reasons specified in its comments relating to proposed §24.76(c)(2)(D). Specifically, the assignment of specific filing quarters for SIC applications is unnecessary and presents issues for utilities. TAWC provided draft language consistent with its recommendation.

Commission response

The commission declines to implement the recommended change because the SIC filing schedule will remain in the rule to mitigate against numerous, overlapping SIC proceedings at the commission.

Proposed §24.76(d)(1)(H)- Description of eligible plant

Proposed §24.76(d)(1)(H) would require a SIC application to include a description of the eligible plant for which the utility seeks cost recovery.

Proposed §24.76(d)(1)(H)(i)- Eligible plant project information

Proposed §24.76(d)(1)(H)(i) would require a SIC application to include each project included in the request.

OPUC and Ricks recommended that proposed §24.76(d)(1)(H)(i) be revised to require each project included in the request to include a project or asset identification number that can be used to reference the project and reconcile supporting data. OPUC stated this change is necessary to ensure that the commission can efficiently review SIC applications. OPUC noted that SIC applications are frequently delayed by the disorganized records submitted by the applicant. OPUC provided draft language consistent with its recommendation. TAWC opposed the recommended changes on the basis that the revisions would "effectively require SIC applicants to restructure their internal recordkeeping practices solely for purposes of a SIC filing." TAWC stated that the proposed revisions would only increase the administrative burden associated with SIC applications, particularly for smaller utilities, without substantively improving commission oversight. TAWC characterized such an outcome as "unfair, unreasonable, and unjust" and that the recommended changes exceed the directive of Texas Water Code § 13.183(c-1)(1), which authorizes the commission to prescribe the necessary information by which a SIC application can be considered administratively complete. TAWC commented that if "the Commission determines that standardized recordkeeping is necessary, that should be addressed outside the SIC application process and this rule project" otherwise "the Commission should accept SIC applicant utilities' supporting records as kept in the usual course of business in whatever manner they are maintained."

Commission response

The commission declines to implement the recommended change because it is unnecessary. The addition of §24.76(c)(1)(D) requiring each asset in a SIC application to be directly associated with at least one NARUC account, grouped by capital project and the corresponding changes to §24.76(d)(1)(J)(i)(III) and §24.76(d)(1)(J)(ii) address OPUC and Ricks's concern. It is necessary for the commission to be able to identify claimed costs related to particular assets so it can determine whether those costs are suitable for SIC recovery. Accordingly, the rule changes include conforming revisions to Workpaper Schedule C-2, which require asset-level detail. Workpaper Schedule C-4 also requires asset names or identifiers if the applicant used group depreciation in its last comprehensive base rate proceeding.

Proposed §24.76(d)(1)(H)(ii) and §24.76(d)(1)(H)(ii)(II) and (III)- Costs, benefits, and transaction details of eligible plant

Proposed §24.76(d)(1)(H)(i) and §24.76(d)(1)(H)(ii) would require a SIC application to include a detailed explanation of the benefits of each project and project component, including how each project has improved or will improve service, and any reliability impacts and transaction details supporting eligible costs substantiated by the documents specified in §24.76(d)(1)(J), itemized by the applicable NARUC account number.

TAWC and SJWTX recommended proposed §24.76(d)(1)(H)(ii) be revised to remove the requirement to identify "each project component" because it is overly burdensome, ambiguous, and

duplicative. SJWTX noted that the explanation of the benefits and reliability impact of a project would necessarily extend to each component of that project, therefore rendering the requirement to provide such explanation as duplicative. Houston and OPUC opposed TAWC's recommended changes. Houston indicated there may be instances where some components of a project may be eligible for recovery through a SIC and other components may be ineligible. However, Houston endorsed the elimination of component-level benefit "in cases where the entire project constitutes a system improvement." OPUC agreed that the term "project component" in proposed §24.76(d)(1)(H)(ii)(I)-(II) is ambiguous but recommended defining the term rather than removing it as proposed by TAWC and SJWTX. OPUC explained that providing a definition for "project component" would help "reduce the likelihood that an applicant unnecessarily excludes smaller costs" and provide clarity as to the totality of the costs associated with the eligible plant included in a project and avoid the inclusion of costs that are not part of the total cost of a specific project. OPUC noted that otherwise the commission would only possess information on the total costs of a project which risks an applicant "rounding up the total cost of the project." OPUC maintained that a definition would provide greater information to the commission as to projects included in SIC applications and therefore permit more efficient review of the merits of whether plant is eligible in accordance with commission rules and Texas Water Code § 13.183.

Commission response

The commission disagrees with TAWC and SJWTX and declines to implement the recommended change. The commission agrees with Houston that some parts of a project may be eligible for recovery while other portions may be ineligible. Understanding which portions of a project are eligible for inclusion in SIC recovery is critical to overall SIC rate approval. For clarity, the commission revises §24.76(d)(1)(H)(ii)(I) to indicate that "project component" refers each individual asset in a project. In a SIC application, each asset must be directly associated with at least one NARUC account, which in turn must be grouped by project. A utility must describe the benefit of each "project" under Workpaper Schedule C-1, which may consist of one or more NARUC accounts where assets are grouped. As such, the benefit narrative must be provided at the project level; not for each individual asset. However, the commission must be able to review each component (i.e., asset or asset group) of a project and the associated costs to determine whether the plant is eligible and substantiated. Accordingly, the commission revises §24.76(d)(1)(H)(ii)(II) to remove "project component" to align with Workpaper Schedule C-1 as the description of project benefits does not need to be provided for each individual asset. The commission also revises §24.76(d)(1)(H)(ii)(III) to specify that the transaction details must be "cross-referenced with the applicable external documentation or internal documentation."

TAWC recommended revising proposed §24.76(d)(1)(H)(ii)(II) to only require an explanation of the benefits of each project, for the same reasons specified in its comments on proposed §24.76(c)(3)(B). Specifically. TAWC commented that the requirement to explain how each project has improved or will improve service, including any reliability impacts, is inherently subjective and therefore prone to disputes. OPUC opposed TAWC's recommended revisions but agreed with TAWC that the phrase "any reliability impacts" is ambiguous. OPUC also disagreed that the proposed requirement for an applicant to provide a detailed explanation as to how each project has improved or will improve service is vague. OPUC recommended that the commission retain the proposed language and define the phrase "any reliability impacts." Ricks opposed the proposals of utility commenters to remove descriptions of reliability impacts and service improvements. Ricks explained that such information is essential to ensure the fulfillment of the statutory purpose of SICs to accelerate infrastructure replacement. Ricks noted that the proposed rule does not include a requirement for the utility "to certify that the described benefits do not result in increased revenue from new customer connections" and therefore becoming a developer subsidy.

Commission response

The commission agrees with TAWC and OPUC that the term "reliability impacts" is ambiguous and strikes it from the rule. However, the commission retains the word "reliability" in Workpaper Schedule C-1 as reliability enhancements be one way in which a project improves service.

TAWC recommended replacing the phrase "transaction details supporting eligible costs" with the phrase "support for eligible costs" under §24.76(d)(1)(H)(ii)(III). OPUC opposed TAWC's recommendation as the phrase "support for eligible costs" is more ambiguous than the proposed language. OPUC recommended the commission maintain the proposed language, define the term "transaction detail," and provide example transaction details. OPUC stated its alternative revisions would help set expectations for SIC applicants and therefore promote greater consistency among SIC applications. OPUC expressed support for the commission requiring transaction details regardless of whether a sample for audit methodology is implemented.

Commission response

The commission declines to implement the recommended change. A utility must provide specific asset-level information in Workpaper Schedule C-2 and, if applicable, Workpaper Schedule C-4. This is to ensure that each cost included in a SIC is eligible for recovery.

SJWTX recommended proposed §24.76(d)(1)(H)(ii)(III) be revised to only require a transaction ledger if the applicant elects to use a sample for audit. SJWTX noted that currently the optionality for a sample for audit under proposed §24.76(d)(1)(J)(ii) is inconsistent with the requirements under proposed §24.76(d)(1)(H)(ii)(III). OPUC agreed with SJWTX that the requirement of proposed §24.76(d)(1)(J) for an applicant to provide "information to substantiate each claimed eligible cost of the applicant's eligible plant that is not already included in the applicant's rates" is inconsistent with the authorization in proposed §24.76(d)(1)(J)(ii) permitting an applicant to provide transaction ledger to determine a sample for audit. Specifically, the two provisions "will not actually result in each claimed eligible cost being substantiated."

Commission response

The commission declines to implement the recommended change because it is moot as the sample for audit and transaction ledger have been removed from the rule. Therefore, there is no option between providing a transaction ledger or all substantiating documentation. To meet Texas Water Code § 13.183(c-2)'s requirement to "substantiate each claimed eligible cost" for which the utilities seek SIC recovery, utilities must file all substantiating documentation with their SIC applications.

OPUC recommended that proposed §24.76(d)(1)(H)(ii)(III) be revised to require the transaction details identify whether the cost originated from external, unaffiliated sources such as third-party

vendors or internal sources such as the utility or its corporate affiliates. OPUC further recommended that if the cost originated internally, then the applicant should be required to specify the nature of such internal costs. OPUC stated this change would be beneficial for informing the review of SIC applications by the commission and intervenors. OPUC provided draft language consistent with its recommendation.

Commission response

The commission agrees with OPUC but implements the recommended change as part of Workpaper Schedule C-2. As stated previously, the commission adds three columns to Workpaper Schedule C-2 to identify the type of internal documentation, the origin of the "other cost,", and the internal document identifier. The commission also revises the existing columns covering the same subject matter to refer to the external document type (e.g., invoice, receipt, etc.), external document issuer, and external document identifier.

Proposed §24.76(d)(1)(J) and §24.76(d)(1)(J)(i)-(iv)- Information substantiating each claimed eligible costs

Proposed §24.76(d)(1)(J) would require a SIC application to include information to substantiate each claimed eligible cost of the applicant's eligible plant that is not already included in the applicant's rates. Proposed §24.76(d)(1)(J)(i) and (ii) specify the form and manner by which eligible costs must be substantiated, including descriptions of each capital project or addition that correlates with all capital expenditures, dependent on whether an applicant elects to provide a sample for audit based on a transaction ledger or provide all associated supporting documentation to the commission. Proposed §24.76(d)(1)(J)(iii) and (iv) would specify what categories of supporting documentation qualify as external documentation or internal documentation.

TAWC recommended the commission revise proposed §24.76(d)(1)(J) to replace the phrase "information to substantiate each claimed eligible cost" with "information to substantiate the total claimed eligible cost." TAWC commented that its recommended change would reduce the filing burden on SIC applicants and provided draft language consistent with its recommendation. OPUC opposed TAWC's recommended revision on the basis that it is contrary to the requirement of Texas Water Code § 13.183(c-2) for a utility to provide "information to substantiate each claimed eligible cost." (emphasis added).

Commission response

The commission declines to implement the recommended change. As stated previously, a utility must file all substantiating documentation for each claimed eligible cost included in the SIC application; not just the total cost.

OPUC opposed the sampling methodology included in proposed §24.76(d)(1)(J) on the basis that §24.76(d)(1)(J)(ii) permits SIC applicants to substantiate only a portion of the eligible costs claimed in a SIC application that are not already included in the applicant's rates. TWU and TAWC disagreed with OPUC on the basis that filing all documentation in a SIC proceeding is impracticable and inconsistent with SB 740.

Commission response

The removal of the sample for audit is addressed under the appropriate header and renders OPUC's recommendation moot.

TAWC recommended that proposed §24.76(d)(1)(J)(i)-(iv) be revised to provide additional flexibility in the provision of supporting documentation and the sample for audit process. By way of example, TAWC explained that some invoices might reflect materials used for multiple projects or multiple NARUC account. Accordingly, projects may be appropriately presented by NARUC account, but not the supporting cost information.

Commission response

The commission declines to implement the recommended change. As stated previously, a utility must file all substantiating documentation for each claimed eligible cost. The rule and Workpaper revisions reflect a policy determination that SIC applicants must provide specific cost information associated with each NARUC account and project, itemized by asset. If supporting cost information cannot be provided or meaningfully allocated between NARUC accounts and projects, it will be disallowed from recovery in the SIC proceeding.

Proposed §24.76(d)(1)(J)(i)(II)- External or internal documentation of direct and indirect costs

Proposed §24.76(d)(1)(J)(i)(II) would require eligible costs to be substantiated by evidence to support eligible plant placed into service as needed to support the eligible costs in the manner specified by 24.76(J)(ii).

OPUC recommended removing the phrase "as needed" from proposed §24.76(d)(1)(J)(i)(II) because the language is ambiguous as to what is necessary to support the claimed eligible costs included in the SIC application. OPUC remarked that the rule should clearly state what evidence supports the claimed eligible costs instead of providing a loophole in which SIC applicants can refrain from providing adequate supporting documentation. OPUC provided draft language consistent with its recommendation.

Commission response

The commission agrees with OPUC and implements the recommended change.

Proposed §24.76(d)(1)(J)(i)(III)- External or internal documentation of direct and indirect costs

Proposed §24.76(d)(1)(J)(i)(III) would require eligible costs to be substantiated by external or internal documentation of direct and indirect costs, respectively. The provision would also require external documentation to be word-searchable and organized by each NARUC Account.

TAWC recommended revising §24.76(d)(1)(J)(i)(III) to eliminate the requirement that external documentation be word-searchable and "as applicable" be organized by NARUC account. OPUC opposed TAWC's recommendation regarding word-searchability as it would impede efficient review of SIC applications OPUC further opposed TAWC's recommendation to add the term "as applicable" to the provision as it would increase ambiguity.

Commission response

The commission declines to implement the recommended changes. The commission agrees with OPUC that external documentation should be word-searchable. As stated previously, the commission revises §24.76(d)(2)(J)(i)(III) to also require internal documentation to be word-searchable and to require both external and internal documentation to be organized by each NARUC account, grouped by capital project.

SJWTX recommended revising proposed §24.76(d)(1)(J)(i)(III) to provide an applicant the option to categorize external and internal documentation that supports eligible costs by either

NARUC account or project. SJWTX commented that organizing supporting documentation in this manner would provide a straightforward method to "identify the documents that correspond to the original cost of each item comprising the total original cost of a project" and harmonizes the provision with other portions of the proposed rule that require information on projects. OPUC supported SJWTX's recommendation and noted the change would promote efficiency.

Commission response

The commission declines to implement the recommended change because it is unnecessary. The revisions made to Workpaper Schedule C-2 substantively address this proposal. Substantiating documentation must be organized by project, NARUC account, and then asset in order of lowest to highest detail. All costs in a SIC application must at least be allocated to one or more NARUC accounts. A NARUC account may be associated with one or more "projects" in a SIC application. In turn, each NARUC account accordingly includes all of the assets in the SIC application that fall under the criteria for that account. This means that all assets must be grouped under at least a NARUC account if the improvement does not fall under a "project." For example, replacements of retired plant may not necessarily be attributable to any individual "project" but still must be allocated at the asset level to each NARUC account.

OPUC recommended that proposed §24.76(d)(1)(J)(i)(III) require an identification number associated with the related project or asset to be included in the file name. OPUC stated that this change would assist both the commission and intervenors to efficiently review the supporting documentation provided by the SIC applicant.

Commission response

The commission declines to implement the recommended change because it is unnecessary and would be overly burdensome for SIC applicants. Workpaper Schedule C-2, as revised, requires page-number cross references to external and internal documentation. This change addresses OPUC's concern.

Proposed §24.76(d)(1)(J)(ii), 24.76(d)(1)(J)(ii)(I) and 24.76(d)(1)(J)(ii)(II)- Transaction ledger or all supporting documentation

Proposed §24.76(d)(1)(J)(ii)(I) would require a SIC application to include either a transaction ledger in list format that includes a description of all associated supporting external documentation or internal documentation for each capital project included in the application for use in a sample for audit. Alternatively, §24.76(d)(1)(J)(ii)(II) would require all supporting external documentation or internal documentation for each capital project included in the application.

OPUC recommended proposed §24.76(d)(1)(J)(ii) be revised to require a SIC applicant to provide both the transaction ledger as well as all supporting documentation. OPUC remarked that providing SIC applicants the option between the two would result in SIC applicants never electing to provide all supporting documentation. OPUC emphasized that TWC § 13.183(c-2) requires SIC applicants to substantiate each claimed eligible cost with supporting documentation without exception. OPUC provided draft language consistent with its recommendation. SJWTX disagreed with OPUC that utilities would only ever provide a transaction ledger and sample for audit if given the option to do so and recommended the commission maintain §24.76(d)(1)(J)(ii) as proposed. SJWTX noted that a utility's decision to elect an auditable transaction ledger or provide all documentation will vary because the choice is dependent on several variables, such as the number of projects included in a SIC application and the number of documents supporting each project. SJWTX maintained that if the adopted rule "results in a process for conducting a sample audit that has the potential to delay a finding that an application is administratively complete, this could cause an applicant to elect to provide all supporting documentation up front."

Commission response

The removal of the sample for audit is addressed under the appropriate header and renders OPUC's recommendation moot.

Ricks encouraged commission review of a "Digital Audit Index" that would require utilities to "hyperlink every entry in the transaction ledger directly to the supporting invoice" to ensure the commission can audit all of a utility's supporting documentation within the 60-day statutory window. Ricks further proposed additional discussion of a "Digital Verification Ledger" where "every Excel entry for an asset-regardless of its dollar value-is hyperlinked to its corresponding invoice or contract as a condition of administrative completeness."

Commission response

The commission declines to implement the recommended change because it is unnecessary and would be overly burdensome for SIC applicants. Workpaper Schedule C-2, as revised, requires page-number cross references to external and internal documentation. This change addresses Ricks's concern.

Proposed §24.76(d)(1)(J)(iii) and §24.76(d)(1)(J)(iii)(I)-(IV)- Categories of external documentation

Proposed §24.76(d)(1)(J)(iii) would require a SIC application to include external documentation, such as cost information from unaffiliated third-parties such as contractors or vendors, including receipts, invoices, contracts, or other documentation of eligible costs. This provision could also include any other information that may be required by commission staff or the presiding officer.

OPUC recommended proposed §24.76(d)(1)(J)(iii) be revised to require all external documentation for all costs associated with entities that are unaffiliated with applicant utility. OPUC further recommended that all categories of the external documentation listed under proposed §24.76(d)(1)(J)(iii) be required, rather than authorizing a permissive list. OPUC commented that, as proposed, the provision is "unreasonably lax in the way it describes the types of supporting documentation that an SIC applicant must provide" and require SIC applicants to provide receipt, invoices, contracts, and other documentation of eligible costs. OPUC remarked that, despite the wording of TWC § 13.183(c-2) using a permissive "or," the commission should require utilities to provide supporting documentation if it is in their possession. OPUC acknowledged that while the current SIC process may be burdensome for utilities, that is only because utilities frequently file applications "before they are prepared to proffer the evidentiary support for the application." OPUC emphasized that the SIC applicant is obligated to provide adequate supporting documentation by the time a SIC application is filed and, in turn, maintain adequate records. OPUC provided draft language consistent with its recommendation. TAWC opposed OPUC's recommended changes on the basis that OPUC's revisions are contrary to the legislative intent of Texas Water Code § 13.183(c-2) to provide "flexibility by listing categories of documentation, joined by the disjunctive or" in the list of required documentation. TAWC further argued that the OPUC revisions are

contrary to the public interest by imposing unreasonable obstacles for utilities seeking to apply for a SIC. TAWC and SJWTX opposed OPUC's recommendations concerning §24.76(d)(1)(J)(iii) that would change the "or" to an "and" regarding the statutory list of required documentation on the basis that such a change is contrary to the plain language of the statute. TAWC indicated that OPUC's language would effectively require all of the information listed under Texas Water Code § 13.183(c-2) be provided as support for eligible costs despite the statute including a non-exhaustive list. TAWC stated the substantiating documentation provided in a SIC should be at the discretion of the applicant. SJWTX also generally opposed any recommendation that would seek to omit the option for an applicant to provide "other documentation" for the same reasons.

Commission response

The commission agrees with TAWC and SJWTX and declines to implement OPUC's recommended change because it is contrary to the plain language of the statute. Specifically, Texas Water Code §13.183(c-2) contains a non-exhaustive list that utilizes the permissive "or" linking each article of documentation. Moreover, the statute requires the substantiation of "each claimed eligible cost of a utility's eligible plant." Taken together, the statute indicates that there must be some documentation of an eligible cost at a minimum. For example, if a SIC applicant claims $100 of a cost for a specific improvement and substantiates that cost with a $100 receipt for that asset, then that is sufficient under the statute. Assuming the cost and plant has been deemed eligible by the presiding officer, a SIC applicant would not be required to provide additional invoices, receipts, contracts, or other documentation to substantiate that cost.

TAWC and SJWTX recommended deleting proposed §24.76(d)(1)(J)(iii)(III) and (IV), with conforming revisions to §24.76(d)(1)(J)(iii)(I)-(III), because it is ambiguous as to the type of information that may be used to support eligible costs. SJWTX further recommended similar language be removed from the proposed Instructions for System Improvement Charge Applications. OPUC opposed TAWC and SJWTX's revisions as they are overly permissive, contrary to statute, and would render the documentation requirements for SIC applications more ambiguous.

Commission response

The commission agrees with OPUC and declines to implement the recommended changes. Internal documentation is intended to address the indirect costs (i.e., allocated or capitalized overhead) incurred by a SIC applicant in making system improvements. Indirect costs and, by extension, internal documentation may be allocable among several projects or NARUC accounts included in a SIC application in varying proportions, meaning that indirect costs do not consistently apply to a specific infrastructure investment, project, or NARUC account. As such, to ensure such costs are eligible and substantiated, SIC applicants must provide a detailed breakdown of how indirect costs are allocated at the project and NARUC account level. The SIC applicants will make this showing through the development of internal documentation that substantiates each associated eligible cost. This ensures that a SIC applicant cannot recover for indirect costs that may not meet the definition of "eligible costs" or are already being recovered through base rates.

Proposed §24.76(d)(1)(J)(iv) and §24.76(d)(1)(J)(iv)(I)-(V)- Categories of external documentation

Proposed §24.76(d)(1)(J)(iv) would require a SIC application to include internal documentation, to support allocated overhead, which may include work orders, affiliate costs, capitalized overhead, timesheet for labor, and interest expenses. Proposed §24.76(d)(1)(J)(iv)(I) would require such internal documentation to be substantiated by external documentation, if available and applicable. Proposed §24.76(d)(1)(J)(iv)(II) would require a SIC application to include a categorized list of allocated overhead expenses with supporting documentation for each category. Proposed §24.76(d)(1)(J)(iv)(III) would require a SIC application to include work orders categorized by projects. Proposed §24.76(d)(1)(J)(iv)(IV) would require a SIC application to include timesheets for labor categorized by projects. Proposed §24.76(d)(1)(J)(iv)(V) would require a SIC applicant to provide any other information that may be required by commission staff or the presiding officer.

TAWC recommended deleting proposed §24.76(d)(1)(J)(iv) to omit reference to timesheets for labor and instead include "interest expense calculation descriptions and allocated overhead methodology descriptions." OPUC opposed TAWC's recommended revisions on the basis that the changes would continue current utility practice of providing disorganized applications with "data dumps" of information that challenge expeditious review, particularly in light of the new statutory timeline for SIC application review.

Commission response

The commission declines to implement the recommended change for the reasons already stated. Indirect costs must be substantiated to ensure a utility is not recovering for ineligible costs or for costs already being recovered for in base rates.

OPUC recommended that proposed §24.76(d)(1)(J)(iv) be revised to require that all costs originating from the SIC applicant and its affiliates be included as part of the internal documentation associated with the SIC application. OPUC commented that internal documentation should be in the applicant's possession and therefore easily producible. OPUC provided draft language consistent with its recommendation.

Commission response

The commission revises §24.76(d)(1)(J)(iv) to clarify that "internal documentation must be provided for all costs that originated from the applicant and its affiliates…." However, the commission declines to implement the clerical revisions from OPUC as they are unnecessary.

SJWTX recommended that proposed §24.76(d)(1)(J)(iv)(I) be deleted because the provision requires information from unaffiliated third parties. SJWTX commented that such information is not necessary for internal documentation. OPUC opposed SJWTX's recommendation to strike proposed §24.76(d)(1)(J)(iv)(I) from the adopted rule. OPUC stated that it understands the reference to external documentation in the portion of the rule relating to internal documentation as relating to "external documentation that may have become an internal document through the utility's normal course of business." However, OPUC recommended revising the provision to remove the phrase "if available and as applicable" as the language is permissive and therefore ambiguous. Specifically, OPUC stated the phrase permits SIC applicants to argue that "certain receipts, invoices, contracts, and other documentation are not applicable or available" and therefore avoid producing such information. OPUC contended that such as a result is an inadequate justification for poor recordkeeping and that such

information should be required to be provided if it is in the possession of the adequate utility. OPUC provided draft language consistent with its recommendation. SJWTX opposed OPUC's recommendations as contrary to statute. Specifically, the statutory use of "other documentation" allows for the provision of internal documentation such as accounting entries. SJWTX maintained it is neither efficient nor cost-effective to require "require an applicant to create a document that corresponds to each individual line item." SJWTX further remarked that an applicant should be permitted to provide "a cost allocation manual or an explanation of its cost allocation policy to support capitalized payments to an affiliate rather than having to create some sort of invoice to document these payments."

Commission response

The commission declines to implement the recommended change because it is unnecessary. The intent of the phrase "if available and as applicable" is to account for the circumstance highlighted by OPUC. Additionally, there may be instances where a receipt, invoice, or contract may address an indirect cost in whole or in part. The requirement is conditional and if external documentation is not available for indirect costs, the other provisions control. The allowance for internal documentation in the rule recognizes that there generally are not receipts, invoices, contracts, etc. to account for certain eligible costs. The commission therefore agrees with SJWTX that the statutory term "other documentation" is a catch-all for any other substantiating documentation of eligible costs.

OPUC recommended that proposed §24.76(d)(1)(J)(iv)(II) be revised to require that "allocated overhead and capitalized interest expense must be supported by a categorized list of allocated overhead expenses with supporting documentation for each category." OPUC further recommended such information be required to be presented in an organized manner to facilitate efficient review. Specifically, OPUC recommended that the provision require "applicants to identify total allocated overhead for each project along with a detailed transaction listing for each allocation charged by the project and by date" and documentation to support the overhead as well as the applicant's calculations and analysis used to arrive at the allocation. OPUC provided draft language consistent with its recommendation.

Commission response

The commission agrees with OPUC, but does not make revisions to §24.76(d)(1)(J)(iv)(II). Instead, the commission adds requirements to Workpaper Schedule C-2, including the addition of a column for "Eligible Plant" which corresponds to each asset included in the NARUC account for which the applicant seeks recovery. Additionally, two columns are added to the workpaper to require page-number cross references to both the "Transaction Costs" substantiated by external documentation and the "Other Costs" substantiated by internal documentation. A final column has been added for "Total Cost" which is simply the combination of the "Transaction Costs" and "Total Costs" for a line item. The commission also adds Notes 3-6 which require that a utility must provide a separate workpaper that details how Total Costs and Other Costs are derived with all supporting documentation. The notes clarify that Transaction Costs and Other Costs correspond to external documentation and internal documentation, respectively. The commission also adds three columns to identify the type of internal documentation, the origin of the "other cost,", and the internal document identifier. The commission also revises the existing columns covering the same subject matter to refer to the external document type (e.g., invoice, receipt, etc.), external document issuer, and external document identifier.

TAWC and SJWTX recommended that proposed §24.76(d)(1)(J)(iv)(III) be revised to be less burdensome because it is "overly prescriptive as to the required content of work orders." Specifically, TAWC recommended §24.76(d)(1)(J)(iv)(III) be substantially reduced to only require work orders categorized by projects. TAWC provided draft language consistent with its recommendation. SJWTX stated that the specificity of the proposed requirement would necessitate changes to internal recordkeeping systems maintained by utilities to comply and therefore increase costs.

Commission response

The commission declines to implement the recommended change for the reasons already stated.

OPUC recommended that proposed §24.76(d)(1)(J)(iv)(III) and (IV) be revised to require direct charge labor to be supported by work orders categorized by projects. OPUC provided draft language consistent with its recommendation. SJWTX opposed OPUC's recommendation because is unnecessarily duplicative and "imposes a burden on the applicant that far outweighs the benefit."

Commission response

The commission declines to implement the recommended change because it is unnecessary. Direct charge is work that is not allocated it directly originates to the utility and is subsequently allocated among affiliates. The revisions made to §24.76(d)(1)(J)(iv), which were recommended by OPUC, clarify that internal documentation applies to costs originating from the applicant utility as well as its affiliates.

SJWTX recommended proposed §24.76(d)(1)(J)(iv)(IV) be deleted as physical time sheets are outdated and inefficient compared to a fully digitized system. SJWTX noted that for proposed §24.76(d)(1)(J)(iv)(III) and (IV), parties to a SIC proceeding will be authorized to review the eligible costs included in the application. Therefore, if an eligible cost appears to be either unreasonable or unnecessary, the inquiring party may ask for additional details. SJWTX endorsed such an approach, noting that it promotes regulatory efficiency rather than requiring "a data dump that is costly to prepare and cumbersome to review."

Commission response

The commission declines to implement the recommended change. The rule requirements apply to both physical and digitized timesheets. Both must conform to the rule requirements to be eligible for recovery.

SJWTX recommended that the list of information required under §24.76(d)(1)(J)(iv) be permissive, rather than mandatory. Specifically, the "and" in proposed §24.76(d)(1)(J)(iv)(IV) should be changed to an "or" to ensure that an applicant is authorized to provide the combination of internal documentation that is most appropriate for a project rather than every form of documentation listed in the provision. OPUC opposed SJWTX's recommended revisions to proposed §24.76(d)(1)(J)(iv)(IV) to change the "and" to an "or" in the list of required documentation.

Commission response

The commission agrees with SJWTX and implements the recommended change to allow an applicant to provide multiple sources

of internal documentation when appropriate by adding an "or" to the end of §24.76(d)(1)(J)(iv)(IV). The commission also revises §24.76(d)(1)(J)(iv)(V) to specify "any other documentation."

TAWC recommended deleting §24.76(d)(1)(J)(iv)(IV) and (V) which provide requirements associated with timesheets for labor and any other information required by commission staff and the presiding officer, respectively. OPUC also opposed TAWC and SJWTX's alternative recommendation to remove the provision entirely.

Commission response

The commission declines to delete §24.76(d)(1)(J)(iv)(IV) because timesheets for labor are a form of internal documentation that must show specific time and labor activities to adequately substantiate eligible costs. The deletion of provisions throughout the rule regarding "additional information" or "other information" have been addressed under the appropriate header, which addresses TAWC's recommended deletion of §24.76(d)(1)(J)(iv)(V).

Proposed §24.76(d)(1)(K)- Exclusion of costs for explicit customer agreements or contributions in aid of construction

Proposed §24.76(d)(1)(K) would require a SIC application to include information that sufficiently addresses the exclusion of costs for plant provided by explicit customer agreements or funded by customer contributions in aid of construction (CIACs).

TAWC and SJWTX recommended that proposed §24.76(d)(1)(K) be revised to be more specific by replacing the requirement for "information" that sufficiently addresses the exclusion of costs" with "an affidavit" or otherwise be deleted entirely. TAWC provided draft language consistent with its recommendation. OPUC and Ricks opposed TAWC and SJWTX's recommended changes to proposed §24.76(d)(1)(K). OPUC supported requiring an affidavit in addition to the SIC applicant providing substantiating documentation concerning the exclusion of costs for plant provided by explicit customer agreements or funded by customer CIACs.

Commission response

The commission agrees with TAWC and SJWTX and implements the recommended change, but incorporates the attestation into the compliance affidavit (Attachment D-2). Specifically, the commission revises the provision to state "an attestation that sufficiently addresses the exclusion of costs for plant provided by explicit customer agreements or funded by customer contributions in aid of construction in the affidavit required under subparagraph (O) of this paragraph." The commission also revises the compliance affidavit in the SIC Application Form to reflect the revision.

Ricks recommended that the provision be revised to require the provision of a project-level "Funding Source Verification Ledger" that identifies the sources of funds for each asset; and also require the provision of the underlying contract or agreement for each project where a developer or government grant was involved to "prove that no ratepayer funded capital is being surcharged [i.e., used or included]." Ricks further requested additional discussion on the establishment of a "Forensic Audit Protocol" applicable to acquired water or sewer systems where an acquiring utility claims in a SIC application that the predecessor owner CIAC records are unavailable. Ricks stated that this new process would help ensure that no acquisition premiums are mischaracterized as a system improvement and charged through a SIC. Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement Ricks's recommended change. An affidavit is sufficient for customer contribution agreements and CIACs. Commission staff and intervenors can request the basis for the agreement or CIAC (i.e., request copies of the contract) and contest the veracity of the affidavit through discovery.

Proposed §24.76(d)(1)(L)- Proof of compliance with prohibitions on ineligible plant

Proposed §24.76(d)(1)(K) would require a SIC application to include information that sufficiently demonstrates compliance with §24.76(c)(3)(B), which concerns the prohibition on including assets in a SIC application that have replaced existing plant. This would include the presentation of a list of the "existing plant" included and approved in the applicant's most recent base-rate proceeding that has been retired or removed from service, as well as the assets that have replaced such existing plant.

TAWC, TWU, and SJWTX opposed the inclusion of §24.76(d)(1)(L) while OPUC and Ricks expressed strong support for the provision. TAWC recommended proposed §24.76(d)(1)(L) be revised to account for CSWR, TAWC, TWU, and SJWTX's proposal to delete the prohibition on including replacements to "existing plant" in a SIC application under proposed §24.76(c)(3)(B). TWU recommended the provision be deleted in its entirety for the same reasons. SJWTX recommended that proposed §24.76(d)(1)(L) and the associated Workpaper Schedule C-3 be deleted if proposed §24.76(c)(3)(B) is preserved in the rule. TAWC and SJWTX alternatively recommended that the provision be revised to more specifically require an "affidavit" rather than "information" that attests to the fact "existing plant" is not included in the SIC application. TAWC asserted that an affidavit requirement is consistent with its alternative recommendation for proposed §24.76(c)(3)(B) to account for depreciation of retired plant within a SIC proceeding through an adjustment. SJWTX explained that an application should not be required to provide a workpaper identifying assets that are not eligible for inclusion in the application. Instead, an application should be permitted to provide an affidavit attesting that the SIC application does not include assets that have replaced existing plant. OPUC and Ricks opposed TAWC, TWU, and SJWTX's recommended revisions to proposed §24.76(c)(3)(B), §24.76(d)(1)(L), and Workpaper Schedule C-3 to require an affidavit in lieu of providing substantiating documentation or to omit proposed §24.76(d)(1)(L) entirely. OPUC and Ricks emphasized that that a utility should be required to explicitly identify retired assets. OPUC commented that proposed §24.76(d)(1)(L) is necessary to ensure that utilities are not using a SIC to double recover for assets that were already included in the utilities' comprehensive base rate proceeding. OPUC cited the final order in Docket No. 56974 as support for its position, noting that while utilities have "conflated identification of retired and replaced assets with reconciliation to evade production of such crucial information," the commission is not prohibited by statute from requiring retired or replacement assets be identified in SIC proceedings. Ricks explained that an affidavit is an "evidentiary ˜black box'" that prevents the commission from performing its statutorily required review of eligible costs included in a SIC application. Ricks commented that, consistent with cost causation principles, a ratepayer should not be obligated to pay

"for two assets providing a single service." Specifically, if a utility replaces an asset that is still being depreciated in base rates, the original asset is no longer used and useful upon removal.

Commission response

The commission declines to implement any of the recommended changes for the reasons already stated. Replacements of retired plant will be accounted for in a replacement plant offset under §24.76(c)(3)(B)(i). The commission revises §24.76(d)(1)(L) to account for the replacement plant offset and load growth adjustment. Specifically, the provision is revised to require "information that sufficiently demonstrates compliance with subsection (c)(3)(B) of this section, including the necessary information to calculate the replacement plant offset and load growth adjustment."

As a condition of administrative completeness finding, Ricks recommended that proposed §24.76(d)(1)(L) be revised to require a schedule of all retirements for which a replacement is sought in a SIC that includes (1) the project ID, (2) the original cost of the retired asset the accumulated depreciation at the date of retirement, (3) the resulting net book value, and (4) the assets that have replaced the existing plant. Ricks stated that a list of asset names is useless without the provision of the dollar values for each asset. Ricks referenced Ohio Appendix A to Rule 4901:1-15-35 which requires a schedule of retirements itemized by month and NARUC accounts. Ricks noted that, without disclosure of the original cost and accumulation depreciation of a specific retirement, the commission cannot verify compliance with the statutory prohibition from recovering costs already included in the utility's rates under Texas Water Code § 13.183(c-2). Ricks explained that such a requirement is necessary "to prevent utility over-recovery of depreciation and return." Ricks encouraged additional discussion regarding the adoption of a required "Depreciation Offset" in the SIC formula that mirrors the Illinois standard under ILCS Title 83, Chapter I, Subchapter E § 656.50(b), which requires depreciation expense for a surcharge be reduced by the depreciation expense on the plant being replaced. Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended changes because they are unnecessary. The addition of the replacement plant offset and load growth adjustment under §24.76(c)(3)(B), the corresponding edits to Workpaper Schedule C-3 for retirements, and new Workpaper Schedule C-5 for the load growth adjustment address Ricks's concerns.

Proposed §24.76(d)(1)(M)- Group depreciation requirements

Proposed §24.76(d)(1)(M) would required a SIC application to include specific information for each asset within the group to which the group rate applies if the applicant used group depreciation in its last comprehensive base rate proceeding. Specifically, the provision would require the name or number of the asset a description of the asset; the in-service date of the asset; and all cost information that corresponds to that asset.

TAWC, TWU, and CSWR recommended that proposed §24.76(d)(1)(M) be deleted as it is ambiguous, unworkable, internally inconsistent with the proposed rule, and unsupported by statute. TAWC, TWU, and CSWR stated that, as proposed, the provision would require an applicant to present assets in an itemized depreciation format even though it previously used group depreciation in its base rate proceeding, which is typically based on a group depreciation study. Specifically, requiring an applicant to "disaggregate those same assets and present them on an individual basis contradicts the very premise of group depreciation" that the commission previously approved in a comprehensive base rate proceeding. Accordingly, depreciation determinations made in the utility's most recent base rate case should not be relitigated or reconstructed in a SIC proceeding. TAWC commented that depreciation should be either omitted from SIC proceedings or accounted for with an adjustment. TWU maintained that the provision is an unjustified departure from established industry and commission practice that would materially increase the complexity and cost of SIC proceedings. TWU emphasized that the provision would require utilities to reconstruct depreciation data that do not exist in asset-specific form and therefore produce information of limited value. TWU noted that such documentation would be "extensive, costly to prepare, and would invite disputes over depreciation group composition, service lives, and net book balances-issues that are properly addressed only in comprehensive rate proceedings, not in streamlined SIC applications." OPUC and Ricks disagreed with the rationale offered by TAWC, TWU, and SJWTX. OPUC and Ricks maintained that the requirement to file the utility annual report required by §24.129 with a SIC application should be maintained to ensure all information is readily available for review. OPUC emphasized that the commission should "require heightened standards of an applicant to support the recovery of investments that have not been evaluated for prudency."

Commission response

The commission declines to implement the recommended change. As stated previously, the commission has the burden of proof under Texas Water Code §13.184. Moreover, the commission has authority under Texas Water Code §13.131 and §13.132 to require utility books and records and reports to be presented in a specific format, such that a utility has no presumption that costs are eligible by simply opening its books and records to inspection. The commission also has general jurisdiction to regulate and supervise under § 13.041 to "do all things, whether specifically designated in this chapter or implied in this chapter, necessary and convenient to the exercise of these powers and jurisdiction." The commission also adds new §24.76(d)(1)(M)(i) which requires "the NARUC account number to which the asset applies" to be specified and renumbers the subsequent provisions. The commission also makes conforming changes to Workpaper Schedule C-3.

Proposed §24.76(d)(1)(N)- Applicant's most recent annual report

Proposed §24.76(d)(1)(N) would require a SIC application to include a copy of the applicant's most recent annual report filed with the commission as required by §24.129, which must be the annual report most recently due for filing.

OPUC, TAWC, and Ricks recommended correcting the reference to §24.129, relating to Water and Sewer Utilities Annual Report, in proposed §24.76(d)(1)(N). OPUC provided draft language consistent with its recommendation.

Commission response

The commission agrees with commenters and implements the recommended change.

Ricks recommended that the report be filed with an "Annual Report Bridge Worksheet" to prevent double recovery and ensure consistency with the cost-causation principle. Specifically, Ricks recommended additional language in §24.76(d)(1)(N)

which would require the utility's annual report be accompanied by a reconciliation worksheet that links the reconcilable cost requested in the SIC to the specific NARUC account totals reported in the utility's annual report, with any variance between the request in the SIC application and the annual report plant totals include an explanation for each associated project ID. Ricks noted, however, that only requiring the re-filing of the SIC applicant's annual report would not address "the forensic mechanism needed to verify the 10% revenue cap and the earnings threshold." Ricks explained that, under Texas Water Code § 13.183(c), the commission must ensure that a SIC provides revenues that satisfy the requirements of Texas Water Code §13.183(a), including preservation of the financial integrity of the utility. Ricks commented that it is functionally impossible for OPUC and other intervenors to verify costs in a SIC application "within the 30-day sufficiency window without a preprepared bridge document" for a Class A utility that may have millions of dollars in net costs with thousands of individual assets under $1000. Ricks further commented that the proposed rule should require a utility to "prove that the assets in the SIC were not already depreciated or recovered as O&M expenses in the financial statements of that very same annual report." Ricks proposed further discussion to establish whether an application is incomplete under Texas Water Code §13.183(c-2) "if the requested costs cannot be traced directly to the utility's general ledger as reflected in the annual report." Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended change because the annual report has a dedicated worksheet for SIC revenues, rendering a bridge worksheet unnecessary. The SIC revenue cap proposal has already been addressed under the appropriate header. Additionally, the law does not set a 30-day period for administrative completeness. The presiding officer will set the appropriate procedural schedule for the entire proceeding.

Proposed §24.76(d)(1)(O)- Compliance affidavit

Proposed §24.76(d)(1)(O) requires a SIC application to include an affidavit confirming that the application meets the requirements of proposed §24.76.

OPUC and Ricks recommended that proposed §24.76(d)(1)(O) be revised to require the affidavit affirm compliance with the provision as a whole and also require an application that fails to comply with the requirements of Texas Water Code §13.183 and §24.76 to be denied and prohibit the applicant from recovering rate case expenses for the application. OPUC and Ricks noted that utilities have historically signed such affidavits only for the commission to later reveal that the application omitted critical information and supporting documentation required by law. OPUC stated that including such a sanction is necessary to improve the standards and expectations for SIC applications. OPUC maintained that failed SIC applications should be ineligible for recovery of rate case expenses to ensure the cost of failed applications does not burden ratepayers. OPUC provided draft language consistent with its recommendation. Ricks emphasized such a provision is necessary to ensure the 60-day statutory window for merits review of a SIC application is not abused and to protect the public interest. Ricks stated that "the filing of an un-auditable ledger constitutes a bad-faith delay of the 60-day merits window." Ricks proposed further discussion on establishing a requirement for the affiant to "specifically certify that the requested costs do not include ˜ghost assets' or revenue-producing expansions" and therefore link the affidavit to the evidentiary requirements of proposed §24.76(c)(3) and §24.76(d)(1)(H). Ricks provided draft language consistent with her recommendation. SJWTX and TAWC opposed OPUC and Ricks's recommendation to sanction SIC applicants if the commission finds a SIC application deficient. SJWTX and TAWC noted that no other commission rule imposes sanctions for an applicant failing to meet its burden of proof and maintained that denial of a SIC application is a sufficient consequence. SJWTX disagreed with OPUC and Ricks that a utility "would intentionally file a legally deficient application such that it was inappropriate to execute the affidavit required by 16 TAC §24.76(d)(1)(O)." TAWC commented that automatic sanctions of this nature would be excessive as it would turn the commission's sufficiency review into a punitive mechanism rather than an administrative evaluation. TAWC noted that there may be instances where a SIC applicant files an application in good faith believing that all the rule criteria are met but may be found deficient. TAWC indicated that if OPUC believes sanctions are warranted, then OPUC itself should seek sanctions through §22.161 rather than having such a provision built into the rule.

Commission response

The commission declines to implement OPUC and Ricks's recommended changes because they are unnecessary and overly punitive. The compliance affidavit (Attachment D-2) already requires compliance with §24.76 as a whole. Moreover, requiring dismissal of a SIC application for uncured deficiencies and denying rate-case expenses is overly punitive and would be contrary of the legislative goal of incentivizing infrastructure investment. The commission revises the provision to also require compliance with "and any other applicable statutes or commission rules" and makes conforming revisions to the compliance affidavit.

Proposed §24.76(d)(1)(Q)- Other information required by the presiding officer

Proposed §24.76(d)(1)(O) would require a SIC application to include, as applicable, any other information required by the presiding officer in accordance with a sample for audit of eligible plant under proposed §24.76(d)(2).

In accordance with its proposed deletion of §24.76(d)(3) regarding additional information required by commission staff, TAWC recommended proposed §24.76(d)(1)(Q) be deleted from the rule. OPUC opposed TAWC's recommendation to omit §24.76(d)(1)(Q) to ensure the commission has sufficient flexibility to request relevant information on a case-by-case basis.

Commission response

The commission declines TAWC's recommended change. TAWC's position regarding removal of the authorization for the presiding officer and commission staff to request additional information is addressed under the appropriate header.

Proposed §24.76(d)(2)- Sample for audit of eligible plant

Proposed §24.76(d)(2) would specify the requirements associated with commission review of a sample for audit of eligible plant, if elected by the applicant under proposed §24.76(d)(1)(J)(ii)(I).

TWU and OPUC commented that requiring commission staff and the presiding officer to determine an appropriate sample for audit prior to sufficiency review "invites delay, uncertainty, and inconsistent application across proceedings, while providing no

clear standards to guide the exercise of discretion." TWU opposed the structure of §24.76(d)(2) on the basis that it inappropriately inserts a "discretionary, quasi-adjudicative audit process into the administrative sufficiency stage of a SIC proceeding" that is contrary to the streamlined process defined by SB 740. TWU commented that investor-owned utilities already maintain commission-regulated accounting systems and transaction ledgers that conform with the NARUC systems of accounts. TWU noted these systems and ledgers are routinely subject to commission audits in comprehensive base rate cases and other proceedings. TWU maintained that allowing commission staff to require samples for audit prior to the statutory review period undermines regulatory certainty and frustrates legislative intent by turning SIC proceedings into "preliminary audit proceedings rather than threshold administrative reviews."

Commission response

The removal of the sample for audit mechanism renders TWU and OPUC's recommendations moot. The authorization for the presiding officer and commission staff to request additional information is addressed under the appropriate header.

TAWC recommended that proposed §24.76(d)(2) and §24.76(d)(2)(A)-(E) be revised to reduce regulatory burdens on utilities and streamline SIC proceedings. TAWC further recommended a specific sampling process be enumerated in proposed §24.76(d)(2). Specifically, TAWC recommended §24.76(d)(2) be revised to clarify the provision only applies if the utility elects to use the sampling process.

Commission response

The removal of the sample for audit is addressed under the appropriate header and renders TAWC's recommendations moot.

OPUC recommended proposed §24.76(d)(2) be deleted in its entirety because it is contrary to statute. Specifically, OPUC commented that Texas Water Code §13.183 requires a SIC applicant to provide documentation to support "each and every eligible cost." OPUC noted that, in contrast, the commission rule permits SIC applicants to only partially support their requested expenses. OPUC provided draft language consistent with its recommendation. TAWC opposed OPUC's recommendation to omit the provision and also opposed OPUC's alternative revisions to §24.76(d)(2) and its subparagraphs. TAWC maintained that sampling is an appropriate methodology and that OPUC's proposed alternative revisions are ambiguous or should otherwise be left to the presiding officer's discretion. TAWC noted that the commission could hold a meeting or workshop "to develop the best sampling method to use in the rule with interested stakeholders."

Commission response

The removal of the sample for audit is addressed under the appropriate header and renders OPUC's recommendation moot.

Proposed §24.76(d)(2)(A)- Commission staff recommendation on sample for audit

Proposed §24.76(d)(2)(A) would require commission staff to file a recommendation on an appropriate sample for audit of eligible plant derived from the information included in the transaction ledger within a time period prescribed by the presiding officer.

TAWC recommended §24.76(d)(2)(A) be revised to limit the sample for audit of eligible plant be "limited to the eligible plant with an original cost greater than 10% of the applicant's total eligible plant" and omit the discretion of the presiding officer to establish the time period for commission staff to review the transaction ledger. Houston noted that materiality thresholds for a sample for audit may differ on a case-by-case basis.

Commission response

The removal of the sample for audit, including alternative recommendations such as a hybrid sample or sampling thresholds, is addressed under the appropriate header and renders TAWC's recommendation moot.

Proposed §24.76(d)(2)(B)- Sample for audit for presiding officer

Proposed §24.76(d)(2)(B) would establish that the presiding officer will determine an appropriate sample for audit after considering commission staff's recommendation and any other factor that is in the public interest. The provision further establishes that staff will request a sample for audit based on the determination of the presiding officer.

TAWC recommended the deletion of §24.76(d)(2)(B) to remove the presiding officer's consideration of commission staff's recommendation and "any other factor that is in the public interest." TAWC also recommended the addition of a seven working day deadline for the presiding officer to determine the appropriate sample for audit. OPUC opposed TAWC's recommended revisions to proposed §24.76(d)(2)(B), other than the recommendation to require a deadline for the presiding officer to order the sample for audit.

Commission response

The removal of the sample for audit and the revisions to the procedural schedule are addressed under the appropriate header and renders TAWC's recommendation moot.

Proposed §24.76(d)(2)(C)- Intervenor comments on sample for audit

Proposed §24.76(d)(2)(C) would authorize intervenors to file comments in response to commission staff's request for a sample for audit. Proposed §24.76(d)(2)(C) would also provide that the presiding officer is not required to consider the comments of OPUC or other intervenors when determining an appropriate sample for audit.

TAWC recommended revisions to §24.76(d)(2)(C) to reduce the time period before intervenors may comment on the sample for audit from five working day to three working days. OPUC opposed TAWC's recommended revisions and stated that both TAWC's recommended change and the proposed change represent undue restriction on OPUC and other intervenor's participation in SIC proceedings. However, OPUC supported TAWC's recommended revisions to proposed §24.76(d)(2)(C) to strike the phrase "within a reasonable timeframe," but instead recommended that it be replaced to require d a ten-day deadline to file supporting documentation. OPUC commented that a SIC applicant should be capable of providing the necessary documentation once the presiding officer designates a sample for audit if the utility follows proper bookkeeping practices. OPUC asserted that ten days should be sufficient for the applicant to produce the requested additional documentation.

Commission response

The removal of the sample for audit is addressed under the appropriate header and renders TAWC's recommendation moot.

OPUC opposed the inclusion of language in proposed §24.76(d)(2)(C) that the presiding officer is not required to consider the comments of OPUC or other intervenors when

determining an appropriate sample for audit. OPUC contended that the proposed language is tantamount to the commission's intentional and significant restriction of the participation rights of OPUC and other intervenors in SIC proceedings and, by extension, is detrimental to the residential and small commercial customers OPUC represents. OPUC noted that the inclusion of such language is likely to lead to an increase in discovery disputes that will ultimately lead to an overall increase in the cost and duration of litigation. Specifically, OPUC remarked that it is foreseeable that SIC applicants will object "to intervenor RFIs that request information outside the scope of the sample audit ordered by the presiding officer." OPUC further commented that it is also foreseeable that the commission may disregard OPUC's comments on the sample for audit even when OPUC identifies issues with the sample for audit or supporting documentation that have not been detected by the presiding officer. OPUC provided draft language consistent with its recommendation.

Commission response

The removal of the sample for audit and the revisions to discovery are addressed under the appropriate header. These modifications render OPUC's recommendation moot.

Proposed §24.76(d)(2)(D)- Transaction ledger supporting documentation

Proposed §24.76(d)(2)(D) would require an applicant that elects to use a sample for audit to file the supporting documentation described by the transaction ledger that is associated with the sample for audit of eligible plant designated by the presiding officer within a reasonable timeframe.

TAWC recommended that proposed §24.76(d)(2)(D) to delete the phrase "within a reasonable timeframe" from the requirement for the applicant to file the supporting documentation responsive to the sample for audit. OPUC opposed TAWC's recommended revisions because no explanation was provided and the provision is essential to ensuring that supporting documentation substantiates the costs included in the transaction ledger.

Commission response

The removal of the sample for audit and the transaction ledger is addressed under the appropriate header and renders TAWC's recommendation moot.

OPUC recommended that, if the commission proceeds with allowing samples for audits, proposed §24.76(d)(2)(D) should be revised to establish a ten-day deadline by which an applicant must provide a sample for audit of eligible plant determined by the presiding officer. OPUC emphasized that a SIC applicant should have all necessary supporting documentation prepared prior to the filing of a SIC application. OPUC noted that the failure to provide all supporting documentation in response to a sample for audit within the ten-day deadline should "indicate to the Commission that that applicant has poor recordkeeping practices and that additional sampling is required."

Commission response

The removal of the sample for audit and the revisions to discovery are addressed under the appropriate header. These modifications and render OPUC's recommendation moot.

Proposed §24.76(d)(2)(D)- Commission staff review of supporting documentation

Proposed §24.76(d)(2)(D) would require commission staff to review the supporting documentation provided by the applicant and include in its sufficiency recommendation as to whether the supporting documentation sufficiently accounts for all transaction details described by the transaction ledger.

TAWC recommended proposed §24.76(d)(2)(D) be deleted in its entirety because it is overly burdensome. TAWC provided draft language consistent with its recommendation.

Commission response

The removal of the sample for audit and the transaction ledger is addressed under the appropriate header and renders TAWC's recommendation moot.

Proposed §24.76(d)(3)- Additional information

Proposed §24.76(d)(3) would specify the reasons for which the presiding officer or commission staff may require additional information from the SIC applicant.

TAWC, TWU, CSWR and SJWTX recommended that proposed §24.76(d)(3) be removed from the rule because it is unduly burdensome. OPUC opposed the recommendation and stated that the provision should be retained if the commission proceeds with a sample for audit methodology. OPUC maintained that the presiding officer should be authorized to request additional information if issues are discovered with a SIC applicant's supporting documentation.

Commission response

The removal of the authorization for the presiding officer and commission staff to request additional information is addressed under the appropriate header and renders TAWC, TWU, CSWR and SJWTX's recommendation moot.

Proposed §24.76(d)(3)(A) and §24.76(d)(3)(A)(i)-(iii)- Additional information required by presiding officer of commission staff

Proposed §24.76(d)(3)(A) and §24.76(d)(3)(A)(i)-(iii) would authorize the presiding officer or commission staff to require additional information from the SIC applicant to supplement the information or disclosures required under §24.76(d)(1), provide additional supporting documentation responsive to a sample for audit of eligible plant if the applicant made such an election, or to address additional issues specific to the application or are in the public interest to do so.

Consistent with its opposition to the sample for audit methodology rather than the presentation of all supporting documentation related to eligible costs, OPUC recommended proposed §24.76(d)(3)(A)(ii) be deleted in its entirety. OPUC provided draft language consistent with its recommendation. TAWC opposed OPUC's proposed deletion of §24.76(d)(3)(A)(ii).

Commission response

The removal of the sample for audit and the authorization for the presiding officer and commission staff to request additional information are addressed under the appropriate header. These modifications render OPUC's recommendation moot.

Proposed §24.76(d)(3)(B)- Discovery limitations prior to sufficiency determination

Proposed §24.76(d)(3)(B) would limit each party to a SIC proceeding, other than commission staff, to serve no more than 20 requests for information and requests for admission of fact prior to the presiding officer determining an application to be sufficient.

OPUC and Ricks recommended that proposed §24.76(d)(3)(B) be deleted in its entirety because limiting the amount of RFIs that a party may request prior to an application being deemed sufficient by the presiding officer is neither beneficial nor in the public interest. OPUC commented that, in conjunction with the 30-day prohibition on a sufficiency ruling provided by Texas Water Code § 13.183(c-3), the provision severely limits intervenors from fully participating in SIC proceedings. OPUC emphasized that Texas Water Code § 13.183(c-4) affords OPUC "the opportunity to comment on the sufficiency of an SIC application within the first 30 days." As such, the provision significantly impedes OPUC's ability to propound discovery and therefore provide meaningful comments on the sufficiency of a SIC application. This would invite gamesmanship from utilities seeking to evade OPUC's review of sufficiency "by filing an incomplete application and objections to RFIs." Additionally, due to the general length of SIC applications, the proposed language would effectively prevent intervenors from receiving clarification from the applicant on supporting documentation "for several weeks or months," likely resulting in duplicate RFIs. OPUC provided draft language consistent with its recommendation. TWU and TAWC opposed OPUC's recommended revisions on the basis that the proposed discovery limitations are appropriate and consistent with the expedited 60-day timeline required for substantive review under SB 740. TWU maintained that "[u]nlimited discovery is incompatible with a streamlined, time-certain process" and that OPUC's concerns over discovery are overstated because "[w]ell-organized SIC applications, supported by transaction ledgers and appropriate documentation, facilitate efficient review." TWU further remarked that utilities maintain accounting systems that conform to NARUC accounting requirements and are subject to commission regulation and audit in comprehensive base rate proceedings. Therefore, the "combination of thorough application materials, structured RFI processes, and subsequent rate case reconciliation provides more than adequate oversight" in SIC proceedings.

Commission response

The revisions to discovery and the procedural schedule are addressed under the appropriate header. These modifications address OPUC's concerns by adopting discovery procedures common to most contested case types at the commission. The commission also revises the provision for clarity to state that: Upon determining that a complete application has been filed… the presiding officer will set a procedural schedule that will enable the commission to issue a final order in the proceeding within 60 days from the date the determination is made. The presiding officer may extend the deadline for not more than 15 days for good cause."

New §24.76(d)(3)(C)

Ricks recommended new §24.76(d)(3)(C) be added that would toll the 60-day merits review period if the presiding officer requires additional information to supplement a deficient SIC application. Ricks further advocated for resetting OPUC's 30-day comment window in this circumstance. Ricks commented that such a provision is necessary to protect the public interest and ensure compliance with Texas Water Code §13.183(c-4).

Commission response

The revisions to discovery and the procedural schedule are addressed under the appropriate header. These modifications address Ricks's concerns without adopting her recommendation. The commission also notes the 60-day merits review period begins upon a finding of administrative completeness, meaning that a deficient application will not begin this period. Finally, the commission does not construe OPUC's ability to file comments as a restriction on OPUC's participation in the SIC proceeding.

Proposed §24.76(d)(4)- Requests for information

Proposed §24.76(d)(4) would specify that requests for information will be conducted in accordance with §22.144 of this title, relating to Requests for Information and Requests for Admission of Facts, except as otherwise provided by §24.76 or as determined by the presiding officer.

TAWC recommended that any limitations on RFIs should be merged into proposed §24.76(d)(4).

Commission response

All provisions on discovery have been consolidated under §24.76(d)(2)(B), which addresses TAWC's recommendation.

Proposed §24.76(d)(4)(A)- Subparts and multiple questions prohibited

Proposed §24.76(d)(4)(A) would prohibit a request from including subparts or multiple questions, except for a request by commission staff.

OPUC and Ricks recommended proposed §24.76(d)(4)(A) be deleted because, in conjunction with proposed §24.76(d)(3), it severely limits the number of RFIs an intervenor can propound to the SIC applicant. OPUC commented that it is both administratively expedient and customary in other commission applications to allow parties to file RFIs with subparts that are related to the initial RFI question. OPUC provided draft language consistent with its recommendation. TAWC agreed with OPUC's recommendation to remove proposed §24.76(d)(4)(A) because it "aligns with the limited scope of the SIC calculation prescribed by rule.

Commission response

The revisions to discovery are addressed under the appropriate header. These modifications address OPUC's and Ricks's recommendations.

Proposed §24.76(d)(4)(C)- Deadline to respond to requests for information

Proposed §24.76(d)(4)(C) would require a response to a request to be served no later than ten working days after receipt of the discovery request unless otherwise specified by the presiding officer or other applicable law.

OPUC and Ricks recommended that proposed §24.76(d)(4)(C) be revised to require responses to discovery requests be served within five days of the receipt of the request, rather than ten. OPUC also recommended removing the language providing discretion to the presiding officer to establish a different response deadline or otherwise deferring to "other applicable law" for such a deadline. OPUC commented that under the proposed rule the 20-day deadline specified §22.144(c)(1) does not apply to SIC proceedings. OPUC noted that, given the expedited nature of SIC applications, it opposes using the standard 20-day deadline specified by §22.144(c)(1). OPUC provided draft language consistent with its recommendation. TWU and TAWC opposed OPUC's recommendation and urged that the commission preserve the proposed discovery limits to be consistent with the expedited nature of SIC proceedings. TWU emphasized that some form of discovery deadline is necessary to prevent multiple RFIs being issued immediately after a SIC application is determined

to be sufficient, rendering the 60-day statutory deadline impracticable.

Commission response

The revisions to discovery are addressed under the appropriate header. These modifications address OPUC's and Ricks's recommendations.

Proposed §24.76(d)(4)(D)- Deadline and requirements for objections to discovery

Proposed §24.76(d)(4)(D) would require an objection to a request to be filed no later than five working days from receipt of the request. Proposed §24.76(d)(4)(D) would also establish that a request for which an objection is sustained or is withdrawn in response to an objection does not count towards a party's request limit.

TAWC recommended deleting language in proposed §24.76(d)(4)(D) that would prevent requests for which an objection is sustained or withdrawn in response to an objection from counting towards a party's discovery request limit. TAWC provided draft language consistent with its recommendation. OPUC opposed TAWC's recommendation to revise proposed §24.76(d)(4)(D) as it would represent an additional limitation on meaningful participation in SIC proceedings by intervenors, particularly in conjunction with the limitations on discovery included in the proposed rule which are unnecessarily restrictive.

Commission response

The revisions to discovery are addressed under the appropriate header. These modifications address TAWC's recommendation.

Proposed §24.76(d)(5)- Commission processing of application

Proposed §24.76(d)(5) would specify the form and manner by which the commission will process a SIC application.

Proposed §24.76(d)(5)(A)- Sufficiency determination

Proposed §24.76(d)(5)(A) would specify the form and manner by which the commission will review a SIC application for sufficiency.

CSWR commented that the timelines for sufficiency review under §24.76(d)(5)(A) and its subparts are overly complicated and contrary to the timelines prescribed by statute. CSWR recommended that the provision be simplified by allowing the administrative law judge to have discretion to set deadlines that comply with statutory deadlines, including those that relate to discovery. CSWR stated that parties that fail to file discovery within the statutory deadlines should be prohibited from seeking extensions of the sufficiency comment period to account for the delay. CSWR indicated that additional procedures to the sufficiency review period of SIC applications are "unlikely to expedite review and more likely to create procedural complications that result in confusion and delays."

Commission response

The simplification of the discovery and procedural schedules that were previously discussed substantively address CSWR's concerns. Specifically, Chapter 22, Subchapter H will control discovery unless otherwise ordered and the presiding officer will set the procedural schedule for both the administrative completeness stage and merits review stage to ensure the statutory deadline for merits review is met.

Proposed §24.76(d)(5)(A)(i) and §24.76(d)(5)(A)(i)(II) and (III)- Requirements for sufficiency of SIC application

Proposed §24.76(d)(5)(A)(i) would specify the requirements for a SIC application to be deemed sufficient. Proposed §24.76(d)(5)(A)(i)(II) would require supporting documentation responsive to a sample for audit determined by the presiding officer under §24.76(d)(2), if the applicant has made the election under §24.76(d)(1)(J)(ii)(I). Proposed §24.76(d)(5)(A)(i)(III) would require any additional information requested by the presiding officer or commission staff under §24.76(d)(3).

Consistent with its opposition to the proposed rule authorizing applicant utilities to elect to provide a sample for audit rather than all supporting documentation related eligible costs, OPUC recommended proposed §24.76(d)(5)(A)(i)(II) be deleted in its entirety. OPUC provided draft language consistent with its recommendation. TAWC opposed OPUC's recommendation to revise proposed §24.76(d)(5)(A).

Commission response

The removal of the sample for audit is addressed under the appropriate header and renders OPUC's recommendation moot.

TAWC recommended proposed §24.76(d)(5)(A)(i)(III) be deleted in its entirety to ensure SIC applications are reviewed for sufficiency and processed in accordance with the timelines prescribed by SB 740. Specifically, TAWC commented that the commission should not rule that a SIC application is insufficient without limiting the requirements for sufficiency and a timeline for commission review of sufficiency. OPUC opposed TAWC's recommended revision because it represents an unreasonable limitation in light of the proposed rules requiring commission staff to file a recommendation on an appropriate sample for audit of eligible plant prior to commission staff filing its recommendation on the sufficiency of the SIC application.

Commission response

The removal of the authorization for the presiding officer and commission staff to request additional information is addressed under the appropriate header. These modifications address and TAWC's recommendation.

Proposed §24.76(d)(5)(A)(ii)- Procedural schedule

Proposed §24.76(d)(5)(A)(ii) would establish that the presiding officer will establish a procedural schedule for commission staff to file a recommendation on the sufficiency of a SIC application.

TAWC recommended that proposed §24.76(d)(5)(A)(ii) be revised to require the presiding officer to establish a 20-day deadline for commission staff to file a recommendation on the sufficiency of a SIC application except for good cause. TAWC provided draft language consistent with its recommendation. Houston and OPUC opposed TAWC's recommendation to revise proposed §24.76(d)(5)(A)(ii) on the basis that to ensure diligent review of SIC applications, the commission, commission staff, and intervenors should not have deadlines for review of application sufficiency.

Commission response

The simplification of the discovery and procedural schedules is discussed under the relevant header addresses TAWC's recommendation by applying Chapter 22, Subchapter H as the default for discovery in SIC proceedings, unless modified by the presiding officer, and authorizing the presiding officer to set the procedural schedule. However, the commission makes clarifying revisions to the provision.

Proposed §24.76(d)(5)(A)(iii) and §24.76(d)(5)(A)(iii)(II)- OPUC statutory comment period

Proposed §24.76(d)(5)(A)(iii) would authorize OPUC to file comments on the SIC application 30 days from the date the SIC application is filed. Proposed §24.76(d)(5)(A)(iii)(II) would establish that any confidential material provided to OPUC by the applicant or the commission that has been designated as confidential by the applicant under commission rules, a commission protective order, under Chapter 552 of the Texas Government Code, or other applicable law must remain confidential and is not subject to disclosure by OPUC without the express written consent of the applicant.

OPUC recommended proposed §24.76(d)(5)(A)(iii) be revised to authorize OPUC to comment on the sufficiency of the SIC application no later than 30 days from the date the SIC application is filed. OPUC further recommended the provision be revised to authorize OPUC to "continue to fully participate as a party to the proceeding beyond the 30th day" for the reasons already stated.

SJWTX agreed with OPUC while TAWC commented that OPUC's recommended revisions are unnecessary.

Commission response

The commission declines to implement the recommended change because it is unnecessary. As stated previously, the statutory language does not limit OPUC's participation in a SIC proceeding. Specifically, the relevant sentence in Texas Water Code §13.183(c-4) specifies that "[t]he utility commission shall allow the office to comment on the application not later than the 30th day after the date the application is filed." The commission interprets this provision to means that the commission cannot prohibit OPUC from commenting on a SIC application later than 30 days from the date the application is filed. It does not limit OPUC to only commenting on the SIC application during the administrative completeness phase, conducting discovery, or otherwise participating as a party in the SIC proceeding as a whole. To address OPUC's concern, the commission moves the provision to be new §24.76(d)(3)(A)(ii) to make clear that OPUC's opportunity to comment on an application is not limited to just the administrative completeness review of a SIC application. The commission makes clarifying revisions to §24.76(d)(3)(A)(ii) and §24.76(d)(3)(A)(ii)(I) to conform more closely to statute.

TAWC recommended that the reference to confidential material under proposed §24.76(d)(5)(A)(iii)(II) include reference to "protected material, highly confidential material, or highly sensitive protected material."

Commission response

The commission declines to implement the recommended change. The commission uses the standard reference to "confidential" as that is the relevant term used under §22.71. The protective order issued in a SIC proceeding, if any, will specify the criteria for protected material, highly confidential protected material, and other categories of confidential material.

Proposed §24.76(d)(5)(A)(iv) and §24.76(d)(5)(A)(iv)(I)- Requirements for recommendation to find a SIC application deficient and citation of noncompliance

Proposed §24.76(d)(5)(A)(iv) would specify the requirements associated with commission staff finding a SIC application deficient, and a SIC applicant to cure such deficiencies. Proposed §24.76(d)(5)(A)(iv)(I) would require commission staff to identify each application deficiency in its recommendation.

TAWC recommended that proposed §24.76(d)(5)(A)(iv)(I) be revised to require commission staff to "cite to the requirement in statute or rule with which the application is noncompliant" if a SIC application is found to be insufficient. TAWC provided redline language consistent with its recommendation.

Commission response

The commission declines to implement the recommended change because it is unnecessary. As revised, §24.76(d)(3)(A)(iv) requires commission staff to "identify each application deficiency in its recommendation" if commission staff recommends the application to be found deficient. The presiding officer is authorized to reject commission staff's recommendation if it lacks specificity. Moreover, the official notice of deficiency has the obligation to "cite the particular requirements with which the application does not comply" under §24.76(d)(3)(A)(v)(I). The commission makes conforming revisions to the provision to align with new §24.76(d)(3)(A)(vi) and §24.76(d)(3)(A)(vi)(vii).

Proposed §24.76(d)(5)(A)(v)- Notice of deficiency

Proposed §24.76(d)(5)(A)(v) would establish that if the presiding officer determines a SIC application is deficient, the presiding officer will file a notice of deficiency. The provision also specifies the requirements for the notice of deficiency.

OPUC reiterated its recommendation to revise proposed §24.76(d)(5)(A)(v) to require a SIC applicant cure deficiencies in its SIC application within five days and require the presiding officer to dismiss the application if further deficiencies are found in the amended application. Ricks supported OPUC's recommendation while TWU, SJWTX, and TAWC opposed OPUC's recommended revisions on the basis that dismissal for insufficient applications and the limited time to cure is "overly restrictive, punitive, and contrary to the goal of facilitating complete applications."

Commission response

The commission declines to implement the recommended change because it is addressed by the revisions made to an applicant's opportunity to cure under §24.76(d)(3)(A)(vii). As stated previously, a utility will have a single opportunity to cure eligible cost-related deficiencies in a SIC application with a five-day cure period under §24.76(d)(3)(A)(vii). Any claimed eligible cost included in the application that is found deficient after the cure period will be excluded from the application and disallowed from recovery in the current SIC proceeding, except that a SIC applicant may otherwise appeal an order finding there to be eligible cost-related deficiencies or argue on the merits that such eligible costs were supported in the application and should not be disallowed. Any claimed eligible costs that are ultimately disallowed may be recovered in a subsequent SIC or comprehensive base rate case upon a showing of sufficient substantiating documentation. However, to ensure administrative efficiency, the presiding officer may authorize additional opportunities to cure application deficiencies unrelated to eligible costs. The commission makes conforming revisions to the provision to align with new §24.76(d)(3)(A)(vi) and §24.76(d)(3)(A)(vi)(vii). The commission deletes the authorization for the presiding officer or commission staff to provide additional documentation.

Ricks commented that the proposed procedural timeline omits a "High Volume Audit Trigger" that is necessary to ensure the

60-day statutory window for substantive commission review "is not wasted on unverified data." Ricks noted that in recent SIC applications utilities regularly seek millions of dollars in recovery through numerous low-dollar assets of $1,000 or less. Ricks also recommended the adoption of "Pre-merits Intervention" standards included in Indiana 170 IAC 6-1.1-6 that require utilities to prove their charges are properly calculated as a precondition for sufficiency. Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended changes. The revisions providing a single opportunity to cure eligible cost-related deficiencies within five days address Ricks's concerns about eligible cost recovery for items of any dollar value. Moreover, the revisions to discovery and the procedural schedule substantively addresses Ricks's concern. It is not clear what a "High Volume Audit Trigger" would entail and it appears that Indiana 170 IAC 6-1.1-6 is roughly equivalent to the discovery provisions of §24.76(d)(2) as well as commission staff filing its recommendation under the relevant provisions of §24.76(d)(3). Commission staff and intervenors will have the opportunity during the administrative completeness phase to conduct discovery and ensure that the SIC applicant provides substantiating information that supports its claimed eligible costs.

Proposed §24.76(d)(5)(A)(vi) and (vii)- Sufficiency recommendation for amended application and minimum timeline for ruling on sufficiency

Proposed §24.76(d)(5)(A)(vi) would require commission staff to file a recommendation on sufficiency of any amended application within a time period prescribed by the presiding officer. Proposed §24.76(d)(5)(A)(vii) would prohibit a SIC application from being deemed sufficient by the presiding officer until at least 30 days from the date the initial application is filed.

TAWC recommended proposed §24.76(d)(5)(A)(vi) be revised to require commission staff to file a recommendation on the sufficiency of an amended application within seven working days after the applicant has filed the amended application. TAWC alternatively recommended deleting proposed §24.76(d)(5)(A)(vi) and provided draft language consistent with its recommendation. OPUC opposed TAWC's recommendations because the recommendation is inconsistent with Texas Water Code §13.183(c-3), which prohibits the presiding officer from filing a determination on application sufficiency until 30 days after the date the application is filed. As such, OPUC recommended the provision be retained as proposed.

Commission response

The commission declines to implement the recommended change because it is unnecessary. Any deadline for commission staff's recommendation on an application or on an amended application will be set by the presiding officer under §24.76(d)(3)(A)(iii) or (vi), respectively. This is appropriate given that application amendments will vary in scope and complexity.

OPUC recommended proposed §24.76(d)(5)(A)(vi) be revised to require a SIC application that requires amendments to be denied. OPUC remarked that dismissal of an application is fair "given the strict limitations the Commission is considering imposing on intervenors, including OPUC." OPUC noted that it is statutorily afforded the opportunity to comment on the sufficiency of a SIC application. Therefore, if an application is deemed insufficient and the applicant is not required to re-file, then OPUC "will be provided additional time to comment on the sufficiency of the amended application." OPUC expressed that a streamlined process should not permit applicants to file incomplete applications that require amendments. OPUC provided draft language consistent with its recommendation. TWU and TAWC opposed OPUC's revisions to proposed §24.76(d)(5)(A)(iv)-(v) for the reasons already stated.

Commission response

The commission declines to implement the recommended change. The revisions providing a single opportunity to cure eligible cost-related deficiencies within five days and disallowance of any deficient costs addresses OPUC's concerns regarding insufficient applications.

OPUC alternatively recommended that proposed §24.76(d)(5)(A)(vi) be revised (1) to require commission staff to file a recommendation on the sufficiency of an amended application and (2) to authorize OPUC and other intervenors to provide additional comments on sufficiency within five days. OPUC commented that commission review of a SIC application for sufficiency would not be impeded by OPUC being permitted to comment within the same amount of time as commission staff has to review the amended application. OPUC provided draft language consistent with its recommendation. TWU and TAWC opposed OPUC's revisions to proposed §24.76(d)(5)(A)(iv)-(v) for the reasons already stated.

Commission response

The commission declines to implement the recommended change because it is unnecessary. As stated previously, the presiding officer will set the deadline for commission staff to file a recommendation on an amended application under §24.76(d)(3)(A)(vi). Intervenors are not prohibited from filing motions addressing the administrative completeness of an amended application, which may be considered by the presiding officer.

Proposed §24.76(d)(5)(B)- Commission evaluation and final determination

Proposed §24.76(d)(5)(B) would establish that the presiding officer will set a procedural schedule that will enable the commission to issue a final order within 60 days from the date the SIC application is determined to be sufficient, unless otherwise extended in the manner provided by §24.76(d). The provision would also authorize the commission to extend the deadline for not more than 15 days for good cause.

TAWC recommended proposed §24.76(d)(5)(B) be revised to omit reference to the SIC sufficiency period being extended as otherwise provided for by §24.76(d). TAWC also recommended omitting the fifteen-day good-cause extension for issuance of a final order after an application is deemed sufficient. OPUC opposed TAWC's recommendation because the provision conforms to the requirements of §13.183(c) which, permits the commission to extend substantive SIC application review for 15 days for good cause shown. As such, OPUC recommended the provision be retained as proposed.

Commission response

The commission declines to implement the recommended change because it is contrary to statute. As noted by OPUC, Texas Water Code §13.183(c) specifies a 60-day statutory deadline that may be extended for 15 days for good cause.

Proposed §24.76(d)(5)(B)(ii)- Discovery limitations prior to final determination

Proposed §24.76(d)(5)(B)(ii) would limit each party, other than commission staff, to serve no more than 10 requests for information and requests for admission of fact prior to the presiding officer issuing a final proposed order on the application.

SJWTX stated that if proposed §24.76(d)(3)(B) concerning pre-sufficiency RFIs is deleted, then it does not oppose "applying the 10-day turnaround for discovery responses to the period before the application is found administratively complete" under proposed §24.76(d)(5)(B)(ii). Alternatively, if proposed §24.76(d)(3)(B) is preserved, then SJWTX recommended the 10-day turnaround for discovery responses to be effective only after an application is found to be administratively complete. SJWTX provided draft language consistent with its recommendation. OPUC opposed SJWTX's recommendation to revise §24.76(d)(5)(B)(ii) for the reasons already stated reiterated its original recommendations for the provision.

Commission response

The commission declines to implement the recommended change. The revisions simplifying discovery to apply the default standards of Chapter 22, Subchapter H unless otherwise determined by the presiding officer address the discovery procedures applicable to SIC proceedings.

OPUC recommended proposed §24.76(d)(5)(B)(ii) be deleted in its entirety because it severely limits the right of intervenors to participate in a SIC proceeding. OPUC provided draft language consistent with its recommendation. TAWC opposed OPUC's recommendation to delete proposed §24.76(d)(5)(ii) because it is moot. Specifically, TAWC disagreed with OPUC's contention that the provision severely limits intervenor's participatory rights, particularly when an incomplete application is filed because the provision only applies to post-sufficiency RFIs.

Commission response

The commission declines to implement the recommended change. The revisions simplifying discovery to apply the default standards of Chapter 22, Subchapter H unless otherwise determined by the presiding officer.

Proposed §24.76(d)(5)(B)(iii)- Deadline for requests for information

Proposed §24.76(d)(5)(B)(iii) would require post-sufficiency requests for information to be issued no later than ten working days from the date the application is determined to be sufficient by the presiding officer.

OPUC recommended proposed §24.76(d)(5)(B)(iii) be deleted in its entirety because it severely limits the right of intervenors to participate in a SIC proceeding. OPUC stated that, in conjunction with the pre-sufficiency discovery limitation under proposed §24.76(d)(3)(B), the provision unduly burdens intervenors rights to participate in a SIC proceeding. OPUC provided draft language consistent with its recommendation. TAWC opposed OPUC's recommendation to delete proposed §24.76(d)(5)(iii) because it does not provide a detailed justification as to why the provision is "unreasonably burdensome" and the change is inconsistent with the streamlined nature of SIC proceedings.

Commission response

The commission declines to implement the recommended change. The revisions simplifying discovery to apply the default standards of Chapter 22, Subchapter H unless otherwise determined by the presiding officer address OPUC's concern.

Proposed §24.76(d)(5)(B)(iv)- Recommendation concerning supporting documentation of sample for audit

Proposed §24.76(d)(5)(B)(iv) would require commission staff to include in its final recommendation whether the supporting documentation provided with the application adequately substantiates each claimed eligible cost of the applicant utility's eligible plant for each project included in the audit or sample, regardless of whether the applicant elects to use a sample for audit or provide all supporting documentation.

Consistent with its opposition to the proposed rule authorizing applicant utilities elect to provide a sample for audit rather than all supporting documentation related eligible costs, OPUC recommended proposed §24.76(d)(5)(B)(iv) to be revised to omit reference to samples for audit. OPUC provided draft language consistent with its recommendation. TAWC opposed OPUC's recommended revisions for the reasons already stated.

Commission response

The removal of the sample for audit and the provision renders OPUC's recommendation moot.

Proposed §24.76(e)- Calculation of the SIC

Proposed §24.76(e) would establish the formula for calculating the revenue requirement of the SIC.

Ricks opposed the rate of return methodology included in §24.76(e). Ricks explained that while the rule correctly identifies a rate of return component but omits an "Interest Rate Floor." Ricks recommended adding new §24.76(e)(10)(C) to prevent utilities from "earning an unreasonable windfall through interest rate arbitrage." Ricks advocated for the utility to use its actual cost of debt for the debt-portion of the SIC calculation if the utility's actual weighted average cost of debt for the specific capital used to fund the eligible plant is lower than the calculated rate of return. Ricks also recommended the commission review and adopt the "Pre-tax Return" standards from Pennsylvania 66 Pa. C.S. § 1357(b)(1) which "requires the use of the ˜utility's actual capital structure and actual cost rates for long-term debt' as of the last day of the three-month period ending one month prior to the effective date of the charge." Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended change because it is unnecessary. Comments concerning interest rates and carrying costs have been addressed under the appropriate header. The SIC is a proceeding to allow the addition of capital investments to rate base, but it does address the utility's rate of return or rate design. Additionally, to reflect the replacement plant offset and load growth adjustment discussed previously, the commission modifies §24.76(e) and its sub-provisions accordingly. The commission also strikes the term "after-tax" from §24.76(e)(5) and §24.76(e)(12)(A) and (B) for clarity, renumbers the provision consistent with the additional paragraphs, and corrects the cross reference to §24.129 in §24.76(e)(3) for clarity. The commission also makes conforming changes to the SIC Filing Package Instructions.

Proposed §24.76(e)(11)- Base SIC calculation methodology and meter multipliers

Proposed §24.76(e)(11) would require the SIC to be calculated based on annualized meter equivalents, derived using the most recent month's total customer meter equivalents multiplied by 12. The provision also requires the base SIC to be calculated as the SIC RR divided by annual meter equivalents and the SIC for each meter size to be calculated as the base SIC multiplied by the multiplier for that meter size.

Commission response

The commission revises §24.76(e)(13) (previously §24.76(e)(11)) to clarify the SIC calculation methodology. Specifically, the commission revises the provision to state that: "The SIC must be calculated based on annualized meter equivalents, derived using the most recent month's total customer meter equivalents multiplied by 12. The base SIC must be calculated as the SIC RR divided by annual meter equivalents. Unless an alternative meter ratio or equivalent is specified by the commission in the applicant's most recent comprehensive rate proceeding, the SIC for each meter size must be calculated as the base SIC multiplied by the multiplier for that meter size. The standard meter ratios are as follows:" The revision accounts for instances where approximating to one of the standard meter sizes prescribed in the table is necessary if a utility uses a non-standard meter size.

Proposed §24.76(f)- Notice

Proposed §24.76(f) would specify the notice requirements applicable to SIC proceedings.

Proposed §24.76(f)(1)- General notice requirements

Proposed §24.76(f)(1) would specify the general notice requirements applicable upon or prior to filing a SIC application.

Proposed §24.76(f)(1)(A)- Provision of copy of SIC application to OPUC

Proposed §24.76(f)(1)(A) would require a SIC applicant to electronically provide an electronic copy of the application to OPUC upon filing.

OPUC and Ricks recommended that proposed §24.76(f)(1)(A) be revised to require SIC applicants to file notice of intent to submit a SIC application with the commission and OPUC five days before application filing. OPUC stated such a requirement would significantly benefit the expeditious processing of SIC applications. OPUC explained that filing a notice of intent would not be burdensome on applicants and would provide both agencies additional time to prepare their staff to participate in the SIC proceeding. OPUC stated that assigning staff to SIC applications is a significant administrative undertaking. OPUC noted that PURA requires applicants, in certain instances such as the Uniform Tracking Mechanism under PURA §36.216(c), to file a notice of intent prior to the filing of an application. OPUC provided draft language consistent with its recommendation. TAWC and TWU opposed OPUC's recommended revision because it is unnecessary, unsupported by statute, and would not provide any corresponding benefit. TAWC noted that it is unclear that five additional days would result in the benefits described by OPUC. TAWC noted that its members may not know the precise timing of SIC applications, but should "be able to file as soon as the application is ready without having to wait an additional five days." TWU disagreed with OPUC that such a requirement is analogous to the requirement for the Electric Uniform Tracking Mechanism because that rule "involves different statutory provisions and serves different regulatory purposes."

Proposed §24.76(f)(1)(B)- Provision of copy of SIC application to OPUC

Proposed §24.76(f)(1)(B) would require a SIC applicant to, on or before the first working day after its files its application to issue notice of its SIC application to all affected ratepayers by first class mail or, if the customer has agreed to receive communications electronically, by e-mail. If the applicant has a website, the applicant must also post a copy of the notice on its website accessible to the general public.

Commission response

The commission revises the provision to reflect that the requirements to issue notice of its SIC application to all affected ratepayers and to post a copy of the notice on its website are contemporaneous with one another. Specifically, the commission divides the provision into new §24.76(f)(1)(B)(i) and (ii), joined with "and" to indicate that both notice requirements must be fulfilled at the same time. The commission also makes conforming revisions to the notice affidavit (Attachment E-1) in the SIC Application Form.

Commission response

The commission declines to implement the recommended change because it is unnecessary and unsupported by statute. Requiring the filing of such a notice would only further complicate SIC proceedings. The commission also revises the provision to more closely adhere to the statutory requirement by specifying that a SIC application must be provided to OPUC electronically on the same day an applicant files its SIC application with the commission.

Ricks recommended adding new §24.76(f)(2)(B)(v), which would require a bill comparison table for each meter size identifying the current monthly bill at 5,000 and 10,000 gallons; the proposed monthly bill including the new SIC; and the percentage and dollar change attributable solely to the new surcharge. Ricks contended that the proposed addition is necessary to ensure that rates are just and reasonable in accordance with Texas Water Code § 13.182. Ricks also recommended requiring utilities host a "Redacted Transaction Ledger" on their websites to "allow for the 30-day sufficiency review mandated by TWC § 13.183(c-4)." Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended changes because they are unnecessary. The template notice published with the rule requires the SIC applicant to provide an estimated total monthly bill at 5,000 and 10,000 gallons by customer meter size. Additionally, Workpaper Schedule C-2, which requires transaction details, will be filed with the utilities SIC application. Publication on the utilities' websites would be redundant.

New §24.76(f)(1)(C)- Insufficient notice procedures

OPUC recommended adding new §24.76(f)(1)(C), which would specify the procedures that the applicant must follow if the presiding officer determines notice of an application is insufficient. OPUC maintained that because SIC applications are expedited proceedings, the recommended change would promote administrative efficiency by avoiding needless Commission action and motions from parties contesting how to address notice deficiencies. OPUC provided draft language consistent with its recommendation. TAWC opposed OPUC's recommended new provision as it is unworkable. Specifically, TAWC noted that, on its

own, reproducing a notice to send to customers can take more a week, not including the time necessary to prepare the re-notice. TAWC commented that any re-issuance of notice should be left to the discretion of the presiding officer.

Commission response

The commission declines to implement the recommended change because it is unnecessary. As noted by TAWC, the deficiency and re-issuance of notice will be determined by the presiding officer. If notice is determined to be deficient and requires re-issuance, commission staff can confer with the SIC applicant to address deficiencies. Moreover, the adoption of the template notice should minimize the risk of deficient notice being issued.

Proposed §24.76(f)(2)- Contents of notice

Proposed §24.76(f)(2) would specify the minimum content requirements for notices issued to affected ratepayers regarding the pending SIC application.

Proposed §24.76(f)(2)(A)- Docket control number of SIC proceeding

Proposed §24.76(f)(2)(A) would require notice of a SIC proceeding to include the docket control number for the utility's SIC proceeding.

OPUC recommended that proposed §24.76(f)(2)(A) be revised to clarify that if the presiding officer determines notice to be deficient by the presiding officer, then the intervention deadline is "extended to 25 days from the date service of the supplemental notice is physically or electronically mailed to all customers." OPUC provided draft language consistent with its recommendation. TAWC commented OPUC's recommended revision is unnecessary but did not necessarily oppose it.

Commission response

The commission declines to implement the recommended change for the reasons already stated. If notice is found deficient, the presiding officer will adjust the intervention and discovery timelines in the order requiring the re-issuance of notice or in a subsequent order.

Proposed §24.76(f)(2)(B)- Contents of notice

Proposed §24.76(f)(2)(B) specifies the minimum content requirements for notices of SIC applications that must be issued or posted by the applicant.

Proposed §24.76(f)(2)(B)(v) and (vi)- Estimated total monthly bill and statement of effective date

Proposed §24.76(f)(2)(B)(v) requires a notice of SIC application to state, for each customer meter size, an estimated total monthly bill at 5,000 gallons and 10,000 gallons. Proposed §24.76(f)(2)(B)(vi) requires a notice of SIC application to include a statement that substantially conforms to the following: "The effective date of the proposed rate change will be the date the

commission issues a final order adopting the proposed SIC."

Commission response

The commission revises §24.76(f)(2)(B)(v) to only require an estimated total monthly bill "for which the applicant has customers" so that a utility is not required to provide an estimated monthly bill for each meter size, even if the applicant does not have customers for that meter size. The commission also revises §24.76(f)(2)(B)(v) to revise the effective date statement as follows: The effective date of the proposed rate change will be the date specified by the commission final order adopting the proposed SIC." This reflects that the effective date of the SIC is generally specified by the commission final order and is not always the date the commission final order is issued. The commission also makes conforming revisions to the template notice form.

Proposed §24.76(f)(2)(C)- Intervention deadline

Proposed §24.76(f)(2)(C) would require notice of a SIC proceeding to include the intervention deadline.

OPUC recommended that proposed §24.76(f)(2)(C) be revised to require notice of SIC applications include both the date and time using Central Prevailing Time to ensure ratepayers are sufficiently informed that the commission considered 5:00 P.M. Central Prevailing Time to be the end of the day. OPUC provided draft language consistent with its recommendation. TAWC commented OPUC's recommended revision is unnecessary but did not necessarily oppose it.

Commission response

The commission agrees with OPUC and implements the recommended change. The commission also makes conforming revisions to the template notice commission-prescribed form.

Proposed §24.76(f)(2)(E)- Intervention and comment instructions

Proposed §24.76(f)(2)(E) would require notice of a SIC proceeding to include instructions on how an affected ratepayer can intervene in a SIC proceeding or comment as a protestor.

OPUC recommended that proposed §24.76(f)(2)(E) cross reference the commission filing rules and §22.74, relating to Service of Pleadings and Documents, to provide additional information to potential intervenors on how to participate in a SIC proceeding. OPUC explained that a notice for a SIC application should "be required to explain the rights of intervenors given the expedited process, which limits the amount of time a ratepayer has to intervene in an SIC proceeding." OPUC provided draft language consistent with its recommendation. SJWTX opposed OPUC's recommended revisions as they exceed the typical notice information required under commission rules. SJWTX stated that it is also improper for an applicant to provide "the type of information that is typically provided in an order issued by the presiding officer," such as information concerning filing and service requirements. Similarly, TAWC commented that while it does not oppose OPUC's recommended revision to proposed §24.76(f)(2)(F), some of the information is more appropriately included in an order issued by the presiding officer.

Commission response

The commission declines to implement the recommended change because it is unnecessary. If deficient notice adversely affects the intervention deadline, the presiding officer can take appropriate action in revising the procedural schedule.

Proposed §24.76(f)(3) and §24.76(f)(3)(A)- Completion of Notice and intervention deadline

Proposed §24.76(f)(3) and proposed §24.76(f)(3)(A) indicate that notice is complete on the date that notice is physically or electronically mailed to all customers by the utility and if notice is mailed over multiple days, notice is complete on the last day of mailing.

Commission response

The commission revises §24.76(f)(3)(A) to indicate that notice is completed once all requirements for notice are satisfied. Specifically, the commission revises the provision into three subparts. Specifically, new §24.6(f)(3)(A)(i)-(iii) provide that notice is complete on the later of the date the applicant has notified OPUC of the application under paragraph (1)(A) of this subsection; the date that notice is physically or electronically mailed to all customers by the applicant under paragraph (1)(B)(i) of this subsection; or the date that the applicant posts the notice to its website under paragraph (1)(B)(i) of this subsection. The commission also moves the multiple-day notice requirement to new §24.76(f)(3)(B) and renumbers the subsequent provision.

Proposed §24.76(f)(4) and §24.76(f)(4)(C) and (E)- Completion of notice and intervention deadline

Proposed §24.76(f)(4) would require the filing of a proof of notice affidavit with the commission within 15 days from the date notice was complete. Proposed §24.76(f)(4)(C) would require the affidavit to attest and verify that notice was issued to all affected ratepayers of the utility. Proposed §24.76(f)(4)(E) would require the affidavit to contain a copy of each notice issued by the utility.

Commission response

The commission clarifies §24.76(f)(4)(C) to require that the attestation and verification requirement for notice extends to the notice issued to OPUC. The commission further clarifies §24.76(f)(4)(E) to specify that the affidavit must "include a sample copy of the notice issued by the applicant as an attachment" to clarify that only one copy of the issued notice is required. The commission makes conforming revisions to the notice affidavit (Attachment E-1) in the SIC Application Form.

Proposed §24.76(g)- Scope of proceeding

Proposed §24.76(g) would prohibit a SIC proceeding from addressing whether eligible costs included in a SIC application or amendment are prudent, reasonable, or necessary.

OPUC recommended proposed §24.76(g) be revised to include, at a minimum, a requirement that the commission initiate a comprehensive base rate proceeding for an applicant if the applicant includes in its SIC application any plant assets or replacements that were included in its last comprehensive rate proceeding. OPUC stated that such a provision is necessary to avoid overburdening ratepayers.

Commission response

The commission declines to implement the recommended change because it is unnecessary and overly punitive. The addition of a replacement plant offset substantially addresses this concern. Moreover, if commission staff determines that a utility is over-earning in after review of its annual report then commission staff may recommend to the presiding officer that the applicant be required to initiate a base rate proceeding.

OPUC and Ricks recommended language in existing §24.76(g) regarding the potential for a prudence review in a SIC proceeding for good cause be retained. OPUC stated that while the presiding officer has not yet granted a good cause exception for prudence review in the eight SIC proceedings completed thus far, the language should be retained and expanded with a list of factors the presiding officer may consider when determining whether good cause exists. Ricks stated that, while the proposed rule "identifies the risk of imprudent recovery," the rule omits criteria for good cause intervention. Ricks commented that the provision should account for a good cause exception to address prudence, reasonableness, or necessity in the event an intervenor provides evidence that an application includes prohibited revenue-producing assets or the utility has failed to disaggregate retirements in the application and that, in accordance with Texas Water Code § 13.184(c), the full evidentiary burden of total production of all documentation would immediately apply to those assets.

Commission response

The commission declines to implement the recommended change. Prudence review is not appropriate for an interim rate proceeding such as a SIC. The statutory intent for a SIC is to promote infrastructure investment by providing an expedited proceeding through which a utility can recover costs incurred between rate cases that improve service to customers. Prudence determination of such investments is a time-intensive process that is more appropriate for a review in a comprehensive base rate proceeding.

Ricks encouraged further commission review to adopt the "Pre-merits Intervention" standards from Indiana 170 IAC 6.1.1-6 which require "a utility to prove its charges are ˜properly calculated' as a condition of maintaining a streamlined scope." Ricks commented that such a provision is necessary to ensure that rates are just and reasonable in accordance with Texas Water Code § 13.182. Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement the recommended change because it is unnecessary. The cited provision from Indiana appears to be roughly equivalent to the discovery provisions of §24.76(d)(2) and commission staff filing its recommendation under the relevant provisions of §24.76(d)(3).

Ricks emphasized that reconciliation under §24.76(h) is retrospective and that allowing a utility to collect a SIC that has not been appropriately offset for four to eight years before a refund is ordered is, by definition, regulatory lag working against ratepayers. Ricks argues that this is contrary to the statutory goal of making water and sewer service more affordable. Ricks commented that further discussion is necessary to establish a specific accounting methodology for a base rate offset to ensure consistency with the cost-causation principle.

Commission response

The commission maintains that the adopted rule contains sufficient measures to mitigate over-earning to the detriment of ratepayers. Carrying costs for over-earning and the cost-causation principle are addressed under the appropriate header.

Ricks opposed the refund calculations included under proposed §24.76(h) as it omits a "Gamesmanship Penalty Interest Rate." Specifically, Ricks recommended §24.76(h) be revised to require any refund to include carrying costs calculated at the utility's authorized rate of return plus a 200-basis point penalty to compensate ratepayers for the lost time value of their capital in the event the commission finds that SIC revenues were collected for assets that (1) were not used and useful; (2) were revenue-producing expansions; or (3) were replacement assets already included in base rates. Ricks stated that such a provision is necessary to protect the public interest and comply with Texas Water Code §13.182. Ricks provided draft language consistent with her recommendation.

Commission response

The commission maintains that the adopted rule contains sufficient measures to mitigate over-earning to the determinant of ratepayers. Carrying costs for over-earning and the cost-causation principle are addressed under the appropriate header.

Proposed §24.76(j)- Requirement to file a rate case

Proposed §24.76(j) requires a utility to file a comprehensive base rate proceeding within a specific timeframe depending on the respective class of the utility. Specifically, a Class A utility must file a base rate proceeding within four years from the date the commission files an order approving the SIC, six years for a Class B utility, and eight years for a Class C or D utility.

OPUC recommended proposed §24.76(j) to reflect shorted rate case cycles for utilities that apply and receive a SIC. Specifically, OPUC recommended the timelines to file a rate proceeding should be halved for each class of utility from the date the commission files an order approving the SIC. Therefore, a Class A utility should be required to file a rate case in two years rather than four, a Class B three years rather than six, and Class C or D utilities be required to file in four rather than eight. OPUC explained the shorter cycle would ensure reconciliation occurs more quickly and therefore render comprehensive base rate proceedings to be faster and less complicated. OPUC noted that this change would also reduce the risk that utilities over recover through a SIC, "the likelihood of intergenerational inequity," and avoid excessive SICs from being included in rate base. TWU, SJWTX, and TAWC opposed OPUC's proposed revisions to the comprehensive base rate proceeding filing schedule under proposed §24.76(j) as the changes are unsupported by statute and would increase both the regulatory burden and costs without any commensurate benefit. TWU, SJWTX, and TAWC maintained that the proposed schedule appropriately balances the need for periodic reconciliation with the goal of minimizing the frequency of expensive and lengthy comprehensive base rate proceedings. TWU emphasized that SIC costs are fully reconciled in the next comprehensive rate case regardless of when it occurs. Therefore, shortening the rate case cycle does not improve the quality of reconciliation; only increases the frequency of costly proceedings. SJWTX noted that the proposed schedule is consistent with the framework for electric Distribution Cost Recovery Factor proceedings under PURA § 36.210(d). SJWTX also stated that OPUC's recommendation is premature because no SIC applications have been processed under the post-SB 740 framework. As such, SJWTX recommended the commission revise the comprehensive base rate proceeding schedule only after it has more experience with the new process and can therefore make an informed decision based on its experience with applications under the new rule. SJWTX emphasized that if the commission adopts OPUC's recommended changes to proposed §24.76(j), it is even more critical that the commission omit the SIC filing schedule under proposed §24.76(c)(2)(D) to avoid regulatory lag. Specifically, if a utility misses its opportunity to file a SIC under proposed §24.76(c)(2)(D) "because it has a general rate case that has taken longer to process than the statutory deadlines set forth in TWC § 13.187(e) and 13.1871(g)." TAWC commented that the rationale for the comprehensive rate filing schedule under proposed §24.76(j) were deemed appropriate for each utility class size when the commission originally adopted §24.76. TAWC noted that OPUC's concerns of utility over-recovery and intergenerational inequity to not account for the commission's authority to require a utility file a comprehensive base rate proceeding if the commission finds a utility's annual report earnings warrant it. Ricks expressed support for OPUC's recommendation for shorter rate case timelines but noted that the rule does not include a "critical growth-based trigger." Specifically, Ricks recommended new §24.76(j)(4) be added which would require a utility to file a comprehensive rate case within 18 months if the utility's connections increase by more than 20% since the last rate proceeding or the total annual SIC revenue exceeds 10% of the utility's total annual service revenues approved in its last general rate case. Ricks explained such a provision is necessary to "prevent utilities from using the SIC to evade regulatory oversight during periods of rapid acquisition." Ricks provided draft language consistent with her recommendation.

Commission response

The commission declines to implement OPUC and Ricks's recommended changes because they are unnecessary. The timelines for a base rate proceeding are adequate and appropriately balance the need to address the potential of over-earning with the time and resource burden associated with conducting a base rate proceeding. In response to Ricks's comments concerning new §24.76(j)(4), the earnings cap proposal is discussed under the relevant header.

Commission-Prescribed Forms and Minor and Conforming Changes

The SIC Application Form is the commission-prescribed form that must be filed to initiate a new SIC proceeding and generally reflects the requirements of §24.76. The Water and Sewer SIC Filing Packages are the Excel spreadsheets for cost and revenue related information necessary for SIC Applications. The SIC Filing Package Instructions provide information and guidance on filling out the SIC Filing Packages. The SIC Application Notice is a template notice form for usage by SIC applicants when applying for a SIC to issue to their customers.

TAWC generally commented that any commission-prescribed forms should conform to the revisions made to §24.76 on adoption.

Commission response

The commission agrees with TAWC and makes appropriate changes to the commission-prescribed forms, including the Excel filing packages, to align with rule text changes where appropriate. In addition to the aforementioned conforming changes to the SIC Application Form to reflect amendments to specific provisions, the commission also revises Section D-2 and the compliance affidavit (Attachment D-2) to and specifically attest to compliance with §24.76(c)(1)(A)-(D). The commission also revises the instructions to reflect the single opportunity to cure eligible cost-related deficiencies in an application and deletes all references to the presiding officer or commission staff requesting additional information. The commission also makes other minor and conforming changes to the rule text and commission-prescribed forms.

Instructions for Filing Schedules and Workpapers

The proposed instructions provide general guidance and information for the water and sewer SIC filing schedules and workpapers based on the requirements of §24.76.

OPUC recommended that the instructions for testimony be revised to require supporting documentation be filed in its native format, which is the same requirement applicable to direct testimony.

Commission response

The commission agrees with OPUC and implements the recommended change.

Consistent with its recommendations concerning eligible plant owned by a predecessor utility acquired by the SIC applicant, OPUC recommended the instructions relating to the General Requirements for SIC applications be revised to reflect that existing plant includes plant currently in the utility's base rates as well as plant owned by previous owners. OPUC emphasized that replacement plant is prohibited from being included in a SIC. OPUC provided draft language consistent with its recommendation.

Commission response

The commission revises the SIC Filing Package Instructions to conform with the new definitions of "existing plant" and "replacement asset" under §24.76(b)(2) and (3).

Consistent with its recommendations concerning the prohibition of retirements and replacements being included in a SIC, OPUC recommended that proposed Schedule C: Eligible Plant be revised to clarify that replacement assets for previously existing infrastructure are prohibited from being included in a SIC. OPUC provided draft language consistent with its recommendation.

Commission response

The commission declines to implement the recommended change because of the addition of new definitions for "existing plant" and "replacement asset" under new §24.76(b)(2) and (3) address the replacement plant offset. The commission revises the SIC Filing Package Instructions to address the replacement plant offset under Workpaper Schedule C-3 and omits language concerning the prohibition on including replacements of retired plant in a SIC application.

Consistent with its recommendations on the adequacy of supporting documentation provided by a SIC applicant, OPUC recommended the instructions for Schedule F: Depreciation Schedule be revised to include an asset identifier. OPUC provided draft language consistent with its recommendation.

Commission response

The commission declines to implement the recommended change because the addition of new §24.76(c)(1)(D) and revisions to §24.76(d)(1)(H)(ii)(I)-(III) render the proposal moot. The commission revises the SIC Filing Package Instructions to address the asset-level information required in Workpaper Schedule C-2.

Workpaper Schedule C-2- Transaction Details by NARUC Account

Proposed Workpaper Schedule C-2 would require a SIC applicant to provide transaction details by NARUC account for water or sewer service, as applicable.

Consistent with its recommendations concerning internal and external documentation, OPUC recommended Workpaper Schedule C-2: Transaction Details by NARUC Account be revised to clarify the definitions of both forms of documentation and what is specifically included in each category. OPUC further recommended the definitions be expanded to include affiliates of the applicant.

Commission response

The commission agrees with OPUC and implements the recommended changes to Workpaper Schedule C-2 with some modifications. The specific changes to Workpaper Schedule C-2 are detailed under the header for §24.76(d)(1)(J)(iv) and §24.76(d)(1)(J)(iv)(I)-(V).

As an alternative to revising proposed §24.76(d)(1)(H)(ii)(III), SJWTX recommended "narrowing the required elements of Workpaper Schedule C-2 for an applicant that does not elect to use a sample audit under 16 TAC §24.76(d)(1)(J)(ii)(I)." Specifically, SJWTX recommended both the rule and Instructions for Workpaper Schedule C-2 to limit "the requirement to provide transaction details supporting eligible costs to only those transaction details corresponding to the costs addressed in 16 TAC §24.76(d)(1)(J)(iv)." SJWTX explained that the proposed workpaper would require an applicant that includes third-party invoices in its application to support all eligible costs to both "manually input the information from each invoice" as well as provided the invoices themselves. SJWTX remarked that this would take time and resources that are additional to the work necessary to gather and organize the invoices that correspond to each project. OPUC opposed SJWTX's alternative recommendation to modify Workpaper Schedule C-2 if proposed §24.76(d)(1)(H)(ii)(III) is not revised for applicants that do not elect to use a sample for audit. OPUC explained that the transaction ledger will "lend itself to greater organization and transparency in addition to a more expeditious review by the Commission and intervenors."

Commission response

The removal of the sample for audit is addressed under the appropriate header and renders SJWTX's recommendations moot. A utility must include with its application all substantiating documentation of eligible costs for which it seeks recovery.

Workpaper Schedule C-3- Retired and Replaced Plant

Proposed Workpaper Schedule C-3 would require a SIC applicant to provide details relating to retired and replaced plant in its SIC application.

Consistent with its recommendations concerning eligible plant owned by a predecessor utility acquired by the SIC applicant, OPUC recommended Workpaper Schedule C-3: Retired and Replaced Plant be revised to reflect that existing plant includes plant currently in the utility's base rates as well as plant owned by previous owners. OPUC emphasized that replacement plant is prohibited from being included in a SIC. OPUC provided draft language consistent with its recommendation.

Commission response

The commission declines to implement the recommended change because it is moot. As stated previously, the commission revises the SIC Filing Package Instructions to address the replacement plant offset under Workpaper Schedule C-3 and omits language concerning the prohibition on including replacements of retired plant in a SIC application.

Workpaper Schedule C-4- Asset Identification, In-Service Date, and Cost Information

Proposed Workpaper Schedule C-4 would require a SIC applicant to provide asset-level information such as an asset name or number, description, in-service date, and the corresponding cost information.

Consistent with its recommendations on the adequacy of supporting documentation provided by a SIC applicant, OPUC recommended the instructions for Workpaper Schedule C-4: Asset Identification, In-Service Date, and Cost Information be revised

to include an asset identifier. OPUC provided draft language consistent with its recommendation.

Commission response

The commission declines to implement the recommended change because it is unnecessary. Workpaper Schedule C-4 already requires the SIC applicant to specify the asset name or number under Column A. The commission also revises Workpaper Schedule C-4 to specify the NARUC Account number applicable to the asset.

New Workpaper Schedule C-5- Load Growth Adjustment

The commission adds new Workpaper Schedule C-5 which requires a SIC applicant to provide information for the load growth adjustment under §24.76(c)(3)(B)(ii). Specifically, the workpaper would require the SIC applicant to provide the revenue requirement approved in the utility's most recent rate case (RR); the test year end customer count from the utility's most recent rate case (CC); the average revenue requirement per customer from the utility's most recent rate case (AVGRR), and the increase in customer count from the amount (generally the test year end connection count) used to establish rates in the applicant's most recent rate case (CCINC). From that, the load growth is adjustment is calculated as follows: AVGRR * CCINC, with (RR/CC) = AVGRR. The calculation in the workpaper ties into the SIC Revenue Requirement under Schedule A.

16 TAC §24.76

This repeal is adopted under the following provisions of Texas Water Code: §13.041(a), which provides the commission the general power to regulate and supervise the business of each water and sewer utility within its jurisdiction and to do anything specifically designated or implied by Chapter 13 of the Texas Water Code that is necessary and convenient to the exercise of that power and jurisdiction; and §13.041(b), which provides the commission with the authority to make adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction including rules governing practice and procedure before the commission and the utility commission. The new rule is also adopted under Texas Water Code §13.131, which authorizes the commission to prescribe forms of books, accounts, records, and memoranda to be kept by utilities, including fixing proper and adequate rates and methods of depreciation, amortization, or depletion, and requiring every water and sewer utility to keep and render to the regulatory authority the uniform accounts of all business transacted in the manner and form prescribed by the commission; Texas Water Code §13.132(a)(1), which authorizes the commission to require that water and sewer utilities report to it any information relating to themselves and affiliated interests both inside and outside this state that it considers useful in the administration of Chapter 13; Texas Water Code §13.183(a), which authorizes the commission toto fix overall revenues at a level that permits a utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public and preserves the financial integrity of the utility; Texas Water Code §13.183(c), which specifies certain timelines and requirements applicable to system improvement charges and authorizes the commission to utilize alternative ratemaking methodologies, such as system improvement charges, for the benefit of both ratepayers and utilities; Texas Water Code §13.183(c-1)-(c-4) which specify procedural and substantive requirements applicable to system improvement charge applications; and Texas Water Code §13.184(c), which, in any proceeding involving any proposed change of rates, places the burden of proof on the utility to show that the proposed change, if proposed by the utility, or that the existing rate, if it is proposed to reduce the rate, is just and reasonable.

Cross reference to statutes: Texas Water Code §§13.041(a) and (b), 13.131, 13.132(a)(1), 13.183(a), (c), (c-1)-(c-4), and 13.184(c).

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 April 17, 2026.

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Seaver Myers
Rules Coordinator
Public Utility Commission of Texas
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For further information, please call: (512) 936-7433

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16 TAC §24.76

The new rule is adopted under the following provisions of Texas Water Code: §13.041(a), which provides the commission the general power to regulate and supervise the business of each water and sewer utility within its jurisdiction and to do anything specifically designated or implied by Chapter 13 of the Texas Water Code that is necessary and convenient to the exercise of that power and jurisdiction; and §13.041(b), which provides the commission with the authority to make adopt and enforce rules reasonably required in the exercise of its powers and jurisdiction including rules governing practice and procedure before the commission and the utility commission. The new rule is also adopted under Texas Water Code §13.131, which authorizes the commission to prescribe forms of books, accounts, records, and memoranda to be kept by utilities, including fixing proper and adequate rates and methods of depreciation, amortization, or depletion, and requiring every water and sewer utility to keep and render to the regulatory authority the uniform accounts of all business transacted in the manner and form prescribed by the commission; Texas Water Code §13.132(a)(1), which authorizes the commission to require that water and sewer utilities report to it any information relating to themselves and affiliated interests both inside and outside this state that it considers useful in the administration of Chapter 13; Texas Water Code §13.183(a), which authorizes the commission toto fix overall revenues at a level that permits a utility a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public and preserves the financial integrity of the utility; Texas Water Code §13.183(c), which specifies certain timelines and requirements applicable to system improvement charges and authorizes the commission to utilize alternative ratemaking methodologies, such as system improvement charges, for the benefit of both ratepayers and utilities; Texas Water Code §13.183(c-1)-(c-4) which specify procedural and substantive requirements applicable to system improvement charge applications; and Texas Water Code §13.184(c), which, in any proceeding involving any proposed change of rates, places the burden of proof on the utility to show that the proposed change, if proposed by the utility, or that the

existing rate, if it is proposed to reduce the rate, is just and reasonable.

Cross reference to statutes: Texas Water Code §§13.041(a) and (b), 13.131, 13.132(a)(1), 13.183(a), (c), (c-1)-(c-4), and 13.184(c).

§24.76. System Improvement Charge.

(a) Applicability. This section establishes the requirements for a utility under the commission's jurisdiction to establish or amend a system improvement charge to ensure timely recovery of infrastructure investment.

(b) Definitions. In this section, the following words and terms have the following meanings unless the context indicates otherwise.

(1) Eligible plant--Plant properly recorded in the National Association of Regulatory Utility Commissioners (NARUC) System of Accounts, accounts 304 through 339 for water utility service or accounts 354 through 389 for sewer utility service.

(2) Existing plant--Plant that is included in the utility's current rates established in the utility's most recent base-rate proceeding that is being retired and replaced.

(3) Replacement asset--An asset placed into service to replace existing plant that is retired from service.

(4) System improvement charge--An additional charge to recover certain costs of service associated with the portion of the cost of a utility's eligible plant that is not already included in the utility's base rates.

(c) System improvement charge (SIC). A utility under the commission's jurisdiction may apply to establish or amend one or more SICs in accordance with the requirements of this section.

(1) General requirements.

(A) A SIC must be nondiscriminatory and be applied uniformly to each meter size, if any, provided in the utility's tariff.

(B) A SIC applies to each meter size provided in the utility's tariff, if any, based on the calculation and multiplier under subsection (e) of this section.

(C) A SIC application must include any relevant data, attachments, or supplementary materials filed in their native format and, if applicable, any formula intact.

(D) Each asset in a SIC application must be directly associated with at least one NARUC account, grouped by capital project.

(E) If the applicant used a future test year or combined test year in a base rate proceeding initiated after September 1, 2026, a subsequent SIC application is limited to cost recovery of eligible plant placed into service subsequent to the end of the future test year or combined test year.

(F) A utility is prohibited from establishing or amending a SIC while it has a comprehensive rate proceeding under TWC §§13.187, 13.1871, 13.18715, or 13.1872 pending before the commission. If a utility with a pending application to establish or amend a SIC files an application to change rates under TWC §§13.187, 13.1871, 13.18715, or 13.1872, or the commission initiates a rate change review under TWC §13.186, the utility will be deemed to have withdrawn its application to establish or amend a SIC and the presiding officer must dismiss the application.

(2) Eligibility for and timing of SIC application.

(A) A utility may have a SIC in effect for water service, sewer service, or both.

(B) A utility that is applying to establish or amend multiple SICs in a calendar year must do so in a single application.

(C) A utility is prohibited from:

(i) having more than one SIC in effect at any given time for each type of service (i.e., water service or sewer service) unless the utility has multiple rate schedules for systems that have not yet been consolidated under a single rate; and

(ii) adjusting its rates under this section more than once each calendar year.

(D) The filing of SIC applications as allowed by this section is limited to a specific quarter of the calendar year, and is based on the last two digits of a utility's certificate of convenience and necessity (CCN) number as outlined below, unless good cause is shown for filing in a different quarter. For a utility holding multiple CCNs, the utility may file an application in any quarter for which any of its CCN numbers is eligible.

(i) Quarter 1 (January-March): CCNs ending in 00 through 27;

(ii) Quarter 2 (April-June): CCNs ending in 28 through 54;

(iii) Quarter 3 (July-September): CCNs ending in 55 through 81; and

(iv) Quarter 4 (October-December): CCNs ending in 82 through 99.

(3) Eligible costs.

(A) A SIC is limited to the cost recovery of eligible plant that is not already included in the utility's rates and eligible plant that has been placed into service after the later of the ending date of the 2019 reporting period reflected in the utility's annual report filed with the commission as required by §24.129 of this title (relating to Water and Sewer Utilities Annual Reports) or the end of the test year used in the utility's most recent base-rate proceeding.

(B) Notwithstanding subparagraph (A) of this paragraph, a SIC application must account for a replacement plant offset, a load growth adjustment, and any adjustments related to changes in accumulated deferred federal income taxes (ADIT) in the manner specified by this subparagraph and subsection (e) of this section.

(i) Replacement plant offset. For each replacement asset for which recovery is sought, the SIC application must include the following as required by the commission-prescribed form:

(I) the applicable NARUC account;

(II) a description of the existing plant being retired;

(III) the date the existing plant was placed into service (i.e., installed);

(IV) the service life in years of the existing plant;

(V) the original cost of the existing plant at the time it was placed into service;

(VI) the annual depreciation expense for the existing plant;

(VII) the accumulated depreciation, as of the end of the test year from the applicant's last comprehensive base rate proceeding;

(VIII) the net plant for the existing plant, as of the end of the test year from the applicant's last comprehensive base rate proceeding

(IX) the date the replacement asset was placed into service; and

(X) a description of the replacement asset;

(ii) Load growth adjustment. When the applicant's customer count exceeds the amount used to establish rates in the utility's most recent comprehensive rate proceeding, a load growth adjustment reflecting incremental revenues must be applied to offset the incremental costs included in the SIC application. The revenues associated with a load growth adjustment used to offset the gross SIC revenue required must be calculated as the product of:

(I) the applicant's average revenue requirement per customer, calculated as the final revenue requirement approved in the applicant's most recent comprehensive rate proceeding, divided by the test year end number of connections in the applicant's most recently approved comprehensive rate proceeding; and

(II) the increase in customer count from the amount used to establish rates in the applicant's last base rate case, including any new customer connections associated with a sale, transfer, or merger under §24.239 of this title (relating to Sale, Transfer, Merger, Consolidation, Acquisition, Lease, or Rental) or §24.243 of this title (relating to Purchase of Voting Stock or Acquisition of a Controlling Interest in a Utility).

(iii) ADIT adjustments. The SIC application must include ADIT adjustments related to the effects of accelerated depreciation expense, including bonus depreciation, of eligible plant.

(d) SIC Application.

(1) An application to establish or amend a SIC must be filed using the form prescribed by the commission. A SIC application must include the following:

(A) the following contact information:

(i) the applicant's primary contact name and title, street and mailing address, business telephone number, business e-mail address, and, if available, web address; and

(ii) the authorized representative's name, title, street and mailing address, telephone number, e-mail address, and, if available, web address;

(B) the following disclosures:

(i) the applicant's legal business name, including any assumed names;

(ii) the applicant's Texas Secretary of State registration number;

(iii) the number of active water and sewer connections as of the date the SIC application is filed, itemized by type of service (i.e., water or sewer service) and the total number of connections (i.e., water connections plus sewer connections); and

(iv) the applicant's classification based on the applicant's number of connections (i.e., Class A, B, C, or D utility);

(C) the following general information regarding the SIC sought by the applicant:

(i) whether the application is for a new SIC or is for an amendment to an existing SIC;

(ii) if the application is for an amendment to an existing SIC, the docket number associated with the previous SIC application;

(iii) whether the applicant is seeking a SIC for water service, sewer service, or both;

(iv) identification of each water and sewer tariff or rate schedule currently in effect, as applicable, for which the applicant is seeking a SIC; and

(v) a copy of each water and sewer tariff or rate schedule identified under clause (iv) of this subparagraph, including each docket number where each tariff or rate schedule was most recently approved;

(D) the following general information concerning the applicant's last comprehensive base rate proceeding:

(i) the beginning and end dates of the test year used in the applicant's last base rate proceeding;

(ii) whether the test year was a historic, combined, or future test year;

(iii) the year the applicant's last comprehensive base rate proceeding was initiated;

(iv) the docket number of the applicant's last comprehensive base rate proceeding; and

(v) if applicable, copies of any final orders issued by the Texas Commission on Environmental Quality (TCEQ) or any other predecessor agency that are relevant to the application (i.e., orders relating to rate proceedings held at the TCEQ or any other predecessor agency);

(E) the following general information concerning each CCN possessed by the applicant:

(i) all of the CCN numbers currently issued to the applicant for the provision of water service and sewer service;

(ii) each CCN that would be affected by the SIC sought by the applicant; and

(iii) whether the applicant has, at the time the SIC application is filed, a pending sale, transfer, or merger (STM) application under §24.239 of this title (relating to Sale, Transfer, Merger, Consolidation, Acquisition, Lease, or Rental) or a pending application under §24.243 of this title (relating to Purchase of Voting Stock or Acquisition of a Controlling Interest in a Utility), or other proceeding, including the docket number associated with the other application;

(F) the following general information concerning any currently effective SIC for water or sewer service, or both, as applicable:

(i) whether the applicant has a SIC in effect as of the date the application is filed;

(ii) each docket number associated with the applicant's currently effective SIC for water service or sewer service;

(iii) each CCN for which the currently effective SIC is applicable;

(G) the date the SIC application is being filed and a confirmation that the application is being filed in the appropriate filing quarter as specified by subsection (c)(2)(D) of this section;

(H) a description of the eligible plant for which cost recovery is sought through the SIC, including:

(i) each project included in the request;

(ii) the following information, itemized by the applicable NARUC account number:

(I) the cost associated with each project and project component (i.e., asset within a project);

(II) a detailed explanation of the benefits of each project, including how each project has improved or will improve service; and

(III) transaction details supporting eligible costs substantiated by the documents specified in subparagraph (J) of this paragraph cross-referenced with the applicable external documentation or internal documentation;

(I) a calculation of the SIC in accordance with subsection (e) of this section and all supporting calculations and assumptions for each component of the SIC;

(J) information to substantiate each claimed eligible cost of the applicant's eligible plant that is not already included in the applicant's rates.

(i) Eligible costs must be substantiated by:

(I) a description of each capital project or addition that correlates with all capital expenditures associated with that project or addition;

(II) evidence to support eligible plant placed into service to support the eligible costs in the manner specified by clause (ii) of this subparagraph; and

(III) external or internal documentation of direct and indirect costs, as applicable. External documentation and internal documentation must be word-searchable. External documentation and internal documentation must be organized by each NARUC Account, grouped by capital project;

(ii) A SIC application must include: all associated supporting documentation described by clauses (iii) and (iv) of this subparagraph with page number cross-references to each capital project and NARUC account included in the application.

(iii) External documentation (i.e., cost information from unaffiliated third-parties such as contractors or vendors) includes:

(I) receipts;

(II) invoices;

(III) contracts; or

(IV) other documentation of eligible costs.

(iv) Internal documentation (i.e. work orders, affiliate costs, capitalized overhead, timesheet for labor, and interest expenses, etc. (allocated overhead)) must be provided for all costs that originated from the applicant and its affiliates and substantiated by:

(I) if available and as applicable, the information listed under clause (iii) of this subparagraph;

(II) a categorized list of allocated overhead expenses with supporting documentation for each category. Such supporting documentation may include:

(-a-) narrative explanations describing the billing methods;

(-b-) expert testimony;

(-c-) policies and procedures developed by the applicant for the recording, billing, or management of allocated overhead;

(-d-) calculations, methodologies, or formulas for determining allocation factors used to apply allocated overhead associated with eligible costs; and

(-e-) affiliate service agreements;

(III) work orders categorized by projects. Each work order must:

(-a-) clearly specify the nature and scope of the work performed;

(-b-) provide a detailed breakdown of the total project cost; and

(-c-) identify the sources of those costs, including specific materials used, labor hours incurred, and equipment installed;

(IV) timesheets for labor categorized by projects. Each timesheet must:

(-a-) accurately reflect the time employees dedicate to capital projects and must exclude time associated with routine operations and maintenance activities;

(-b-) distinctly categorize direct labor and indirect labor, and all recorded hours must be attributed to individual employees; and

(-c-) apply a consistent methodology for capitalizing labor costs over time; or

(V) any other documentation;

(K) an attestation that sufficiently addresses the exclusion of costs for plant provided by explicit customer agreements or funded by customer contributions in aid of construction in the affidavit required under subparagraph (O) of this paragraph;

(L) information that sufficiently demonstrates compliance with subsection (c)(3)(B) of this section, including the necessary information to calculate the replacement plant offset and load growth adjustment

(M) If the applicant used group depreciation in its last comprehensive base rate proceeding, the applicant must provide, for each asset within the group to which the group rate applies:

(i) the NARUC account number to which the asset applies;

(ii) the name or number of the asset;

(iii) a description of the asset;

(iv) the in-service date of the asset; and

(v) all cost information that corresponds to that asset;

(N) a copy of the applicant's most recent annual report filed with the commission as required by §24.129 of this title, which must be the annual report most recently due for filing;

(O) an affidavit confirming that the application meets the requirements of this section and any other applicable statutes or commission rules;

(P) notice and proof of notice, provided in the form and manner specified by subsection (f) of this section; and

(2) Discovery. Except as otherwise determined by the presiding officer, discovery will be conducted in accordance with Chapter 22, Subchapter H (relating to Discovery Procedures).

(3) Commission processing of application.

(A) Determination that a complete application has been filed.

(i) To constitute a complete application, an application must include: all information required by paragraph (1) of this subsection;

(ii) OPUC may file comments on the SIC application within 30 days from the date the SIC application is filed.

(I) The commission will electronically provide to OPUC any data related to the application in the commission's possession, at no cost.

(II) Information provided to OPUC under this section that is confidential and not subject to disclosure by the commission under Chapter 552, Texas Government Code, or other law is confidential and not subject to disclosure by OPUC.

(iii) The presiding officer will establish a procedural schedule for commission staff to file a recommendation as to whether a complete application has been filed under this section.

(iv) If commission staff recommends the application be found deficient, commission staff must identify each application deficiency in its recommendation.

(v) If the presiding officer determines the application is deficient, the presiding officer will file a notice of deficiency. The notice of deficiency will:

(I) cite the particular requirements with which the application does not comply; and

(II) require the applicant to cure the deficiencies in the application within five working days.

(vi) In the event an application is amended, commission staff must file a recommendation on administrative completeness of an amended application within a time period prescribed by the presiding officer.

(vii) An applicant is limited to a single opportunity to cure deficiencies in a SIC application related to eligible costs. The presiding officer may authorize additional opportunities to cure other deficiencies unrelated to eligible costs.

(I) Any claimed eligible cost included in the application that is found deficient after the cure period will be excluded from the application and disallowed from recovery in the current SIC proceeding.

(II) The disallowance of a cost from a SIC application does not preclude or otherwise restrict an applicant from seeking recovery for that cost in a subsequent rate proceeding.

(III) Notwithstanding subclauses (I) or (II) of this clause, the presiding officer may impose specific requirements for a disallowed cost to be presented by the applicant in a subsequent rate proceeding.

(viii) The presiding officer will not make a determination that a complete application has been filed sooner than 30 days from the date the initial application is filed.

(B) Commission evaluation and final determination. Upon determining that a complete application has been filed under subparagraph (A) of this paragraph, the presiding officer will set a procedural schedule that will enable the commission to issue a final order in the proceeding within 60 days from the date the determination is made. The presiding officer may extend the deadline for not more than 15 days for good cause. The procedural schedule must include a deadline for commission staff to file its final recommendation on the application.

(e) Calculation of the SIC. The revenue requirement for the SIC must be calculated using the following formula: SIC RR = (Reconcilable Cost * ROR) + Federal Income Taxes + Depreciation + ad valorem taxes + other revenue related taxes- replacement plant offset- load growth adjustment. Where:

(1) SIC = the system improvement charge.

(2) SIC RR = system improvement charge revenue requirement.

(3) Reconcilable Cost = the original costs of eligible plant placed into service after the later of the ending date of the 2019 reporting period reflected in the utility's annual report filed with the commission as required by §24.129 of this chapter or the end of the test year used in the utility's most recent base-rate proceeding, less:

(A) accumulated depreciation;

(B) ADIT associated with eligible plant in service; and

(C) any costs for plant provided by explicit customer agreements or funded by customer contributions in aid of construction.

(4) Accumulated depreciation = depreciation accumulated for eligible plant after the date the eligible plant was placed in service.

(5) ROR = overall rate of return as defined in paragraph (12) of this subsection.

(6) Federal Income Taxes = current annual federal income tax, as related to eligible costs.

(7) Depreciation = current annual depreciation expense for the eligible plant.

(8) Ad Valorem Taxes = current annual amount of taxes based on the assessed value of the eligible cost.

(9) Other Revenue Related Taxes = current annual amount of any additional taxes resulting from the utility's increased revenues related to the SIC.

(10) Replacement Plant Offset = the total annual depreciation expense for existing plant plus the product of the rate of return approved by the commission and the total net plant for existing plant as of the end of the test year from last comprehensive base rate proceeding.

(11) Load Growth Adjustment = the product of the applicant's average revenue requirement per customer as calculated under subsection (c)(3)(B)(ii)(I) of this section, and the increase in the customer count since the utility's last base rate case as calculated under subsection (c)(3)(B)(ii)(II) of this section.

(12) The overall rate of return is one of the following:

(A) if the final order approving the utility's overall rate of return (i.e., the company's weighted-average cost of capital) was filed less than three years before the date that the utility files an application for a SIC, the overall rate of return is the one approved by the commission in the utility's last base-rate case; or

(B) if the final order approving the utility's overall rate of return (i.e., the company's weighted-average cost of capital) was filed three years or more before the date that the utility files an application for a SIC, the overall rate of return is the average of the commission's approved rates of return for water and sewer utilities in settled and fully litigated cases over the three years immediately preceding the filing of the SIC.

(13) The SIC must be calculated based on annualized meter equivalents, derived using the most recent month's total customer

meter equivalents multiplied by 12. The base SIC must be calculated as the SIC RR divided by annual meter equivalents. Unless an alternative meter ratio or equivalent is specified by the commission in the applicant's most recent comprehensive rate proceeding, the SIC for each meter size must be calculated as the base SIC multiplied by the multiplier for that meter size. The standard meter ratios are as follows: Figure: 16 TAC §24.76(e)(13)

(f) Notice.

(1) General notice requirements.

(A) On the same day an applicant files a SIC application with the commission, the applicant must also electronically provide a copy of its application to OPUC.

(B) On or before the first working day after it files its application, the applicant must:

(i) issue notice of its SIC application to all affected ratepayers by first class mail or, if the customer has agreed to receive communications electronically, by e-mail; and

(ii) if the applicant has a website, also post a copy of the notice on its website in a manner that is accessible to the general public.

(2) Contents of notice. The notice must include, at a minimum, the following:

(A) the docket number for the utility's SIC proceeding;

(B) information regarding the proposed SIC itemized for each type of service (i.e., water or sewer service, or both), as applicable, including:

(i) a brief description of the investments and costs the utility is seeking recovery for through the proposed SIC;

(ii) the time period for which the utility is seeking the proposed SIC to recover costs;

(iii) the proposed total SIC revenues sought by the utility;

(iv) a description of the proposed SIC as a monthly minimum bill charge for each meter size;

(v) for each customer meter size for which the applicant has customers, an estimated total monthly bill at 5,000 gallons and 10,000 gallons; and

(vi) a statement that substantially conforms to the following: "The effective date of the proposed rate change will be the date specified by the commission final order adopting the proposed SIC;

(C) the intervention deadline, including both the date and time using Central Prevailing Time;

(D) a brief explanation of how an affected ratepayer can intervene in the SIC proceeding or submit comments as a protestor; and

(E) an explanation of how intervention differs from protesting a rate increase.

(3) Completion of notice and intervention deadline.

(A) Notice is complete on the later of:

(i) the date the applicant has notified OPUC of the application under paragraph (1)(A) of this subsection;

(ii) the date that notice is physically or electronically mailed to all customers by the applicant under paragraph (1)(B)(i) of this subsection; or

(iii) the date that the applicant posts the notice to its website under paragraph (1)(B)(i) of this subsection;

(B) If notice is mailed over multiple days, notice is complete on the last day of mailing.

(C) The intervention deadline is 25 days from the date service of notice is complete.

(4) Proof of notice. Within 15 days from the date notice was complete, the applicant must file a proof of notice affidavit with the commission. The affidavit must:

(A) be sworn;

(B) be completed and signed by an officer or managerial employee of the applicant that is qualified and authorized to verify and file notice on behalf of the utility;

(C) attest and verify that notice was issued to all affected ratepayers of the applicant and to OPUC;

(D) attest and verify that each notice was posted to the applicant's website in a manner accessible to the general public and include a hyperlink to the webpages where each notice is posted; and

(E) include a sample copy of the notice issued by the applicant as an attachment.

(g) Scope of proceeding. The issue of whether eligible costs included in an application for a SIC or an amendment to a SIC are prudent, reasonable, or necessary, will not be addressed in a proceeding under this section.

(h) SIC reconciliation. Costs recovered through a SIC are subject to reconciliation in the utility's next comprehensive rate case.

(1) Any amounts recovered through the SIC that are found to have been unreasonable, unnecessary, or imprudent, plus the corresponding return and taxes, must be refunded with carrying costs.

(2) The utility must pay to its customers carrying costs on these amounts calculated using the same rate of return that was applied to the recovered costs in establishing the SIC until the date the rates approved in the utility's next comprehensive rate case are effective. Thereafter, carrying costs must be calculated using the utility's rate of return authorized in the comprehensive rate case.

(3) A utility that uses group depreciation must perform a new depreciation study in its next comprehensive base rate proceeding.

(i) SIC application expenses. Recovery of expenses associated with a SIC application may be requested and must be reviewed in the utility's next comprehensive base rate case and in accordance with §24.44 of this chapter (relating to Rate-case Expenses Pursuant to Texas Water Code §13.187 and §13.1871).

(j) Requirement to file a rate case. A utility must file a comprehensive rate case under TWC §13.187, 13.1871, 13.18715, or 13.1872 within the following times from the date the commission files an order approving the SIC.

(1) Four years for a utility that was a Class A utility at the time of filing the SIC application.

(2) Six years for a utility that was a Class B utility at the time of filing the SIC application.

(3) Eight years for a utility that was a Class C or Class D utility at the time of filing the SIC application.

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 April 17, 2026.

TRD-202601674
Seaver Myers
Rules Coordinator
Public Utility Commission of Texas
Effective date: May 7, 2026
Proposal publication date: November 28, 2025
For further information, please call: (512) 936-7433

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TITLE 28. INSURANCE

PART 1. TEXAS DEPARTMENT OF INSURANCE

CHAPTER 9. TITLE INSURANCE
SUBCHAPTER A. BASIC MANUAL OF RULES, RATES, AND FORMS FOR THE WRITING OF TITLE INSURANCE IN THE STATE OF TEXAS

28 TAC §9.1

The commissioner of insurance adopts amended 28 TAC §9.1, concerning the title insurance basic manual of rules, rates, and forms. The amendment is adopted without changes to the proposed text published in the February 13, 2026 issue of the *Texas Register* (51 TexReg 869) and will not be republished.

REASONED JUSTIFICATION. Amending §9.1 is necessary to adopt by reference the latest version of the *Basic Manual of Rules, Rates, and Forms for the Writing of Title Insurance in the State of Texas* (Basic Manual). The latest version of the Basic Manual includes an updated rate table that was an exhibit to Commissioner's Order No. 2025-9697, which reduced title insurance basic premium rates effective March 1, 2026.

Insurance Code §2703.151 specifies that the commissioner fixes and promulgates the premium rates to be charged by a title insurance company or by a title insurance agent for title insurance policies. To fix the premium rates, TDI is required to conduct a hearing where members of the public and individuals and groups who work in the industry may present evidence to the commissioner and make public comments. The commissioner presided over a title rate hearing under Insurance Code §2703.202(c) and, on December 19, 2025, ordered a 6.2% reduction to the title insurance basic premium rates, which took effect March 1, 2026. The effective date stated in the text of §9.1 is being updated to coincide with the effective date of the ordered rate change.

SUMMARY OF COMMENTS. TDI provided an opportunity for public comment on the rule proposal for a period that ended on March 16, 2026. TDI did not receive any comments on the proposed amendment.

STATUTORY AUTHORITY. The commissioner adopts the amendment to §9.1 under Insurance Code §§2501.002, 2551.003, 2703.151, 2703.201, 2703.202(g), 2703.208, and 36.001.

Insurance Code §2501.002 provides that the purpose of Title 11 of the Insurance Code is to completely regulate the business of title insurance including the issuance of policies to protect consumers and purchasers of title insurance policies and to provide adequate and reasonable rates of return for title insurance companies and title insurance agents.

Insurance Code §2551.003 authorizes the commissioner to adopt and enforce rules that are necessary to accomplish the purposes of the Texas Title Insurance Act, Insurance Code Title 11.

Insurance Code §2703.151 requires the commissioner to fix and promulgate the premium rates to be charged by a title insurance company or by a title insurance agent for title insurance policies or for other forms prescribed or approved by the commissioner.

Insurance Code §2703.201 requires that the commissioner hold a hearing to fix premium rates.

Insurance Code §2703.202(g) requires that the commissioner issue a final order setting the premium rate following the conclusion of a hearing that is not conducted as a contested case hearing.

Insurance Code §2703.208 provides that an addition or amendment to the Basic Manual may be proposed and adopted by reference by publishing notice of the proposal or adoption by reference in the *Texas Register*.

Insurance Code §36.001 provides that the commissioner may adopt any rules necessary and appropriate to implement the powers and duties of TDI under the Insurance Code and other laws of this 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.

Filed with the Office of the Secretary of State on April 17, 2026.

TRD-202601656
Jessica Barta
General Counsel
Texas Department of Insurance
Effective date: May 7, 2026
Proposal publication date: February 13, 2026
For further information, please call: (512) 676-6555

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TITLE 31. NATURAL RESOURCES AND CONSERVATION

PART 10. TEXAS WATER DEVELOPMENT BOARD

CHAPTER 378. OUTDOOR WARNING SIREN SYSTEMS

31 TAC §§378.1 - 378.3

The Texas Water Development Board (TWDB) adopts 31 Texas Administrative Code §§378.1 - 378.3. The proposal is adopted without changes as published in the February 6, 2026, issue of the *Texas Register* (51 TexReg 698). The rules will not be republished.

BACKGROUND AND SUMMARY OF THE FACTUAL BASIS FOR THE ADOPTED AMENDMENT.

This rulemaking implements relevant provisions of Senate Bill 3, 89th Second Called Session (SB 3). SB 3 (codified as Texas Water Code, Chapter 16, Subchapter M) tasks the TWDB with two main responsibilities related to outdoor warning siren systems in flash flood-prone areas. The first task is to identify each area within the 30 counties included in the governor's July 2025 flood disaster declaration that has a history of consistent or severe flooding and warrants the installation, maintenance, and operation of one or more outdoor warning sirens. Second, the TWDB must facilitate development of best management practices and guidance for the operation of an outdoor warning siren in a flash flood-prone area of the state, including related to backup power sources.

SECTION BY SECTION DISCUSSION OF ADOPTED AMENDMENTS.

Section 378.1. Definitions.

This section provides for the definitions to be used in this Chapter. Both "Flash flood-prone area" and "outdoor warning siren" are defined in the same manner as those terms are defined in Texas Water Code §16.501, as passed in SB 3. The rule also includes definitions of "executive administrator" and "TWDB" for clarity.

Section 378.2. Identification of Flash Flood-Prone Areas.

This section describes the process by which the TWDB will identify flash flood-prone areas within the July 2025 flood disaster declaration. The rule includes a process whereby the Executive Administrator will develop a recommendation and then propose the recommendation for the Board's consideration in an open meeting.

Section 378.3. Best Management Practices and Guidance.

This section provides that the TWDB will facilitate development of best management practices and guidance for outdoor warning sirens. Texas Water Code §16.502 requires certain governmental entities to install, maintain, and operate outdoor warning sirens in accordance with the guidance developed by the TWDB. The TWDB will develop the specific details of the best management practices and guidance in a separate guidance document. As provided in Texas Water Code §16.502, the TWDB may not approve financial assistance, other than financial assistance for an outdoor warning siren, for a county or municipality until the county or municipality certifies to the board that it is in compliance with Texas Water Code §16.502, related to the installation of outdoor warning sirens.

REGULATORY IMPACT ANALYSIS DETERMINATION (Texas Government Code §2001.0225)

The TWDB reviewed the rulemaking in light of the regulatory analysis requirements of Texas Government Code §2001.0225 and determined that the rulemaking is not subject to Texas Government Code §2001.0225, because it does not meet the definition of a "major environmental rule" as defined in the Administrative Procedure Act. A "major environmental rule" is defined as a rule with the specific intent to protect the environment or reduce risks to human health from environmental exposure, a rule that may adversely affect in a material way the economy or a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state. The intent of the rulemaking is to implement legislation.

Even if the rule were a major environmental rule, Texas Government Code §2001.0225 still would not apply to this rulemaking because Texas Government Code §2001.0225 only applies to a major environmental rule, the result of which is to: (1) exceed a standard set by federal law, unless the rule is specifically required by state law; (2) exceed an express requirement of state law, unless the rule is specifically required by federal law; (3) exceed a requirement of a delegation agreement or contract between the state and an agency or representative of the federal government to implement a state and federal program; or (4) adopt a rule solely under the general powers of the agency instead of under a specific state law. This rulemaking does not meet any of these four applicability criteria because it: (1) does not exceed any federal law; (2) does not exceed an express requirement of state law; (3) does not exceed a requirement of a delegation agreement or contract between the state and an agency or representative of the federal government to implement a state and federal program; and (4) is not adopted solely under the general powers of the agency, but Texas Water Code §16.502. Therefore, this rule does not fall under any of the applicability criteria in Texas Government Code §2001.0225.

TAKINGS IMPACT ASSESSMENT (Texas Government Code §2007.043)

The TWDB evaluated this rule and performed an analysis of whether it constitutes a taking under Texas Government Code, Chapter 2007. The specific purpose of this rule is to implement SB 3. The rule would substantially advance this stated purpose by providing standards for certain local governments to follow when installing, maintaining, and operating outdoor warning sirens in flash flood-prone areas.

The TWDB's analysis indicates that Texas Government Code, Chapter 2007 does not apply to this rule because this is an action that is reasonably taken to fulfill an obligation mandated by state law, which is exempt under Texas Government Code §2007.003(b)(4). The TWDB is the agency that is charged with implementing SB 3.

Nevertheless, the TWDB further evaluated this rule and performed an assessment of whether it constitutes a taking under Texas Government Code Chapter 2007. Promulgation and enforcement of this rule would be neither a statutory nor a constitutional taking of private real property. Specifically, the subject regulation does not affect a landowner's rights in private real property because this rulemaking does not burden, restrict, or limit the owner's right to property and reduce its value by 25% or more beyond that which would otherwise exist in the absence of the regulation. In other words, this rule requires certain governmental entities to install outdoor warning sirens without burdening or restricting or limiting a landowner's right to property and reducing its value by 25% or more. Therefore, the rule does not constitute a taking under Texas Government Code, Chapter 2007.

PUBLIC COMMENTS (Texas Government Code §2001.033(a)(1))

The public comment period ended on March 9, 2026, and no comments were received.

STATUTORY AUTHORITY (Texas Government Code §2001.033(a)(2))

The rules are adopted under the authority of Texas Water Code §6.101, which provides the TWDB with the authority to adopt rules necessary to carry out the powers and duties in the Water

Code and other laws of the State, and also under the authority of Water Code §16.502.

This rulemaking affects Texas Water Code, Chapter 16, Subchapter M.

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 April 16, 2026.

TRD-202601643
Ashley Harden
General Counsel
Texas Water Development Board
Effective date: May 6, 2026
Proposal publication date: February 6, 2026
For further information, please call: (512) 475-1673

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TITLE 34. PUBLIC FINANCE

PART 1. COMPTROLLER OF PUBLIC ACCOUNTS

CHAPTER 15. ELECTRONIC TRANSFER OF CERTAIN PAYMENTS TO STATE AGENCIES

SUBCHAPTER A. APPLICABILITY, DEFINITIONS AND PAYMENT CATEGORIES

34 TAC §§15.1, 15.4, 15.6

The Comptroller of Public Accounts adopts amendments to §15.1, concerning applicability and additional information; §15.4, concerning applicable payment categories and voluntary payments; and §15.6, concerning payment category: taxes, without changes to the proposed text as published in the February 20, 2026, issue of the *Texas Register* (51 TexReg 1028). The rules will not be republished.

The comptroller adopts the amendments to remove and replace outdated information. The amendments are the result of the comptroller's statutory quadrennial rule review of Texas Administrative Code, Title 34, Part 1 Chapter 15, concerning Electronic Transfer of Certain Payments to State Agencies.

The amendment to §15.1(e) replaces the outdated URL for TexNet Instructions with the current web address.

The amendment to §15.4(c) replaces the outdated URL for TexNet Instructions with the current web address.

The amendments to §15.6 update the list of payment categories in subsection (a) by removing the fireworks sales tax and sulphur tax and replace the outdated URL for TexNet Instructions in subsection (c) with the current web address.

The comptroller did not receive any comments regarding adoption of the amendments.

These amendments are adopted under Government Code, §404.095(e) which authorizes the comptroller to adopt rules specifying approved means of electronic funds transfer and specifying the types of taxes constituting separate categories.

The amendments implement Government Code, §404.095 (Electronic Transfer of Certain Payments).

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 April 16, 2026.

TRD-202601646
Victoria North
General Counsel for Fiscal and Agency Affairs
Comptroller of Public Accounts
Effective date: May 6, 2026
Proposal publication date: February 20, 2026
For further information, please call: (512) 475-2220

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SUBCHAPTER B. STATE AGENCY PRACTICE AND PROCEDURES

34 TAC §15.21

The Comptroller of Public Accounts adopts an amendment to §15.21, concerning state agency rules requirements, without changes to the proposed text as published in the February 20, 2026, issue of the *Texas Register* (51 TexReg 1030). The rule will not be republished.

The comptroller adopts the amendment to remove and replace outdated information. The amendment is the result of the comptroller's statutory quadrennial rule review of Texas Administrative Code, Title 34, Part 1 Chapter 15, concerning Electronic Transfer of Certain Payments to State Agencies.

The amendment to §15.21(d) replaces the outdated URL for TexNet Instructions with the current web address.

The comptroller did not receive any comments regarding adoption of the amendment.

This amendment is adopted under Government Code, §404.095(e) which authorizes the comptroller to adopt rules specifying approved means of electronic funds transfer and specifying the types of taxes constituting separate categories.

The amendment implements Government Code, §404.095 (Electronic Transfer of Certain Payments).

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 April 16, 2026.

TRD-202601647
Victoria North
General Counsel for Fiscal and Agency Affairs
Comptroller of Public Accounts
Effective date: May 6, 2026
Proposal publication date: February 20, 2026
For further information, please call: (512) 475-2220

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SUBCHAPTER C. TEXNET: GENERAL PAYMENT PROCEDURES

34 TAC §15.32, §15.35

The Comptroller of Public Accounts adopts amendments to §15.32, concerning transmission of TexNet payment information, and §15.35, concerning notification to the comptroller, without changes to the proposed text as published in the February 20, 2026, issue of the *Texas Register* (51 TexReg 1030). The rules will not be republished.

The comptroller adopts the amendments to remove and replace outdated information. The amendments are the result of the comptroller's statutory quadrennial rule review of Texas Administrative Code, Title 34, Part 1, Chapter 15, concerning Electronic Transfer of Certain Payments to State Agencies.

The amendment to §15.32 replaces the outdated URL for TexNet Instructions in §15.32(b)(1)(D)(3) with the current web address.

The amendment to §15.35 removes the reference to facsimile and fax number to reflect the comptroller's current communication standards.

The comptroller did not receive any comments regarding adoption of the amendments.

This amendment is adopted under Government Code, §404.095(e) which authorizes the comptroller to adopt rules specifying approved means of electronic funds transfer and specifying the types of taxes constituting separate categories.

The amendment implements Government Code, §404.095, concerning electronic transfer of certain payments.

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 April 16, 2026.

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Victoria North
General Counsel for Fiscal and Agency Affairs
Comptroller of Public Accounts
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For further information, please call: (512) 475-2220

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TITLE 37. PUBLIC SAFETY AND CORRECTIONS

PART 6. TEXAS DEPARTMENT OF CRIMINAL JUSTICE

CHAPTER 151. GENERAL PROVISIONS

37 TAC §151.52

The Texas Board of Criminal Justice (board) adopts amendments to §151.52, concerning Sick Leave Pool without changes to the proposed text as published in the January 9, 2026, issue of the *Texas Register* (51 TexReg 196). The rule will not be republished. The adopted amendments make minor grammatical updates.

No public comments were received regarding the amendments.

The amendments are adopted under Texas Government Code §492.013, which authorizes the board to adopt rules; and §§661.001-.008, which establish a sick leave pool for state employees.

Cross Reference to Statutes: None.

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 April 20, 2026.

TRD-202601682
Stephanie Greger
General Counsel
Texas Department of Criminal Justice
Effective date: May 10, 2026
Proposal publication date: January 9, 2026
For further information, please call: (936) 437-6700

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37 TAC §151.53

The Texas Board of Criminal Justice (board) adopts amendments to §151.53, concerning Family Leave Pool without changes to the proposed text as published in the January 9, 2026, issue of the *Texas Register* (51 TexReg 197). The rule will not be republished. The adopted amendments make minor grammatical updates.

No public comments were received regarding the amendments.

The amendments are adopted under Texas Government Code §492.013, which authorizes the board to adopt rules; and §661.022, which establishes guidelines for a family leave pool.

Cross Reference to Statutes: None.

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 April 20, 2026.

TRD-202601683
Stephanie Greger
General Counsel
Texas Department of Criminal Justice
Effective date: May 10, 2026
Proposal publication date: January 9, 2026
For further information, please call: (936) 437-6700

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TITLE 40. SOCIAL SERVICES AND ASSISTANCE

PART 20. TEXAS WORKFORCE COMMISSION

CHAPTER 819. CIVIL RIGHTS DIVISION

The Texas Workforce Commission (TWC) adopts amendments to the following sections of Chapter 819, relating to the Civil Rights Division:

Subchapter C. Equal Employment Opportunity Reports, Training, and Reviews, §819.25

Subchapter G. Texas Fair Housing Act Provisions, §819.112

Amended §819.25 and §819.112 are adopted without changes to the proposal, as published in the January 30, 2026, issue of the *Texas Register* (51 TexReg 541), and, therefore, the adopted rule text will not be published.

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

TWC's Civil Rights Division (CRD) enforces state and federal employment and fair housing laws, investigates claims of employment and housing discrimination, and provides discrimination training to employers and training on fair-housing best practices.

The purpose of the Chapter 819 rule change is to:

--align the rules relating to employment discrimination training with current federal guidance provided in Executive Order 14281, issued on April 23, 2025; and

--clarify the definition of "Disability" as it relates to Texas Property Code, Chapter 301, and its use in Chapter 819, Subchapters G - L.

Rule Review

Texas Government Code, §2001.039, requires a state agency to review and consider for readoption each of its rules every four years. In accordance with the statute, TWC has reviewed Chapter 819, Civil Rights Division, and readopts of the rules as amended.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

(Note: Minor editorial changes are made that do not change the meaning of the rules and, therefore, are not discussed in the Explanation of Individual Provisions.)

SUBCHAPTER C. EQUAL EMPLOYMENT OPPORTUNITY REPORTS, TRAINING, AND REVIEWS

TWC adopts the following amendments to Subchapter C:

§819.25. Compliance Employment Discrimination Training

Section 819.25 is amended to conform with Executive Order 14281 by removing §819.25(c)(1) through (4) relating to disparate treatment and disparate impact training. Consequently, existing §819.25(c)(5) through (8) is renumbered as §819.25(c)(1) through (4).

SUBCHAPTER G. TEXAS FAIR HOUSING ACT PROVISIONS

TWC adopts the following amendments to Subchapter G:

§819.112. Definitions

Section 819.112 is amended to clarify the definition of "Disability" as it is used in Chapter 819, Subchapters G - L. The change removes unnecessary language from the definition.

PART III. PUBLIC COMMENTS

The comment period ended on March 2, 2026. No comments were received.

SUBCHAPTER C. EQUAL EMPLOYMENT OPPORTUNITY REPORTS, TRAINING, AND REVIEWS

40 TAC §819.25

PART IV. STATUTORY AUTHORITY

The rule is adopted under:

--Texas Labor Code, §21.003(a)(7), which provides TWC the specific authority to establish rules relating to employment discrimination;

--Texas Property Code, §301.062, which provides TWC the specific authority to establish rules relating to fair housing practices; and

--Texas Labor Code §301.0015(a)(6), which provides TWC the general authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The adopted rule relates to Title 2, Texas Labor Code, Chapter, 21, and Title 15, Texas Property Code, Chapter 134.

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 April 14, 2026.

TRD-202601621
Les Trobman
General Counsel
Texas Workforce Commission
Effective date: May 4, 2026
Proposal publication date: January 30, 2026
For further information, please call: (737) 301-9662

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SUBCHAPTER G. TEXAS FAIR HOUSING ACT PROVISIONS

40 TAC §819.112

The rule is adopted under:

--Texas Labor Code, §21.003(a)(7), which provides TWC the specific authority to establish rules relating to employment discrimination;

--Texas Property Code, §301.062, which provides TWC the specific authority to establish rules relating to fair housing practices; and

--Texas Labor Code §301.0015(a)(6), which provides TWC the general authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The adopted rule relates to Title 2, Texas Labor Code, Chapter, 21, and Title 15, Texas Property Code, Chapter 134.

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 April 14, 2026.

TRD-202601622
Les Trobman
General Counsel
Texas Workforce Commission
Effective date: May 4, 2026
Proposal publication date: January 30, 2026
For further information, please call: (737) 301-9662

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CHAPTER 858. PROCUREMENT AND CONTRACT MANAGEMENT REQUIREMENTS FOR PURCHASE OF GOODS AND SERVICES FOR VOCATIONAL REHABILITATION SERVICES

40 TAC §858.2

The Texas Workforce Commission (TWC) adopts amendments to the following section of Chapter 858, relating to Procurement and Contract Management Requirements for Purchase of Goods and Services for Vocational Rehabilitation Services, §858.2.

Amended §858.2 is adopted without changes to the proposal, as published in the February 13, 2026, issue of the *Texas Register* (51 TexReg 872), and, therefore, the adopted rule text will not be published.

PART I. PURPOSE, BACKGROUND, AND AUTHORITY

The purpose of the Chapter 858 rule change is to implement House Bill 2791 (HB 2791), 89th Texas Legislature, Regular Session, 2025, which adds Texas Labor Code, §352.060.

Historically, TWC's Vocational Rehabilitation (VR) program operated under procurement authority derived from the Texas Health and Human Services Commission (HHSC) since the program's transfer to TWC in 2016. However, legislation passed during the 88th Texas Legislature (HB 4611) made nonsubstantive revisions to health and human services laws that had the unintended effect of removing the critical statutory connections that allowed TWC's VR program to use this authority.

Without corrective legislation, TWC's authority to use the noncompetitive open enrollment procurement method--a method used for approximately 1,000 active provider contracts--was set to end. This would have jeopardized the timely delivery of essential goods and services for more than 27,000 VR participants annually.

HB 2791 was enacted to resolve this issue by adding Texas Labor Code, §352.060, which provides TWC with direct and explicit statutory authority to procure goods and services for the VR program, including the continued use of open enrollment solicitations and new authority for direct negotiation with qualified vendors. This rule amendment aligns TWC's rules with this new statutory authority.

PART II. EXPLANATION OF INDIVIDUAL PROVISIONS

(Note: Minor editorial changes are made that do not change the meaning of the rules and, therefore, are not discussed in the Explanation of Individual Provisions.)

§858.2. Noncompetitive Open Enrollment Solicitation

Section 858.2 is amended to align with the new statutory authority provided by HB 2791, which adds Texas Labor Code, §352.060. This section affirms TWC's authority to use a noncompetitive open enrollment solicitation for acquiring goods and services for the VR program. It also outlines the conditions under which TWC may directly negotiate a contract if no responsive applications are received from an open enrollment solicitation, consistent with the provisions in the new statute.

PART III. PUBLIC COMMENTS

The comment period ended on March 16, 2026. No comments were received.

PART IV. STATUTORY AUTHORITY

The rule is adopted under:

--Texas Labor Code, §352.060, as added by HB 2791, 89th Texas Legislature, Regular Session, 2025, which provides TWC the specific authority to adopt rules for the acquisition of VR goods and services, including rules allowing TWC to purchase VR services through open-enrollment solicitations and direct negotiation;

--Texas Labor Code, §352.103, which provides TWC with the authority to adopt rules for the provision of VR services; and

--Texas Labor Code, §301.0015 and §302.002(d), which provide TWC with the authority to adopt, amend, or repeal such rules as it deems necessary for the effective administration of TWC services and activities.

The adopted rule implements provisions of Title 4, Texas Labor Code, Chapter 352.

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 April 14, 2026.

TRD-202601623
Les Trobman
General Counsel
Texas Workforce Commission
Effective date: May 4, 2026
Proposal publication date: February 13, 2026
For further information, please call: (737) 301-9662


Texas

REVIEW OF AGENCY RULES

This section contains notices of state agency rule review as directed by the Texas Government Code, §2001.039. Included here are proposed rule review notices, which invite public comment to specified rules under review; and adopted rule review notices, which summarize public comment received as part of the review. The complete text of an agency's rule being reviewed is available in the *Texas Administrative Code* on the Texas Secretary of State's website.

For questions about the content and subject matter of rules, please contact the state agency that is reviewing the rules. Questions about the website and printed copies of these notices may be directed to the *Texas Register* office.

Proposed Rule Reviews

Texas Historical Commission

Title 13, Part 2

The Texas Historical Commission (Commission) files this notice of intent to review and consider for re-adoption, revision, or repeal, Chapter 12 of the Texas Administrative Code, Title 13, Part 2, related to the Texas Historic Courthouse Preservation Program.

Pursuant to Texas Government Code § 2001.039, the Texas Historical Commission will assess whether the reason(s) for initially adopting these rules continue to exist. The rules will be reviewed to determine whether they are obsolete, reflect current legal and policy considerations, reflect current general provisions in the governance of the Commission, and/or whether they are in compliance with Chapter 2001 of the Texas Government Code (Administrative Procedures Act).

Comments as to whether the reasons for initially adopting these rules continue to exist may be submitted to Joseph Bell, Executive Director, Texas Historical Commission, P.O. Box 12276, Austin, Texas 78711. Comments will be accepted for 30 days after publication in the *Texas Register*.

The text of the rule sections being reviewed will not be published, but may be found in Title 13, Part 2, of the Texas Administrative Code or on the Secretary of State's website (www.sos.texas.gov) under the "Rules & Meetings" tab.

TRD-202601649
Joseph Bell
Executive Director
Texas Historical Commission
Filed: April 16, 2026

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The Texas Historical Commission (Commission) files this notice of intent to review and consider for re-adoption, revision, or repeal, Chapter 13 of the Texas Administrative Code, Title 13, Part 2, related to the Texas Historic Preservation Tax Credit Program.

Pursuant to Texas Government Code § 2001.039, the Texas Historical Commission will assess whether the reason(s) for initially adopting these rules continue to exist. The rules will be reviewed to determine whether they are obsolete, reflect current legal and policy considerations, reflect current general provisions in the governance of the Commission, and/or whether they are in compliance with Chapter 2001 of the Texas Government Code (Administrative Procedures Act).

Comments as to whether the reasons for initially adopting these rules continue to exist may be submitted to Joseph Bell, Executive Director, Texas Historical Commission, P.O. Box 12276, Austin, Texas 78711. Comments will be accepted for 30 days after publication in the *Texas Register*.

The text of the rule sections being reviewed will not be published, but may be found in Title 13, Part 2, of the Texas Administrative Code or on the Secretary of State's website (www.sos.texas.gov) under the "Rules & Meetings" tab.

TRD-202601650
Joseph Bell
Executive Director
Texas Historical Commission
Filed: April 16, 2026

♦ ♦ ♦

The Texas Historical Commission (Commission) files this notice of intent to review and consider for re-adoption, revision, or repeal, §15.3 of the Texas Administrative Code, Title 13, Part 2, related to the State Board of Review/National Register.

Pursuant to Texas Government Code § 2001.039, the Texas Historical Commission will assess whether the reason(s) for initially adopting these rules continue to exist. The rules will be reviewed to determine whether they are obsolete, reflect current legal and policy considerations, reflect current general provisions in the governance of the Commission, and/or whether they are in compliance with Chapter 2001 of the Texas Government Code (Administrative Procedures Act).

Comments as to whether the reasons for initially adopting these rules continue to exist may be submitted to Joseph Bell, Executive Director, Texas Historical Commission, P.O. Box 12276, Austin, Texas 78711. Comments will be accepted for 30 days after publication in the *Texas Register*.

The text of the rule sections being reviewed will not be published, but may be found in Title 13, Part 2, of the Texas Administrative Code or on the Secretary of State's website (www.sos.texas.gov) under the "Rules & Meetings" tab.

TRD-202601651
Joseph Bell
Executive Director
Texas Historical Commission
Filed: April 16, 2026

♦ ♦ ♦

The Texas Historical Commission (Commission) files this notice of intent to review and consider for re-adoption, revision, or repeal, Chapter 21, Subchapter B of the Texas Administrative Code, Title 13, Part 2, related to the Official Texas Historical Marker Program.

Pursuant to Texas Government Code § 2001.039, the Texas Historical Commission will assess whether the reason(s) for initially adopting these rules continue to exist. The rules will be reviewed to determine whether they are obsolete, reflect current legal and policy considerations, reflect current general provisions in the governance of the Commission, and/or whether they are in compliance with Chapter 2001 of the Texas Government Code (Administrative Procedures Act).

Comments as to whether the reasons for initially adopting these rules continue to exist may be submitted to Joseph Bell, Executive Director, Texas Historical Commission, P.O. Box 12276, Austin, Texas 78711. Comments will be accepted for 30 days after publication in the *Texas Register*.

The text of the rule sections being reviewed will not be published, but may be found in Title 13, Part 2, of the Texas Administrative Code or on the Secretary of State's website (www.sos.texas.gov) under the "Rules & Meetings" tab.

TRD-202601652
Joseph Bell
Executive Director
Texas Historical Commission
Filed: April 16, 2026

♦ ♦ ♦

The Texas Historical Commission (Commission) files this notice of intent to review and consider for re-adoption, revision, or repeal, Chapter 21, Subchapter E of the Texas Administrative Code, Title 13, Part 2, related to the Texas Historic Roads and Highways Program.

Pursuant to Texas Government Code § 2001.039, the Texas Historical Commission will assess whether the reason(s) for initially adopting these rules continue to exist. The rules will be reviewed to determine whether they are obsolete, reflect current legal and policy considerations, reflect current general provisions in the governance of the Commission, and/or whether they are in compliance with Chapter 2001 of the Texas Government Code (Administrative Procedures Act).

Comments as to whether the reasons for initially adopting these rules continue to exist may be submitted to Joseph Bell, Executive Director, Texas Historical Commission, P.O. Box 12276, Austin, Texas 78711. Comments will be accepted for 30 days after publication in the *Texas Register*.

The text of the rule sections being reviewed will not be published, but may be found in Title 13, Part 2, of the Texas Administrative Code or on the Secretary of State's website (www.sos.texas.gov) under the "Rules & Meetings" tab.

TRD-202601653
Joseph Bell
Executive Director
Texas Historical Commission
Filed: April 16, 2026

♦ ♦ ♦

The Texas Historical Commission (Commission) files this notice of intent to review and consider for re-adoption, revision, or repeal, Chapter 24 of the Texas Administrative Code, Title 13, Part 2, related to the Restricted Cultural Resource Information.

Pursuant to Texas Government Code § 2001.039, the Texas Historical Commission will assess whether the reason(s) for initially adopting these rules continue to exist. The rules will be reviewed to determine whether they are obsolete, reflect current legal and policy considerations, reflect current general provisions in the governance of the Commission, and/or whether they are in compliance with Chapter 2001 of the Texas Government Code (Administrative Procedures Act).

Comments as to whether the reasons for initially adopting these rules continue to exist may be submitted to Joseph Bell, Executive Director, Texas Historical Commission, P.O. Box 12276, Austin, Texas 78711. Comments will be accepted for 30 days after publication in the *Texas Register*.

The text of the rule sections being reviewed will not be published, but may be found in Title 13, Part 2, of the Texas Administrative Code or on the Secretary of State's website (www.sos.texas.gov) under the "Rules & Meetings" tab.

TRD-202601654
Joseph Bell
Executive Director
Texas Historical Commission
Filed: April 16, 2026

♦ ♦ ♦

The Texas Historical Commission (Commission) files this notice of intent to review and consider for re-adoption, revision, or repeal, Chapter 25 of the Texas Administrative Code, Title 13, Part 2, related to the State Archeological Program.

Pursuant to Texas Government Code § 2001.039, the Texas Historical Commission will assess whether the reason(s) for initially adopting these rules continue to exist. The rules will be reviewed to determine whether they are obsolete, reflect current legal and policy considerations, reflect current general provisions in the governance of the Commission, and/or whether they are in compliance with Chapter 2001 of the Texas Government Code (Administrative Procedures Act).

Comments as to whether the reasons for initially adopting these rules continue to exist may be submitted to Joseph Bell, Executive Director, Texas Historical Commission, P.O. Box 12276, Austin, Texas 78711. Comments will be accepted for 30 days after publication in the *Texas Register*.

The text of the rule sections being reviewed will not be published, but may be found in Title 13, Part 2, of the Texas Administrative Code or on the Secretary of State's website (www.sos.texas.gov) under the "Rules & Meetings" tab.

TRD-202601655
Joseph Bell
Executive Director
Texas Historical Commission
Filed: April 16, 2026

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Texas Juvenile Justice Department

Title 37, Part 11

In accordance with §2001.039, Government Code, the Texas Juvenile Justice Department (TJJD) proposes the review of Title 37, Part 11, Texas Administrative Code, Chapter 347, Title IV-E Federal Foster Care Program.

TJJD will make an assessment to determine whether the initial reasons for adopting the standards in the given chapter continue to exist and whether the standards reflect current legal and policy considerations, as well as current TJJD procedure.

Comments on the review may be submitted within 30 days after publication of this notice to Texas Juvenile Justice Department, Policy and

Standards Section, P.O. Box 12757, Austin, Texas 78711, or via email to policy.proposals@tjjd.texas.gov.

TRD-202601707
Jana Jones
General Counsel
Texas Juvenile Justice Department
Filed: April 21, 2026

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Adopted Rule Reviews

Finance Commission of Texas

Title 7, Part 1

The Finance Commission of Texas (commission) has completed the rule review of Texas Administrative Code, Title 7, Part 1, Chapter 2, concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner, in its entirety. The rule review was conducted under Texas Government Code, §2001.039.

Notice of the review of 7 Chapter 2 was published in the February 6, 2026, issue of the *Texas Register* (51 TexReg 757). The commission received no comments in response to that notice. The commission believes that the reasons for initially adopting the rules contained in this chapter continue to exist.

As a result of the rule review, the commission finds that the reasons for initially adopting the rules in 7 TAC Chapter 2 continue to exist, and readopts this chapter in accordance with the requirements of Texas Government Code, §2001.039.

TRD-202601659
Matthew Nance
General Counsel, Office of Consumer Credit Commissioner
Finance Commission of Texas
Filed: April 17, 2026

♦ ♦ ♦

Texas Historical Commission

Title 13, Part 2

The Texas Historical Commission (Commission) re-adopts Chapter 20 of the Texas Administrative Code, Title 13, Part 2, related to awards, as published in the February 27, 2026, issue of the *Texas Register* (51 TexReg 1312). Pursuant to Texas Government Code § 2001.039, the Texas Historical Commission has assessed whether the reason(s) for initially adopting these rules continue to exist. The rules were reviewed to determine whether they are obsolete, reflect current legal and policy considerations, reflect current general provisions in the governance of the Commission and/or whether the rules are in compliance with Chapter 2001 of the Texas Government Code (Administrative Procedure Act).

These amendments are proposed under the authority of Texas Government Code §442.005(q), which provides the Commission with the authority to promulgate rules to reasonably affect the purposes of the Commission.

No other statutes, articles, or codes are affected by these amendments.

No comments were received during the 30 day comment period.

TRD-202601641
Joseph Bell
Executive Director
Texas Historical Commission
Filed: April 16, 2026

♦ ♦ ♦

The Texas Historical Commission (Commission) re-adopts Chapter 29 of the Texas Administrative Code, Title 13, Part 2, related to awards, as published in the February 27, 2026 issue of the *Texas Register* (51 TexReg 1312). Pursuant to Texas Government Code § 2001.039, the Texas Historical Commission has assessed whether the reason(s) for initially adopting these rules continue to exist. The rules were reviewed to determine whether they are obsolete, reflect current legal and policy considerations, reflect current general provisions in the governance of the Commission and/or whether the rules are in compliance with Chapter 2001 of the Texas Government Code (Administrative Procedure Act).

These amendments are proposed under the authority of Texas Government Code §442.005(q), which provides the Commission with the authority to promulgate rules to reasonably affect the purposes of the Commission.

No other statutes, articles, or codes are affected by these amendments.

No comments were received during the 30 day comment period.

TRD-202601642
Joseph Bell
Executive Director
Texas Historical Commission
Filed: April 16, 2026

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Department of State Health Services

Title 25, Part 1

The Texas Health and Human Services Commission (HHSC), in its own capacity and on behalf of the Texas Department of State Health Services (DSHS), adopts the review of the chapter below in Title 25, Part 1, of the Texas Administrative Code (TAC):

Chapter 49, Oral Health Improvement Program

Notice of the review of this chapter was published in the February 27, 2026, issue of the *Texas Register* (51 TexReg 1313) for public comment.

The 31-day comment period ended March 30, 2026. During this period, DSHS did not receive any comments regarding the proposed rule review.

DSHS has reviewed Chapter 49 in accordance with Texas Government Code §2001.039, which requires state agencies to assess, every four years, whether the initial reasons for adopting a rule continue to exist.

The agency determined that the original reasons for adopting all rules in the chapter continue to exist and readopts Chapter 49. Any amendments, if applicable, to Chapter 49 identified by DSHS in the rule review will be proposed in a future issue of the *Texas Register*.

This concludes DSHS' review of 25 TAC Chapter 49 as required by Texas Government Code §2001.039.

TRD-202601638

Jessica Miller
Director, Rules Coordination Office
Department of State Health Services
Filed: April 15, 2026

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Texas Health and Human Services Commission

Title 26, Part 1

The Texas Health and Human Services Commission (HHSC) adopts the review of the chapter below in Title 26, Part 1, of the Texas Administrative Code (TAC):

Chapter 321, Substance Use Services

Notice of the review of this chapter was published in the February 27, 2026, issue of the *Texas Register* (51 TexReg 1314) for public comment.

The 31-day comment period ended March 30, 2026. During this period, HHSC did not receive any comments regarding the proposed rule review.

HHSC has reviewed Chapter 321 in accordance with Texas Government Code §2001.039, which requires state agencies to assess, every four years, whether the initial reasons for adopting a rule continue to exist.

The agency determined that the original reasons for adopting all rules in the chapter continue to exist and readopts Chapter 321. Any amendments, if applicable, to Chapter 321 identified by HHSC in the rule review will be proposed in a future issue of the *Texas Register.*

This concludes HHSC's review of 26 TAC Chapter 321 as required by Texas Government Code §2001.039.

TRD-202601717
Jessica Miller
Director, Rules Coordination Office
Texas Health and Human Services Commission
Filed: April 21, 2026

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The Texas Health and Human Services Commission (HHSC) adopts the review of the chapter below in Title 26, Part 1, of the Texas Administrative Code (TAC):

Chapter 371, Breast And Cervical Cancer Services

Notice of the review of this chapter was published in the February 27, 2026, issue of the *Texas Register* (51 TexReg 1314) for public comment.

The 31-day comment period ended March 30, 2026. During this period, HHSC did not receive any comments regarding the proposed rule review.

HHSC has reviewed Chapter 371 in accordance with Texas Government Code §2001.039, which requires state agencies to assess, every four years, whether the initial reasons for adopting a rule continue to exist.

The agency determined that the original reasons for adopting all rules in the chapter continue to exist and readopts Chapter 371. Any amendments, if applicable, to Chapter 371 identified by HHSC in the rule review will be proposed in a future issue of the *Texas Register*.

This concludes HHSC's review of 26 TAC Chapter 371 as required by Texas Government Code §2001.039.

TRD-202601639
Jessica Miller
Director, Rules Coordination Office
Texas Health and Human Services Commission
Filed: April 15, 2026

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Graphic images included in rules are published separately in this tables and graphics section. Graphic images are arranged in this section in the following order: Title Number, Part Number, Chapter Number and Section Number.

Graphic images are indicated in the text of the emergency, proposed, and adopted rules by the following tag: the word "Figure" followed by the TAC citation, rule number, and the appropriate subsection, paragraph, subparagraph, and so on.

Figure: 16 TAC §24.76(e)(13)

Meter Size	Multiplier
5/8"	1.00
3/4"	1.50
1"	2.50
1 1/2"	5.00
2"	8.00
3"	15.00
4”	25.00
6”	50.00
8”	80.00
10”	210.00
12”	265.00

IN ADDITION

The *Texas Register* is required by statute to publish certain documents, including applications to purchase control of state banks, notices of rate ceilings issued by the Office of Consumer Credit Commissioner, and consultant proposal requests and awards. State agencies also may publish other notices of general interest as space permits.

Texas State Affordable Housing Corporation

Draft Housing Revitalization Plan - Notice of Public Comment

The Texas State Affordable Housing Corporation (the "Corporation") invites public comment on its Draft Housing Revitalization Plan (the "Plan"), developed to support the administration of grant funding provided by the Texas Department of Transportation for affordable housing initiatives in communities impacted by the North Houston Highway Improvement Project.

A copy of the Draft Housing Revitalization Plan is available on the Corporation's website at:

www.tsahc.org

TSAHC will accept public comment on the Plan until May 22, 2026.

Written comment may be sent to Michael Wilt by email at mwilt@tsahc.org or by mail at:

Texas State Affordable Housing Corporation

Attention: Michael Wilt

6701 Shirley Avenue

Austin, Texas 78752

All comments must be received by 5:00 p.m. on the closing date of the comment period.

TRD-202601716
David Long
President
Texas State Affordable Housing Corporation
Filed: April 21, 2026

♦ ♦ ♦

Comptroller of Public Accounts

Local Government Bond, Tax and Project Transparency Database Resource Guide

The Texas Comptroller of Public Accounts invites members of the public to review and provide feedback on the draft Resource Guide for the Local Government Bond, Tax and Project Transparency Database, now available on the comptroller's website at https://comptroller.texas.gov/transparency/local/hb103/hb103-simple.php

A finalized Resource Guide that considers the public's feedback will be published online in early May 2026. The Resource Guide document is expected to include Helpful Definitions, and Frequently Asked Questions (FAQs) section. The Resource Guide is intended to assist users in submitting information as required by House Bill 103, 89th Legislation, R.S., 2025. As the reporting process moves forward, the comptroller wants to ensure stakeholders, local officials, and members of the public have a clear understanding of both the program and the reporting requirements and procedures. Public input is a vital part of this process, as it ensures the final resources provide all stakeholders and the public with the best information.

Please submit your feedback by the close of business on May 8th, 2026 to Transparency@cpa.texas.gov.

TRD-202601644
Victoria North
General Counsel for Fiscal and Agency Affairs
Comptroller of Public Accounts
Filed: April 16, 2026

♦ ♦ ♦

Office of Consumer Credit Commissioner

Notice of Rate Ceilings

The Consumer Credit Commissioner of Texas has ascertained the following rate ceilings by use of the formulas and methods described in §303.003, and §303.009, Texas Finance Code.

The weekly ceiling as prescribed by §303.003 and §303.009 for the period of 04/27/26 - 05/03/26 is 18.00% for consumer[1] credit.

The weekly ceiling as prescribed by §303.003 and §303.009 for the period of 04/27/26 - 05/03/26 is 18.00% for commercial[2] credit.

[1] Credit for personal, family, or household use.

[2] Credit for business, commercial, investment, or other similar purpose.

TRD-202601735
Leslie L. Pettijohn
Commissioner
Office of Consumer Credit Commissioner
Filed: April 22, 2026

♦ ♦ ♦

Texas Commission on Environmental Quality

Agreed Orders

The Texas Commission on Environmental Quality (TCEQ, agency, or commission) staff is providing an opportunity for written public comment on the listed Agreed Orders (AOs) in accordance with Texas Water Code (TWC), §7.075. TWC, §7.075 requires that before the commission may approve the AOs, the commission shall allow the public an opportunity to submit written comments on the proposed AOs. TWC, §7.075 requires that notice of the proposed orders and the opportunity to comment must be published in the *Texas Register* no later than the 30th day before the date on which the public comment period closes, which in this case is **June 2, 2026**. TWC, §7.075 also requires that the commission promptly consider any written comments received and that the commission may withdraw or withhold approval of an AO if a comment discloses facts or considerations that indicate that consent is inappropriate, improper, inadequate, or inconsistent with the requirements of the statutes and rules within the commission's jurisdiction or the commission's orders and permits issued in accordance with the commission's regulatory authority. Additional notice of changes to a proposed AO is not required to be published if those changes are made in response to written comments.

A physical copy of each proposed AO is available for public inspection at both the commission's central office, located at 12100 Park 35 Circle, Building C, 1st Floor, Austin, Texas 78753, (512) 239-2545 and at the applicable regional office listed as follows. Additionally, copies of the proposed AO can be found online by using either the Chief Clerk's eFiling System at https://www.tceq.texas.gov/goto/efilings or the TCEQ Commissioners' Integrated Database at https://www.tceq.texas.gov/goto/cid, and searching either of those databases with the proposed AO's identifying information, such as its docket number. Written comments about an AO should be sent to the enforcement coordinator designated for each AO at the commission's central office at Enforcement Division, MC 128, P.O. Box 13087, Austin, Texas 78711-3087 and must be postmarked by 5:00 p.m. on **June 2, 2026**. Written comments may also be sent to the enforcement coordinator by email to ENFCOMNT@tceq.texas.gov or by facsimile machine at (512) 239-2550. The commission enforcement coordinators are available to discuss the AOs and/or the comment procedure at the listed contact information; however, TWC, §7.075 provides that comments on the AOs shall be submitted to the commission in writing.

(1) COMPANY: Ash Grove Cement Company; DOCKET NUMBER: 2025-1607-AIR-E; IDENTIFIER: RN104561576; LOCATION: Denton, Denton County; TYPE OF FACILITY: bulk cement handling site; PENALTY: $7,500; ENFORCEMENT COORDINATOR: Michael Wilkins, (325) 698-6134; REGIONAL OFFICE: 1977 Industrial Boulevard, Abilene, Texas 79602-7833, REGION 3 - ABILENE.

(2) COMPANY: CROWN Cork & Seal USA, Inc.; DOCKET NUMBER: 2025-1123-AIR-E; IDENTIFIER: RN100218072; LOCATION: Sugar Land, Fort Bend County; TYPE OF FACILITY: metal can manufacturing facility; PENALTY: $22,000; ENFORCEMENT COORDINATOR: Krystina Sepulveda, (956) 430-6045; REGIONAL OFFICE: 1804 West Jefferson Avenue, Harlingen, Texas 78550-5247, REGION 15 - HARLINGEN.

(3) COMPANY: City of Beasley; DOCKET NUMBER: 2025-0586-MWD-E; IDENTIFIER: RN101721595; LOCATION: Beasley, Fort Bend County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: $56,187; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $56,187; ENFORCEMENT COORDINATOR: Samantha Smith, (512) 239-2099; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(4) COMPANY: City of Bulverde; DOCKET NUMBER: 2024-1647-WQ-E; IDENTIFIER: RN107742272; LOCATION: Bulverde, Comal County; TYPE OF FACILITY: municipal separate storm sewer system; PENALTY: $47,250; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $37,800; ENFORCEMENT COORDINATOR: Jasmine Jimerson, (512) 239-2552; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(5) COMPANY: City of Graham; DOCKET NUMBER: 2025-1823-MWD-E; IDENTIFIER: RN101916880; LOCATION: Graham, Young County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: $28,125; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $22,500; ENFORCEMENT COORDINATOR: Samantha Smith, (512) 239-2099; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(6) COMPANY: City of Midland; DOCKET NUMBER: 2022-0669-MWD-E; IDENTIFIER: RN101608891; LOCATION: Midland, Midland County; TYPE OF FACILITY: municipal treatment facility; PENALTY: $245,700; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $245,700; ENFORCEMENT COORDINATOR: Bethany Batchelor, (713) 767-3586; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(7) COMPANY: City of New Deal; DOCKET NUMBER: 2025-1002-PWS-E; IDENTIFIER: RN101389294; LOCATION: New Deal, Lubbock County; TYPE OF FACILITY: public water supply; PENALTY: $2,250; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $1,800; ENFORCEMENT COORDINATOR: Ilia Perez Ramirez, (512) 239-2556; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(8) COMPANY: City of Pecos City; DOCKET NUMBER: 2025-1134-PWS-E; IDENTIFIER: RN101257434; LOCATION: Pecos, Reeves County; TYPE OF FACILITY: public water supply; PENALTY: $31,655; ENFORCEMENT COORDINATOR: Ilia Perez Ramirez, (512) 239-2556; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(9) COMPANY: City of Wolfforth; DOCKET NUMBER: 2025-1284-WQ-E; IDENTIFIER: RN105481972; LOCATION: Wolfforth, Lubbock County; TYPE OF FACILITY: municipal separate storm water system; PENALTY: $7,500; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $6,000; ENFORCEMENT COORDINATOR: Cynthia Sidoa, (713) 767-3525; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(10) COMPANY: Countryside Acres Homeowners Association, Inc.; DOCKET NUMBER: 2025-1926-PWS-E; IDENTIFIER: RN110652849; LOCATION: Stanton, Midland County; TYPE OF FACILITY: public water supply; PENALTY: $4,000; ENFORCEMENT COORDINATOR: Ryan Fukawa, (512) 239-4678; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(11) COMPANY: DEYMA DAVILA; DOCKET NUMBER: 2025-1627-PWS-E; IDENTIFIER: RN106914047; LOCATION: Andrews, Andrews County; TYPE OF FACILITY: public water supply; PENALTY: $2,282; ENFORCEMENT COORDINATOR: Ronica Rodriguez, (512) 239-2510; REGIONAL OFFICE: 500 North Shoreline Boulevard, Suite 500, Corpus Christi, Texas 78401, REGION 14 - CORPUS CHRISTI.

(12) COMPANY: DS Carrizo Properties, LLC; DOCKET NUMBER: 2025-1890-PWS-E; IDENTIFIER: RN110950656; LOCATION: Crystal City, Dimmit County; TYPE OF FACILITY: public water supply; PENALTY: $1,950; ENFORCEMENT COORDINATOR: Tessa Bond, (512) 239-1269; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(13) COMPANY: El Compa #1 LLC, Alma Delia Gonzalez, and Jose Ricardo Gonzalez; DOCKET NUMBER: 2025-0369-MSW-E; IDENTIFIER: RN111740171; LOCATION: San Antonio, Bexar County; TYPE OF FACILITY: municipal solid waste facility; PENALTY: $6,825; ENFORCEMENT COORDINATOR: Eunice Adegelu, (512) 239-5082; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(14) COMPANY: Fazan F.S Wireless LLC; DOCKET NUMBER: 2025-1383-PST-E; IDENTIFIER: RN101868727; LOCATION: Seguin, Guadalupe County; TYPE OF FACILITY: convenience store with retail sales of gasoline; PENALTY: $9,563; ENFORCEMENT COORDINATOR: Bryce Huck, (512) 239-4655; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(15) COMPANY: Freeport LNG Development, L.P.; DOCKET NUMBER: 2022-1255-AIR-E; IDENTIFIER: RN103196689; LOCATION: Quintana, Brazoria County; TYPE OF FACILITY: natural gas liquefaction facility; PENALTY: $129,050; ENFORCEMENT COORDINATOR: Katie Phillips, (713) 767-3628; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(16) COMPANY: Glendale Water Supply Corporation; DOCKET NUMBER: 2025-1724-PWS-E; IDENTIFIER: RN101436319; LOCATION: Trinity, Trinity County; TYPE OF FACILITY: public water supply; PENALTY: $1,085; ENFORCEMENT COORDINATOR: Savannah Jackson, (512) 239-4306; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(17) COMPANY: Gulf Coast Authority; DOCKET NUMBER: 2024-1646-MWD-E; IDENTIFIER: RN102183340; LOCATION: Friendswood, Harris County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: $73,600; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $73,600; ENFORCEMENT COORDINATOR: Samantha Smith, (512) 239-2099; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(18) COMPANY: Harris County Municipal Utility District No. 230; DOCKET NUMBER: 2024-0010-MWD-E; IDENTIFIER: RN103885927; LOCATION: Houston, Harris County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: $39,875; ENFORCEMENT COORDINATOR: Kolby Farren, (512) 239-2098; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(19) COMPANY: Moriah TFS Operations, LLC; DOCKET NUMBER: 2025-0827-MLM-E; IDENTIFIER: RN111353710; LOCATION: Midland, Midland County; TYPE OF FACILITY: aggregate production operation; PENALTY: $22,032; ENFORCEMENT COORDINATOR: Elizabeth Vanderwerken, (512) 239-5900; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(20) COMPANY: Nora Padilla; DOCKET NUMBER: 2025-0330-MSW-E; IDENTIFIER: RN111977252; LOCATION: Del Rio, Val Verde County; TYPE OF FACILITY: municipal solid waste disposal site; PENALTY: $3,937; ENFORCEMENT COORDINATOR: Rachel Murray, (903) 535-5149; REGIONAL OFFICE: 2916 Teague Drive, Tyler, Texas 75701-3734, REGION 5 - TYLER.

(21) COMPANY: Pilot Travel Centers LLC; DOCKET NUMBER: 2026-0336-PST-E; IDENTIFIER: RN103952347; LOCATION: Mustang Ridge, Caldwell County; TYPE OF FACILITY: underground storage tank system; PENALTY: $1,875; ENFORCEMENT COORDINATOR: Kensington Mikulenka, (512) 239-4675; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(22) COMPANY: Quadvest, L.P.; DOCKET NUMBER: 2025-1775-MWD-E; IDENTIFIER: RN104541503; LOCATION: Pinehurst, Montgomery County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: $9,000; ENFORCEMENT COORDINATOR: Kolby Farren, (512) 239-2098; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(23) COMPANY: RWC Material, LLC; DOCKET NUMBER: 2024-1523-MLM-E; IDENTIFIER: RN111378964; LOCATION: Tilden, McMullen County; TYPE OF FACILITY: aggregate production operation; PENALTY: $14,500; ENFORCEMENT COORDINATOR: Elizabeth Vanderwerken, (512) 239-5900; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(24) COMPANY: Rivercrest Independent School District; DOCKET NUMBER: 2024-0983-MWD-E; IDENTIFIER: RN101701100; LOCATION: Bogata, Red River County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: $15,750; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $12,600; ENFORCEMENT COORDINATOR: Elizabeth Vanderwerken, (512) 239-5900; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(25) COMPANY: Seaboard Water Supply Corporation; DOCKET NUMBER: 2025-1463-PWS-E; IDENTIFIER: RN101211696; LOCATION: Odem, San Patricio County; TYPE OF FACILITY: public water supply; PENALTY: $5,265; ENFORCEMENT COORDINATOR: Ronica Rodriguez, (512) 239-2510; REGIONAL OFFICE: 500 North Shoreline Boulevard, Suite 500, Corpus Christi, Texas 78401, REGION 14 - CORPUS CHRISTI.

(26) COMPANY: Shumaker Enterprises, Inc.; DOCKET NUMBER: 2026-0123-PWS-E; IDENTIFIER: RN100720234; LOCATION: Austin, Travis County; TYPE OF FACILITY: public water supply; PENALTY: $1,712; ENFORCEMENT COORDINATOR: Savannah Jackson, (512) 239-4306; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(27) COMPANY: South Houston Green Power, LLC; DOCKET NUMBER: 2026-0142-AIR-E; IDENTIFIER: RN103934493; LOCATION: Texas City, Galveston County; TYPE OF FACILITY: fossil fuel electric power generation site; PENALTY: $7,500; ENFORCEMENT COORDINATOR: Desmond Martin, (512) 239-2814; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(28) COMPANY: Southern Montgomery County Municipal Utility District; DOCKET NUMBER: 2024-1645-MWD-E; IDENTIFIER: RN103219028; LOCATION: Spring, Montgomery County; TYPE OF FACILITY: wastewater treatment facility; PENALTY: $28,125; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $22,500; ENFORCEMENT COORDINATOR: Samantha Smith, (512) 239-2099; REGIONAL OFFICE: 5425 Polk Street, Suite H, Houston, Texas 77023-1452, REGION 12 - HOUSTON.

(29) COMPANY: Southwestern Public Service Company; DOCKET NUMBER: 2025-0614-AIR-E; IDENTIFIER: RN100224534; LOCATION: Earth, Lamb County; TYPE OF FACILITY: electricity generation plant; PENALTY: $14,488; ENFORCEMENT COORDINATOR: Casey Cobb, (512) 239-0351; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(30) COMPANY: St. Alphonsa Syro-Malabar Catholic Church, Austin, Texas, Inc. of St. Thomas Syro-Malabar Catholic Diocese of Chicago; DOCKET NUMBER: 2026-0036-EAQ-E; IDENTIFIER: RN112222484; LOCATION: Leander, Williamson County; TYPE OF FACILITY: construction site; PENALTY: $1,250; ENFORCEMENT COORDINATOR: Jasmine Jimerson, (512) 239-2552; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(31) COMPANY: TA Operating LLC; DOCKET NUMBER: 2025-1615-PST-E; IDENTIFIER: RN102424884; LOCATION: Beaumont, Jefferson County; TYPE OF FACILITY: convenience store with retail sales of gasoline; PENALTY: $22,353; ENFORCEMENT COORDINATOR: Stephanie McCurley, (512) 239-2607; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(32) COMPANY: TOM-TOM INVESTMENTS, INC.; DOCKET NUMBER: 2024-0593-PST-E; IDENTIFIER: RN102271301; LOCATION: San Antonio, Bexar County; TYPE OF FACILITY: convenience store with retail sales of gasoline; PENALTY: $39,028; ENFORCEMENT COORDINATOR: Bryce Huck, (512) 239-4655; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(33) COMPANY: Union Carbide Corporation; DOCKET NUMBER: 2025-1755-AIR-E; IDENTIFIER: RN102181526; LOCATION: Seadrift, Calhoun County; TYPE OF FACILITY: chemical manufacturing plant; PENALTY: $5,050; SUPPLEMENTAL ENVIRONMENTAL PROJECT OFFSET: $2,020; ENFORCEMENT COORDINATOR: Johnnie Wu, (512) 239-2524; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

(34) COMPANY: Wyly Property Rentals, LLC; DOCKET NUMBER: 2025-0801-PWS-E; IDENTIFIER: RN106102577; LOCATION: Stephenville, Erath County; TYPE OF FACILITY: public water supply; PENALTY: $3,213; ENFORCEMENT COORDINATOR: Corinna Willis, (512) 239-2504; REGIONAL OFFICE: 12100 Park 35 Circle, Austin, Texas 78753, CENTRAL OFFICE - AUSTIN.

TRD-202601709
Gitanjali Yadav
Deputy Director, Litigation Division
Texas Commission on Environmental Quality
Filed: April 21, 2026

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Combined Notice of Public Meeting and Notice of Application and Preliminary Decision for Water Quality Land Application Permit for Municipal Wastewater New Permit No. WQ0016844001

APPLICATION AND PRELIMINARY DECISION. HK Bellas Ranch, LLC, 24607 Fairway Springs, San Antonio, Texas 78260, has applied to the Texas Commission on Environmental Quality (TCEQ) for new Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0016844001, to authorize the discharge of treated domestic wastewater at a daily average flow not to exceed 250,000 gallons per day. TCEQ received this application on July 8, 2025.

The facility will be located at 4356 U.S. Highway 181 North, in Wilson County, Texas 78114. The treated effluent will be discharged to Kicaster Creek, thence to the San Antonio River in Segment No. 1911 of the San Antonio River Basin. The unclassified receiving water use is limited aquatic life use for Kicaster Creek. The designated uses for Segment No. 1911 are primary contact recreation and high aquatic life use. In accordance with 30 Texas Administrative Code §307.5 and TCEQ's *Procedures to Implement the Texas Surface Water Quality Standards* (June 2010), an antidegradation review of the receiving waters was performed. A Tier 1 antidegradation review has preliminarily determined that existing water quality uses will not be impaired by this permit action. Numerical and narrative criteria to protect existing uses will be maintained. A Tier 2 review is not required since no exceptional, high, or intermediate aquatic life use water bodies have been identified in the discharge route. Existing uses will be maintained and protected. The preliminary determination can be reexamined and may be modified if new information is received. This link to an electronic map of the site or facility's general location is provided as a public courtesy and is not part of the application or notice. For the exact location, refer to the application.

https://gisweb.tceq.texas.gov/LocationMapper/?marker=-98.21088,29.206225&level=18

The TCEQ Executive Director has completed the technical review of the application and prepared a draft permit. The draft permit, if approved, would establish the conditions under which the facility must operate. The Executive Director has made a preliminary decision that this permit, if issued, meets all statutory and regulatory requirements. The permit application, Executive Director's preliminary decision, and draft permit are available for viewing and copying at Floresville City Hall, 1120 D Street, Floresville, in Wilson County, Texas. The application and associated notices are available electronically for viewing and copying at the following webpage: https://www.tceq.texas.gov/permitting/wastewater/pending-permits/tpdes-applications.

ALTERNATIVE LANGUAGE NOTICE. Alternative language notice in Spanish is available at https://www.tceq.texas.gov/permitting/wastewater/plain-language-summaries-and-public-notices. El aviso de idioma alternativo en español está disponible en https://www.tceq.texas.gov/permitting/wastewater/plain-language-summaries-and-public-notices.

PUBLIC COMMENT / PUBLIC MEETING. You may submit public comments or request a public meeting about this application. The TCEQ will hold a public meeting on this application due to significant public interest.

The purpose of a public meeting is to provide the opportunity to submit comments or to ask questions about the application. A public meeting will be held and will consist of two parts, an Informal Discussion Period and a Formal Comment Period. A public meeting is not a contested case hearing under the Administrative Procedure Act. During the Informal Discussion Period, the public will be encouraged to ask questions of the applicant and TCEQ staff concerning the permit application. The comments and questions submitted orally during the Informal Discussion Period will not be considered before a decision is reached on the permit application and no formal response will be made. Responses will be provided orally during the Informal Discussion Period. During the Formal Comment Period on the permit application, members of the public may state their formal comments orally into the official record. A written response to all timely, relevant and material, or significant comments will be prepared by the Executive Director. All formal comments will be considered before a decision is reached on the permit application. A copy of the written response will be sent to each person who submits a formal comment or who requested to be on the mailing list for this permit application and provides a mailing address. Only relevant and material issues raised during the Formal Comment Period can be considered if a contested case hearing is granted on this permit application.

The Public Meeting is to be held:

Thursday, June 11, 2026, at 7:00 p.m.

Wilson County Expo & Community Center

435 TX-97 E Floresville, Texas 78114

Persons with disabilities who need special accommodations at the meeting should call the Office of the Chief Clerk at (512) 239-3300 or (800) RELAY-TX (TDD) at least five business days prior to the meeting.

OPPORTUNITY FOR A CONTESTED CASE HEARING. After the deadline for submitting public comments, the Executive Director will consider all timely comments and prepare a response to all relevant and material or significant public comments. **Unless the application is directly referred for a contested case hearing, the response to comments will be mailed to everyone who submitted public comments and to those persons who are on the mailing list for this application. If comments are received, the mailing will also provide instructions for requesting a contested case hearing or reconsider-**

ation of the Executive Director's decision. A contested case hearing is a legal proceeding similar to a civil trial in a state district court.

TO REQUEST A CONTESTED CASE HEARING, YOU MUST INCLUDE THE FOLLOWING ITEMS IN YOUR REQUEST: your name, address, phone number; applicant's name and proposed permit number; the location and distance of your property/activities relative to the proposed facility; a specific description of how you would be adversely affected by the facility in a way not common to the general public; a list of all disputed issues of fact that you submit during the comment period; and the statement "[I/we] request a contested case hearing." If the request for contested case hearing is filed on behalf of a group or association, the request must designate the group's representative for receiving future correspondence; identify by name and physical address an individual member of the group who would be adversely affected by the proposed facility or activity; provide the information discussed above regarding the affected member's location and distance from the facility or activity; explain how and why the member would be affected; and explain how the interests the group seeks to protect are relevant to the group's purpose.

Following the close of all applicable comment and request periods, the Executive Director will forward the application and any requests for reconsideration or for a contested case hearing to the TCEQ Commissioners for their consideration at a scheduled Commission meeting.

The Commission may only grant a request for a contested case hearing on issues the requestor submitted in their timely comments that were not subsequently withdrawn. **If a hearing is granted, the subject of a hearing will be limited to disputed issues of fact or mixed questions of fact and law relating to relevant and material water quality concerns submitted during the comment period.**

EXECUTIVE DIRECTOR ACTION. The Executive Director may issue final approval of the application unless a timely contested case hearing request or request for reconsideration is filed. If a timely hearing request or request for reconsideration is filed, the Executive Director will not issue final approval of the permit and will forward the application and request to the TCEQ Commissioners for their consideration at a scheduled Commission meeting.

MAILING LIST. If you submit public comments, a request for a contested case hearing or a reconsideration of the Executive Director's decision, you will be added to the mailing list for this specific application to receive future public notices mailed by the Office of the Chief Clerk. In addition, you may request to be placed on: (1) the permanent mailing list for a specific applicant name and permit number; and/or (2) the mailing list for a specific county. If you wish to be placed on the permanent and/or the county mailing list, clearly specify which list(s) and send your request to TCEQ Office of the Chief Clerk at the address below.

All written public comments and public meeting requests must be submitted to the Office of the Chief Clerk, MC 105, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087 or electronically at www.tceq.texas.gov/goto/comment within 30 days from the date of newspaper publication of this notice, or by the date of the public meeting, whichever is later.

INFORMATION AVAILABLE ONLINE. For details about the status of the application, visit the Commissioners' Integrated Database at www.tceq.texas.gov/goto/cid. Search the database using the permit number for this application, which is provided at the top of this notice.

AGENCY CONTACTS AND INFORMATION. Public comments and requests must be submitted either electronically at www.tceq.texas.gov/goto/comment, or in writing to the Texas Commission on Environmental Quality, Office of the Chief Clerk, MC 105, P.O. Box 13087, Austin, Texas 78711-3087. Any personal information you submit to the TCEQ will become part of the agency's record; this includes email addresses. For more information about this permit application or the permitting process, please call the TCEQ Public Education Program, Toll Free, at (800) 687-4040 or visit their website at www.tceq.texas.gov/goto/pep. Si desea información en español, puede llamar al (800) 687-4040.

Further information may also be obtained from HK Bella's Ranch, LLC at the address stated above or by calling Ms. Lauren Crone, P.E., Sr. Project Manager/LJA Engineering, at (512) 439-4700.

Issuance Date: April 22, 2026

TRD-202601730
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

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Combined Notice of Public Meeting and Notice of Application and Preliminary Decision for Water Quality Land Application Permit for Municipal Wastewater New Permit No. WQ0016909001

APPLICATION AND PRELIMINARY DECISION. SV2 Alexander LLC, Janice Germann, and Douglas Germann, 1001 Cypress Creek Road, Suite 203, Cedar Park, Texas 78613, have applied to the Texas Commission on Environmental Quality (TCEQ) for a new permit, TCEQ Permit No. WQ0016909001 to authorize the disposal of treated domestic wastewater at a daily average flow not to exceed 131,000 gallons per day via surface irrigation of 37.6 acres of public access green space. This permit will not authorize the discharge of pollutants into water in the state. TCEQ received this application on November 21, 2025.

The wastewater treatment facility and disposal site will be located approximately 1.21 miles northeast of the intersection of Farm-to-Market Road 3405 and U.S. Highway 183, in Williamson County, Texas 78642. The wastewater treatment facility and disposal site will be located in the drainage basin of the San Gabriel/North Fork San Gabriel River in Segment No. 1248 of the Brazos River Basin. This link to an electronic map of the site or facility's general location is provided as a public courtesy and is not part of the application or notice. For the exact location, refer to the application. https://gisweb.tceq.texas.gov/LocationMapper/?marker=-97.864166,30.720555&level=18

The TCEQ Executive Director has completed the technical review of the application and prepared a draft permit. The draft permit, if approved, would establish the conditions under which the facility must operate. The Executive Director has made a preliminary decision that this permit, if issued, meets all statutory and regulatory requirements. The permit application, Executive Director's preliminary decision, and draft permit are available for viewing and copying at Liberty Hill Public Library, Circulation Desk, 355 Main Street, Liberty Hill, in Williamson County, Texas. The application and associated notices are available electronically at the following webpage: https://www.tceq.texas.gov/permitting/wastewater/pending-permits/tlap-applications.

ALTERNATIVE LANGUAGE NOTICE. Alternative language notice in Spanish is available at https://www.tceq.texas.gov/permitting/wastewater/plain-language-summaries-and-public-notices. El aviso de idioma alternativo en español está disponible

en https://www.tceq.texas.gov/permitting/wastewater/plain-language-summaries-and-public-notices.

PUBLIC COMMENT / PUBLIC MEETING. You may submit public comments about this application. The TCEQ will hold a public meeting on this application because it was requested by a local legislator and there is significant public interest.

The purpose of a public meeting is to provide the opportunity to submit comments or to ask questions about the application. A public meeting will be held and will consist of two parts, an Informal Discussion Period and a Formal Comment Period. A public meeting is not a contested case hearing under the Administrative Procedure Act. During the Informal Discussion Period, the public will be encouraged to ask questions of the applicant and TCEQ staff concerning the permit application. The comments and questions submitted orally during the Informal Discussion Period will not be considered before a decision is reached on the permit application and no formal response will be made. Responses will be provided orally during the Informal Discussion Period. During the Formal Comment Period on the permit application, members of the public may state their formal comments orally into the official record. A written response to all timely, relevant and material, or significant comments will be prepared by the Executive Director. All formal comments will be considered before a decision is reached on the permit application. A copy of the written response will be sent to each person who submits a formal comment or who requested to be on the mailing list for this permit application and provides a mailing address. Only relevant and material issues raised during the Formal Comment Period can be considered if a contested case hearing is granted on this permit application.

The Public Meeting is to be held:

Thursday, June 4, 2026 at 7:00 p.m.

Legacy Ranch Temporary High School (Cafeteria)

450 CR 258

Liberty Hill, Texas 78642

Persons with disabilities who need special accommodations at the meeting should call the Office of the Chief Clerk at (512) 239-3300 or (800) RELAY-TX (TDD) at least five business days prior to the meeting.

OPPORTUNITY FOR A CONTESTED CASE HEARING. After the deadline for submitting public comments, the Executive Director will consider all timely comments and prepare a response to all relevant and material, or significant public comments. **Unless the application is directly referred for a contested case hearing, the response to comments will be mailed to everyone who submitted public comments and to those persons who are on the mailing list for this application. If comments are received, the mailing will also provide instructions for requesting a contested case hearing or reconsideration of the Executive Director's decision**. A contested case hearing is a legal proceeding similar to a civil trial in a state district court.

TO REQUEST A CONTESTED CASE HEARING, YOU MUST INCLUDE THE FOLLOWING ITEMS IN YOUR REQUEST: your name, address, phone number; applicant's name and proposed permit number; the location and distance of your property/activities relative to the proposed facility; a specific description of how you would be adversely affected by the facility in a way not common to the general public; a list of all disputed issues of fact that you submit during the comment period; and the statement "[I/we] request a contested case hearing." If the request for contested case hearing is filed on behalf of a group or association, the request must designate the group's representative for receiving future correspondence; identify by name and physical address an individual member of the group who would be adversely affected by the proposed facility or activity; provide the information discussed above regarding the affected member's location and distance from the facility or activity; explain how and why the member would be affected; and explain how the interests the group seeks to protect are relevant to the group's purpose.

Following the close of all applicable comment and request periods, the Executive Director will forward the application and any requests for reconsideration or for a contested case hearing to the TCEQ Commissioners for their consideration at a scheduled Commission meeting.

The Commission may only grant a request for a contested case hearing on issues the requestor submitted in their timely comments that were not subsequently withdrawn. **If a hearing is granted, the subject of a hearing will be limited to disputed issues of fact or mixed questions of fact and law relating to relevant and material water quality concerns submitted during the comment period.**

EXECUTIVE DIRECTOR ACTION. The Executive Director may issue final approval of the application unless a timely contested case hearing request or request for reconsideration is filed. If a timely hearing request or request for reconsideration is filed, the Executive Director will not issue final approval of the permit and will forward the application and request to the TCEQ Commissioners for their consideration at a scheduled Commission meeting.

MAILING LIST. If you submit public comments, a request for a contested case hearing or a reconsideration of the Executive Director's decision, you will be added to the mailing list for this specific application to receive future public notices mailed by the Office of the Chief Clerk. In addition, you may request to be placed on: (1) the permanent mailing list for a specific applicant name and permit number; and/or (2) the mailing list for a specific county. If you wish to be placed on the permanent and/or the county mailing list, clearly specify which list(s) and send your request to TCEQ Office of the Chief Clerk at the address below.

All written public comments and public meeting requests must be submitted to the Office of the Chief Clerk, MC 105, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087 or electronically at www.tceq.texas.gov/goto/comment within 30 days from the date of newspaper publication of this notice, or by the date of the public meeting, whichever is later.

INFORMATION AVAILABLE ONLINE. For details about the status of the application, visit the Commissioners' Integrated Database at www.tceq.texas.gov/goto/cid. Search the database using the permit number for this application, which is provided at the top of this notice.

AGENCY CONTACTS AND INFORMATION. Public comments and requests must be submitted either electronically at www.tceq.texas.gov/goto/comment, or in writing to the Texas Commission on Environmental Quality, Office of the Chief Clerk, MC 105, P.O. Box 13087, Austin, Texas 78711-3087. Any personal information you submit to the TCEQ will become part of the agency's record; this includes email addresses. For more information about this permit application or the permitting process, please call the TCEQ Public Education Program, Toll Free, at (800) 687-4040 or visit their website at www.tceq.texas.gov/goto/pep. Si desea información en español, puede llamar al (800) 687-4040.

Further information may also be obtained from SV2 Alexander LLC, Janice Germann, and Douglas Germann at the address stated above or by calling Ms. Janela Revilla, P.E., JA Wastewater LLC, at (737) 864-3476.

Issuance Date: April 17, 2026

TRD-202601729
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

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Enforcement Orders

An agreed order was adopted regarding Christopher Lynn Floyd, Docket No. 2024-0109-MSW-E on April 20, 2026 assessing $3,937 in administrative penalties. Information concerning any aspect of this order may be obtained by contacting Jun Zhang, Staff Attorney at (512) 239-3400, Texas Commission on Environmental Quality, P.O. Box 13087, Austin, Texas 78711-3087.

TRD-202601731
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

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Notice of District Petition - D-02252026-042

Notice issued March 19, 2026

TCEQ Internal Control No. D-02252026-042: Killam Ranch Properties, Ltd., (Petitioner) filed a petition for creation of San Ygnacio Municipal Utility District No. 1 (District) with the Texas Commission on Environmental Quality (TCEQ). The petition was filed pursuant to Article XVI, §59 of the Constitution of the State of Texas; Chapters 49 and 54 of the Texas Water Code; 30 Texas Administrative Code Chapter 293; and the procedural rules of the TCEQ. The petition states that: (1) the Petitioner holds title to a majority in value of the land to be included in the proposed District; (2) there are no lienholders on the property to be included in the proposed District; (3) the proposed District will contain approximately 110.07 acres located within Webb County, Texas; and (4) none of the land within the proposed District is within the corporate limits or extraterritorial jurisdiction of any city. The territory to be included in the proposed District is depicted in the vicinity map designated as Exhibit "A", which is attached to this document. The petition further states that the proposed District will: (1) purchase, construct, acquire, maintain, own, operate, repair, improve and extend a waterworks system for residential purposes; (2) construct, acquire, improve, extend, maintain and operate works, improvements, facilities, plants, equipment and appliances helpful or necessary to provide more adequate drainage for the District; (3) control, abate, and amend local storm waters or other harmful excesses of water; and (4) purchase, construct, acquire, improve, maintain and operate such additional facilities, systems, plants and enterprises, and road facilities, as shall be consistent with all of the purposes for which the District is created. According to the petition, a preliminary investigation has been made to determine the cost of the project, and it is estimated by the Petitioner that the cost of said project will be approximately $8,885,000 ($7,195,000 for water and drainage plus $1,690,000 for roads).

INFORMATION SECTION

To view the complete issued notice, view the notice on our website at www.tceq.texas.gov/agency/cc/pub_notice.html or call the Office of the Chief Clerk at (512) 239-3300 to obtain a copy of the complete notice. When searching the website, type in the issued date range shown at the top of this document to obtain search results. The TCEQ may grant a contested case hearing on the petition if a written hearing request is filed within 30 days after the newspaper publication of the notice. To request a contested case hearing, you must submit the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) the name of the Petitioner and the TCEQ Internal Control Number; (3) the statement "I/we request a contested case hearing"; (4) a brief description of how you would be affected by the petition in a way not common to the general public; and (5) the location of your property relative to the proposed District's boundaries. You may also submit your proposed adjustments to the petition. Requests for a contested case hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below. The Executive Director may approve the petition unless a written request for a contested case hearing is filed within 30 days after the newspaper publication of this notice. If a hearing request is filed, the Executive Director will not approve the petition and will forward the petition and hearing request to the TCEQ Commissioners for their consideration at a scheduled Commission meeting. If a contested case hearing is held, it will be a legal proceeding similar to a civil trial in state district court. Written hearing requests should be submitted to the Office of the Chief Clerk, MC 105, TCEQ, P.O. Box 13087, Austin, Texas 78711-3087. For information concerning the hearing process, please contact the Public Interest Counsel, MC 103, at the same address. For additional information, individual members of the general public may contact the Districts Review Team, at (512) 239-4691. Si desea información en español, puede llamar al (512) 239-0200. General information regarding TCEQ can be found at our website at www.tceq.texas.gov.

TRD-202601724
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

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Notice of District Petition - D-03172026-029

Notice issued April 16, 2026

TCEQ Internal Control No. D-03172026-029: SA Not for You, LLC, a Texas limited liability company, Holly P. Garza, individually, and SA Landon Ridge, LP, a Texas limited partnership, (Petitioners) filed a petition for creation of Bolton Road Municipal Utility District of Guadalupe County (District) with the Texas Commission on Environmental Quality (TCEQ). The petition was filed pursuant to Article XVI, §59 of the Constitution of the State of Texas; Chapters 49 and 54 of the Texas Water Code; 30 Texas Administrative Code Chapter 293; and the procedural rules of the TCEQ. The petition states that: (1) the Petitioners hold a majority in value of the land to be included in the proposed District; (2) there are no lienholders on the property to be included in the proposed District; (3) the proposed District will contain approximately 293.89 acres located within Guadalupe County, Texas; and (4) some of the land within the proposed Districts is partially within the extraterritorial jurisdiction of the City of Cibolo. The territory to be included in the proposed District is depicted in the vicinity map designated as Exhibit "A", which is attached to this document. The petition further states that the proposed District will: (1) purchase, construct, acquire, provide, operate, maintain, repair, improve, or extend inside or outside of its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary or helpful to supply and distribute water for municipal, domestic, industrial, or commercial purposes or provide adequate drainage for the District; (2) collect, transport, process, dispose of and control domestic, industrial, or commercial wastes; (3) gather, conduct, divert, abate, amend, and control local storm water or other local harmful excesses of water in the District; and (4) purchase, construct, acquire, provide, operate, maintain,

repair, improve, or extend inside or outside of its boundaries such additional facilities, including roads, systems, plants, and enterprises as shall be consonant with the purposes for which the District is created. According to the petition, a preliminary investigation has been made to determine the cost of the project, and it is estimated by the Petitioners that the cost of said project will be approximately $70,985,000 for water, wastewater, drainage and roads.

INFORMATION SECTION

To view the complete issued notice, view the notice on our website at www.tceq.texas.gov/agency/cc/pub_notice.html or call the Office of the Chief Clerk at (512) 239-3300 to obtain a copy of the complete notice. When searching the website, type in the issued date range shown at the top of this document to obtain search results. The TCEQ may grant a contested case hearing on the petition if a written hearing request is filed within 30 days after the newspaper publication of the notice. To request a contested case hearing, you must submit the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) the name of the Petitioner and the TCEQ Internal Control Number; (3) the statement "I/we request a contested case hearing"; (4) a brief description of how you would be affected by the petition in a way not common to the general public; and (5) the location of your property relative to the proposed District's boundaries. You may also submit your proposed adjustments to the petition. Requests for a contested case hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below. The Executive Director may approve the petition unless a written request for a contested case hearing is filed within 30 days after the newspaper publication of this notice. If a hearing request is filed, the Executive Director will not approve the petition and will forward the petition and hearing request to the TCEQ Commissioners for their consideration at a scheduled Commission meeting. If a contested case hearing is held, it will be a legal proceeding similar to a civil trial in state district court. Written hearing requests should be submitted to the Office of the Chief Clerk, MC 105, TCEQ, P.O. Box 13087, Austin, Texas 78711-3087. For information concerning the hearing process, please contact the Public Interest Counsel, MC 103, at the same address. For additional information, individual members of the general public may contact the Districts Review Team, at (512) 239-4691. Si desea información en español, puede llamar al (512) 239-0200. General information regarding TCEQ can be found at our website at www.tceq.texas.gov.

TRD-202601726
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

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Notice of District Petition - D-04012026-004

Notice issued April 16, 2026

TCEQ Internal Control No. D-04012026-004: DRP Greenbough 12, LLC, a Delaware limited liability company, (Petitioner) filed a petition for creation of Bexar County Municipal Utility District No. 1 (District) with the Texas Commission on Environmental Quality (TCEQ). The petition was filed pursuant to Article XVI, §59 of the Constitution of the State of Texas; Chapters 49 and 54 of the Texas Water Code; 30 Texas Administrative Code Chapter 293; and the procedural rules of the TCEQ. The petition states that: (1) the Petitioner holds a majority in value of the land to be included in the proposed District; (2) there are no lienholders on the property to be included in the proposed District; (3) the proposed District will contain approximately 51.76 acres located within Bexar County, Texas; and (4) the land is not currently within the corporate limits or extraterritorial jurisdiction of any city. The territory to be included in the proposed District is depicted in the vicinity map designated as Exhibit "A" attached to this document. The petition further states that the proposed District will purchase, design, construct, acquire, improve, extend, own, operate, maintain, repair, convey, finance, and issue bonds for: (i) an adequate and efficient water works and sanitary sewer system for domestic purposes; (ii) works, improvements, facilities, plants, equipment, and appliances helpful or necessary to provide more adequate drainage for the District, and control, abate, and amend local storm waters or other harmful excess water; (iii) park and recreational facilities; (iv) roads and improvements in aid of roads; and (v) such other additional facilities, systems, plants, and enterprises as may be consistent with any or all of the purposes for which the District is created. According to the petition, a preliminary investigation has been made to determine the cost of the project, and it is estimated by the Petitioners that the cost of said project will be approximately $11,230,000 ($8,510,000 for water, wastewater, and drainage plus $2,720,000 for roads).

INFORMATION SECTION

To view the complete issued notice, view the notice on our website at www.tceq.texas.gov/agency/cc/pub_notice.html or call the Office of the Chief Clerk at (512) 239-3300 to obtain a copy of the complete notice. When searching the website, type in the issued date range shown at the top of this document to obtain search results. The TCEQ may grant a contested case hearing on the petition if a written hearing request is filed within 30 days after the newspaper publication of the notice. To request a contested case hearing, you must submit the following: (1) your name (or for a group or association, an official representative), mailing address, daytime phone number, and fax number, if any; (2) the name of the Petitioner and the TCEQ Internal Control Number; (3) the statement "I/we request a contested case hearing"; (4) a brief description of how you would be affected by the petition in a way not common to the general public; and (5) the location of your property relative to the proposed District's boundaries. You may also submit your proposed adjustments to the petition. Requests for a contested case hearing must be submitted in writing to the Office of the Chief Clerk at the address provided in the information section below. The Executive Director may approve the petition unless a written request for a contested case hearing is filed within 30 days after the newspaper publication of this notice. If a hearing request is filed, the Executive Director will not approve the petition and will forward the petition and hearing request to the TCEQ Commissioners for their consideration at a scheduled Commission meeting. If a contested case hearing is held, it will be a legal proceeding similar to a civil trial in state district court. Written hearing requests should be submitted to the Office of the Chief Clerk, MC 105, TCEQ, P.O. Box 13087, Austin, Texas 78711-3087. For information concerning the hearing process, please contact the Public Interest Counsel, MC 103, at the same address. For additional information, individual members of the general public may contact the Districts Review Team, at (512) 239-4691. Si desea información en español, puede llamar al (512) 239-0200. General information regarding TCEQ can be found at our website at www.tceq.texas.gov.

TRD-202601725
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

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Notice of Opportunity to Comment on a Default Order of Administrative Enforcement Actions

The Texas Commission on Environmental Quality (TCEQ or commission) staff is providing an opportunity for written public comment on the listed Default Order (DO). The commission staff proposes a DO when the staff has sent the Executive Director's Preliminary Report and Petition (EDPRP) to an entity outlining the alleged violations; the proposed penalty; the proposed technical requirements necessary to bring the entity back into compliance; and the entity fails to request a hearing on the matter within 20 days of its receipt of the EDPRP or requests a hearing and fails to participate at the hearing. Similar to the procedure followed with respect to Agreed Orders entered into by the executive director of the commission, in accordance with Texas Water Code (TWC), §7.075, this notice of the proposed order and the opportunity to comment is published in the *Texas Register* no later than the 30th day before the date on which the public comment period closes, which in this case is **June 2, 2026**. The commission will consider any written comments received, and the commission may withdraw or withhold approval of a DO if a comment discloses facts or considerations that indicate that consent to the proposed DO is inappropriate, improper, inadequate, or inconsistent with the requirements of the statutes and rules within the commission's jurisdiction, or the commission's orders and permits issued in accordance with the commission's regulatory authority. Additional notice of changes to a proposed DO is not required to be published if those changes are made in response to written comments.

A copy of the proposed DO is available for public inspection at both the commission's central office, located at 12100 Park 35 Circle, Building A, 3rd Floor, Austin, Texas 78753, (512) 239-3400 and at the applicable regional office listed as follows. Additionally, copies of the DO can be found online by using either the Chief Clerk's eFiling System at https://www.tceq.texas.gov/goto/efilings or the TCEQ Commissioners' Integrated Database at https://www.tceq.texas.gov/goto/cid, and searching either of those databases with the proposed DO's identifying information, such as its docket number. Written comments about the DO should be sent to the attorney designated for the DO at the commission's central office at P.O. Box 13087, MC 175, Austin, Texas 78711-3087 and must be **received by 5:00 p.m. on June 2, 2026**. The commission's attorney is available to discuss the DO and/or the comment procedure at the listed phone number; however, TWC, §7.075, provides that comments on the DO shall be submitted to the commission in **writing**.

(1) COMPANY: Troy L. Williams; DOCKET NUMBER: 2024-1264-PWS-E; TCEQ ID NUMBER: RN101220390; LOCATION: 195 Thomas Lake Road in Huntsville, Walker County; TYPE OF FACILITY: a public water system; PENALTY: $3,125; STAFF ATTORNEY: A'twar Wilkins, Litigation, MC 175, (512) 239-6515; REGIONAL OFFICE: Houston Regional Office, 5425 Polk Street, Suite H, Houston, Texas 77023-1452, (713) 767-3500.

TRD-202601713
Gitanjali Yadav
Deputy Director, Litigation Division
Texas Commission on Environmental Quality
Filed: April 21, 2026

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Notice of Opportunity to Comment on a Shutdown/Default Order of an Administrative Enforcement Action

The Texas Commission on Environmental Quality (TCEQ or commission) staff is providing an opportunity for written public comment on the listed Shutdown/Default Order (S/DO). Texas Water Code (TWC), §26.3475, authorizes the commission to order the shutdown of any underground storage tank (UST) system found to be noncompliant with release detection, spill and overfill prevention, and/or, after December 22, 1998, cathodic protection regulations of the commission, until such time as the owner/operator brings the UST system into compliance with those regulations. The commission proposes a Shutdown Order after the owner or operator of a UST facility fails to perform required corrective actions within 30 days after receiving notice of the release detection, spill, and overfill prevention, and/or after December 22, 1998, cathodic protection violations documented at the facility. The commission proposes a Default Order when the staff has sent an Executive Director's Preliminary Report and Petition (EDPRP) to an entity outlining the alleged violations, the proposed penalty, the proposed technical requirements necessary to bring the entity back into compliance, and the entity fails to request a hearing on the matter within 20 days of its receipt of the EDPRP or requests a hearing and fails to participate at the hearing. In accordance with TWC, §7.075, this notice of the proposed order and the opportunity to comment is published in the *Texas Register* no later than the 30th day before the date on which the public comment period closes, which in this case is **June 2, 2026**. The commission will consider any written comments received and the commission may withdraw or withhold approval of an S/DO if a comment discloses facts or considerations that indicate that consent to the proposed S/DO is inappropriate, improper, inadequate, or inconsistent with the requirements of the statutes and rules within the commission's jurisdiction, or the commission's orders and permits issued in accordance with the commission's regulatory authority. Additional notice of changes to a proposed S/DO is not required to be published if those changes are made in response to written comments.

A copy of the proposed S/DO is available for public inspection at both the commission's central office, located at 12100 Park 35 Circle, Building A, 3rd Floor, Austin, Texas 78753, (512) 239-3400 and at the applicable regional office listed as follows. Additionally, copies of the proposed S/DO can be found online by using either the Chief Clerk's eFiling System at https://www.tceq.texas.gov/goto/efilings or the TCEQ Commissioners' Integrated Database at https://www.tceq.texas.gov/goto/cid, and searching either of those databases with the proposed S/DO's identifying information, such as its docket number. Written comments about the S/DO shall be sent to the attorney designated for the S/DO at the commission's central office at P.O. Box 13087, MC 175, Austin, Texas 78711-3087 and must be **received by 5:00 p.m. on June 2, 2026**. The commission's attorney is available to discuss the S/DO and/or the comment procedure at the listed phone number; however, comments on the S/DO shall be submitted to the commission in **writing**.

(1) COMPANY: ELMONT FOOD MART, INC.; DOCKET NUMBER: 2024-1320-PST-E; TCEQ ID NUMBER: RN110290921; LOCATION: 12255 Huffmeister Road in Cypress, Harris County; TYPE OF FACILITY: UST system and a convenience store with retail sales of gasoline; STAFF ATTORNEY: Jennifer Peltier, Litigation, MC 175, (512) 239-0544; REGIONAL OFFICE: Houston Regional Office, 5425 Polk Street, Suite H, Houston, Texas 77023-1452, (713) 767-3500.

TRD-202601711
Gitanjali Yadav
Deputy Director, Litigation Division
Texas Commission on Environmental Quality
Filed: April 21, 2026

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Notice of Opportunity to Comment on an Agreed Order of Administrative Enforcement Actions

The Texas Commission on Environmental Quality (TCEQ or commission) staff is providing an opportunity for written public comment on the listed Agreed Order (AO) in accordance with Texas Water Code

(TWC), §7.075. TWC, §7.075, requires that before the commission may approve the AOs, the commission shall allow the public an opportunity to submit written comments on the proposed AO. TWC, §7.075, requires that notice of the opportunity to comment must be published in the *Texas Register* no later than the 30th day before the date on which the public comment period closes, which in this case is **June 2, 2026**. TWC, §7.075, also requires that the commission promptly consider any written comments received and that the commission may withdraw or withhold approval of an AO if a comment discloses facts or considerations that indicate that consent is inappropriate, improper, inadequate, or inconsistent with the requirements of the statutes and rules within the commission's jurisdiction or the commission's orders and permits issued in accordance with the commission's regulatory authority. Additional notice of changes to a proposed AO is not required to be published if those changes are made in response to written comments.

A physical copy of the proposed AO is available for public inspection at both the commission's central office, located at 12100 Park 35 Circle, Building A, 3rd Floor, Austin, Texas 78753, (512) 239-3400 and at the applicable regional office listed as follows. Additionally, copies of the proposed AO can be found online by using either the Chief Clerk's eFiling System at https://www.tceq.texas.gov/goto/efilings or the TCEQ Commissioners' Integrated Database at https://www.tceq.texas.gov/goto/cid, and searching either of those databases with the proposed AO's identifying information, such as its docket number. Written comments about an AO should be sent to the attorney designated for the AO at the commission's central office at P.O. Box 13087, MC 175, Austin, Texas 78711-3087 and must be **received by 5:00 p.m. on June 2, 2026**. The designated attorney is available to discuss the AO and/or the comment procedure at the listed phone number; however, TWC, §7.075, provides that comments on an AO shall be submitted to the commission in **writing**.

(1) COMPANY: South Texas Sand & Logistics LLC; DOCKET NUMBER: 2022-0843-WQ-E; TCEQ ID NUMBER: RN111505467; LOCATION: northeast of the intersection of Acuna Street and San Hilario Avenue West near Cantina, Dimmit County; TYPE OF FACILITY: aggregate production operation; PENALTY: $8,750; STAFF ATTORNEY: Misty James, Litigation, MC 175, (512) 239-0631; REGIONAL OFFICE: Laredo Regional Office, 707 East Calton Road, Suite 304, Laredo, Texas 78041-3887, (956) 791-6611.

TRD-202601712
Gitanjali Yadav
Deputy Director, Litigation Division
Texas Commission on Environmental Quality
Filed: April 21, 2026

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Notice of Public Hearing on Assessment of Administrative Penalties and Requiring Certain Actions of Bruce and Rhonda Carnley SOAH Docket No. 582-26-15923 TCEQ Docket No. 2024-1601-MLM-E

The Texas Commission on Environmental Quality (TCEQ or the Commission) has referred this matter to the State Office of Administrative Hearings (SOAH). An Administrative Law Judge with the State Office of Administrative Hearings will conduct a public hearing via Zoom videoconference:

10:00 a.m. (CT) - May 14, 2026

To join the Zoom meeting via computer or smart device:

https://soah-texas.zoomgov.com

Meeting ID: 161 984 0712

Password: TCEQDC1

or

To join the Zoom meeting via telephone dial:

+1 (669) 254-5252

Meeting ID: 161 984 0712

Password: 5247869

The purpose of the hearing will be to consider the Executive Director's Preliminary Report and Petition mailed December 15, 2025 concerning assessing administrative penalties against and requiring certain actions of Bruce and Rhonda Carnley, for violations in Williamson County, Texas, of: 30 Texas Administrative Code §213.4(a)(1) and §281.25(a)(4) and 40 Code of Federal Regulations §122.26(c).

The hearing will allow Bruce and Rhonda Carnley, the Executive Director, and the Commission's Public Interest Counsel to present evidence on whether a violation has occurred, whether an administrative penalty should be assessed, and the amount of such penalty, if any. The first convened session of the hearing will be to establish jurisdiction, afford Bruce and Rhonda Carnley, the Executive Director of the Commission, and the Commission's Public Interest Counsel an opportunity to negotiate and to establish a discovery and procedural schedule for an evidentiary hearing. Unless agreed to by all parties in attendance at the preliminary hearing, an evidentiary hearing will not be held on the date of this preliminary hearing. **Upon failure of Bruce and Rhonda Carnley to appear at the preliminary hearing or evidentiary hearing, the factual allegations in the notice will be deemed admitted as true, and the relief sought in the notice of hearing may be granted by default. The specific allegations included in the notice are those set forth in the Executive Director's Preliminary Report and Petition, attached hereto and incorporated herein for all purposes.** Bruce and Rhonda Carnley, the Executive Director of the Commission, and the Commission's Public Interest Counsel are the only designated parties to this proceeding.

Legal Authority: Tex. Water Code §7.054 and chs. 7 and 26 and 30 Texas Administrative Code chs. 70, 213 and 281; Tex. Water Code §7.058, and the Rules of Procedure of the Texas Commission on Environmental Quality and the State Office of Administrative Hearings, including 30 Texas Administrative Code §70.108 and §70.109 and ch. 80, and 1 Texas Administrative Code ch. 155.

Further information regarding this hearing may be obtained by contacting William Hogan, Staff Attorney, Texas Commission on Environmental Quality, Litigation Division, Mail Code 175, P.O. Box 13087, Austin, Texas 78711-3087, telephone (512) 239-3400. Information concerning your participation in this hearing may be obtained by contacting Sheldon Wayne, Staff Attorney, Office of Public Interest Counsel, Mail Code 103, at the same P. O. Box address given above, or by telephone at (512) 239-6363.

Any document filed prior to the hearing must be filed with TCEQ's Office of the Chief Clerk and SOAH. Documents filed with the Office of the Chief Clerk may be filed electronically at **www.tceq.texas.gov/goto/efilings** or sent to the following address: TCEQ Office of the Chief Clerk, Mail Code 105, P.O. Box 13087, Austin, Texas 78711-3087. When contacting the Commission or SOAH regarding this matter, reference the SOAH docket number given at the top of this notice.

In accordance with 1 Texas Administrative Code §155.401(a), Notice of Hearing, "Parties that are not represented by an attorney may obtain information regarding contested case hearings on the public website of

the State Office of Administrative Hearings at **www.soah.texas.gov**, or in printed format upon request to SOAH."

Persons who need special accommodations at the hearing should call the SOAH Docketing Department at (512) 475-3445, at least one week before the hearing.

Issued: April 17, 2026

TRD-202601733
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

♦ ♦ ♦

Notice of Public Hearing on Assessment of Administrative Penalties and Requiring Certain Actions of Gary Michael Null SOAH Docket No. 582-26-15927 TCEQ Docket No. 2024-0858-WQ-E

The Texas Commission on Environmental Quality (TCEQ or the Commission) has referred this matter to the State Office of Administrative Hearings (SOAH). An Administrative Law Judge with the State Office of Administrative Hearings will conduct a public hearing via Zoom videoconference:

10:00 a.m. (CT) - May 14, 2026

To join the Zoom meeting via computer or smart device:

https://soah-texas.zoomgov.com

Meeting ID: 161 984 0712

Password: TCEQDC1

or

To join the Zoom meeting via telephone dial:

+1 (669) 254-5252

Meeting ID: 161 984 0712

Password: 5247869

The purpose of the hearing will be to consider the Executive Director's Preliminary Report and Petition mailed June 27, 2025 concerning assessing administrative penalties against and requiring certain actions of Gary Michael Null, for violations in Wood County, Texas, of: Tex. Water Code §26.121(a)(2).

The hearing will allow Gary Michael Null, the Executive Director, and the Commission's Public Interest Counsel to present evidence on whether a violation has occurred, whether an administrative penalty should be assessed, and the amount of such penalty, if any. The first convened session of the hearing will be to establish jurisdiction, afford Gary Michael Null, the Executive Director of the Commission, and the Commission's Public Interest Counsel an opportunity to negotiate and to establish a discovery and procedural schedule for an evidentiary hearing. Unless agreed to by all parties in attendance at the preliminary hearing, an evidentiary hearing will not be held on the date of this preliminary hearing. **Upon failure of Gary Michael Null to appear at the preliminary hearing or evidentiary hearing, the factual allegations in the notice will be deemed admitted as true, and the relief sought in the notice of hearing may be granted by default. The specific allegations included in the notice are those set forth in the Executive Director's Preliminary Report and Petition, attached hereto and incorporated herein for all purposes.** Gary Michael Null, the Executive Director of the Commission, and the Commission's Public Interest Counsel are the only designated parties to this proceeding.

Legal Authority: Tex. Water Code §7.054 and Tex. Water Code chs. 7 and 26, and 30 Texas Administrative Code ch. 70; Tex. Water Code §7.058, and the Rules of Procedure of the Texas Commission on Environmental Quality and the State Office of Administrative Hearings, including 30 Texas Administrative Code §70.108 and §70.109 and ch. 80, and 1 Texas Administrative Code ch. 155.

Further information regarding this hearing may be obtained by contacting Jun Zhang, Staff Attorney, Texas Commission on Environmental Quality, Litigation Division, Mail Code 175, P.O. Box 13087, Austin, Texas 78711-3087, telephone (512) 239-3400. Information concerning your participation in this hearing may be obtained by contacting Sheldon Wayne, Staff Attorney, Office of Public Interest Counsel, Mail Code 103, at the same P.O. Box address given above, or by telephone at (512) 239-6363.

Any document filed prior to the hearing must be filed with TCEQ's Office of the Chief Clerk and SOAH. Documents filed with the Office of the Chief Clerk may be filed electronically at **www.tceq.texas.gov/goto/efilings** or sent to the following address: TCEQ Office of the Chief Clerk, Mail Code 105, P.O. Box 13087, Austin, Texas 78711-3087. When contacting the Commission or SOAH regarding this matter, reference the SOAH docket number given at the top of this notice.

In accordance with 1 Texas Administrative Code §155.401(a), Notice of Hearing, "Parties that are not represented by an attorney may obtain information regarding contested case hearings on the public website of the State Office of Administrative Hearings at **www.soah.texas.gov**, or in printed format upon request to SOAH."

Persons who need special accommodations at the hearing should call the SOAH Docketing Department at (512) 475-3445, at least one week before the hearing.

Issued: April 17, 2026

TRD-202601734
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

♦ ♦ ♦

Notice of Public Meeting for TPDES Permit for Industrial Wastewater New Permit No. WQ0005488000

APPLICATION. Port of Corpus Christi Authority of Nueces County, P.O. Box 1541, Corpus Christi, Texas 78403, which proposes to operate Harbor Island Desalination Facility, a seawater desalination facility, has applied to the Texas Commission on Environmental Quality (TCEQ) for a new permit, Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0005488000, to authorize the discharge of water treatment wastes at a daily average flow not to exceed 191,200,000 gallons per day (gpd) via Outfall 001. The TCEQ received this application on April 1, 2025.

The facility is located at 225 State Highway 361, approximately 0.8 miles south of the intersection of Harbor Island Road and State Highway 361, in the City of Port Aransas, Nueces County, Texas 78373. This link to an electronic map of the site or facility's general location is provided as a public courtesy and is not part of the application or notice. For the exact location, refer to the application.

https://gisweb.tceq.texas.gov/LocationMapper/?marker=-97.07277,27.848611&level=18

The effluent is discharged via pipe under the Aransas Pass Channel, the Lydia Ann Channel, and San Jose Island by a submerged multi-port diffuser approximately 9,800 feet (2,987 meters) from shore directly into the Gulf of America in Segment No. 2501 of the Gulf of America. The designated uses for Segment No. 2501 are primary contact recreation, exceptional aquatic life use, and oyster waters.

In accordance with Title 30 Texas Administrative Code Section 307.5 and TCEQ's *Procedures to Implement the Texas Surface Water Quality Standards*(June 2010), an antidegradation review of the receiving waters was performed. A Tier 1 antidegradation review has preliminarily determined that existing water quality uses will not be impaired by this permit action.

Numerical and narrative criteria to protect existing uses will be maintained. A Tier 2 review has preliminarily determined that no significant degradation of water quality is expected in the Gulf of America, which has been identified as having exceptional aquatic life use. Existing uses will be maintained and protected. The preliminary determination can be reexamined and may be modified if new information is received.

The TCEQ Executive Director reviewed this action for consistency with the Texas Coastal Management Program (CMP) goals and policies in accordance with the regulations of the General Land Office and has determined that the action is consistent with the applicable CMP goals and policies.

The TCEQ Executive Director has completed the technical review of the application and prepared a draft permit. The draft permit, if approved, would establish the conditions under which the facility must operate. The Executive Director has made a preliminary decision that this permit, if issued, meets all statutory and regulatory requirements.

ALTERNATIVE LANGUAGE NOTICE. Alternative language notice in Spanish is available at https://www.tceq.texas.gov/permitting/wastewater/pending-permits/tpdes-applications. El aviso de idioma alternativo en español está disponible en https://www.tceq.texas.gov/permitting/wastewater/pending-permits/tpdes-applications.

PUBLIC COMMENT / PUBLIC MEETING. A public meeting will be held and will consist of two parts, an Informal Discussion Period and a Formal Comment Period. A public meeting is not a contested case hearing under the Administrative Procedure Act. During the Informal Discussion Period, the public will be encouraged to ask questions of the applicant and TCEQ staff concerning the permit application. The comments and questions submitted orally during the Informal Discussion Period will not be considered before a decision is reached on the permit application and no formal response will be made. Responses will be provided orally during the Informal Discussion Period. During the Formal Comment Period on the permit application, members of the public may state their formal comments orally into the official record. A written response to all timely, relevant and material, or significant comments will be prepared by the Executive Director. All formal comments will be considered before a decision is reached on the permit application. A copy of the written response will be sent to each person who submits a formal comment or who requested to be on the mailing list for this permit application and provides a mailing address. Only relevant and material issues raised during the Formal Comment Period can be considered if a contested case hearing is granted on this permit application.

The Public Meeting is to be held:

Wednesday, May 27, 2026 at 7:00 p.m.

Ortiz Center

402 Charles Zahn, Jr. Drive

Corpus Christi, Texas 78401

INFORMATION. Members of the public are encouraged to submit written comments anytime during the meeting or by mail before the close of the public comment period to the Office of the Chief Clerk, TCEQ, Mail Code MC-105, P.O. Box 13087, Austin, Texas 78711-3087 or electronically at www.tceq.texas.gov/goto/comment. If you need more information about the permit application or the permitting process, please call the TCEQ Public Education Program, Toll Free, at (800) 687-4040. *Si desea información en español, puede llamar (800) 687-4040.* General information about the TCEQ can be found at our website at https://www.tceq.texas.gov.

The permit application, Executive Director's preliminary decision, and draft permit are available for viewing and copying at La Retama Central Library, 805 Comanche Street, Corpus Christi, and at Ellis Memorial Library, 700 West Avenue A, Port Aransas, in Nueces County, Texas, and at Ed & Hazel Richmond Public Library, 110 North Lamont Street, Aransas Pass, in Aransas County, Texas. The application, including any updates, and associated notices are available electronically at the following webpage:

https://www.tceq.texas.gov/permitting/wastewater/pending-permits/tpdes-applications

Further information may also be obtained from Port of Corpus Christi Authority of Nueces County at the address stated above or by calling Ms. Sarah Garza, Director of Environmental Planning & Compliance, at (361) 885-6163.

Persons with disabilities who need special accommodations at the meeting should call the Office of the Chief Clerk at (512) 239-3300 or (800) RELAY-TX (TDD) at least five business days prior to the meeting.

Issued: April 17, 2026

TRD-202601727
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

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Notice of Public Meeting Renewal Permit No. WQ0015866001

APPLICATION. Utilities, Inc. of Texas, P.O. Box 140164, Austin, Texas 78714, has applied to the Texas Commission on Environmental Quality (TCEQ) for a renewal of Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0015866001 which authorizes the discharge of treated domestic wastewater at a daily average flow not to exceed 300,000 gallons per day. TCEQ received this application on September 26, 2025.

The facility will be located approximately one mile northeast of the intersection of Farm-to-Market Road 306 and Jolie Drive, in Comal County, Texas 78070. The treated effluent will be discharged to an unnamed tributary of Devil's Hollow, thence to Devil's Hollow, thence to Canyon Lake in Segment No. 1805 of the Guadalupe River Basin. The unclassified receiving water uses are minimal aquatic life use for the unnamed tributary of Devil's Hollow and limited aquatic life use for Devil's Hollow. The designated uses for Segment No. 1805 are primary contact recreation, public water supply, aquifer protection, and exceptional aquatic life use. All determinations are preliminary and subject to additional review and/or revisions. This link to an electronic map of the site or facility's general location is provided as a public courtesy and is not part of the application or notice. For the exact location, refer to the application.

https://gisweb.tceq.texas.gov/LocationMapper/?marker=-98.356111,29.953055&level=18

The TCEQ Executive Director has completed the technical review of the application and prepared a draft permit. The draft permit, if approved, would establish the conditions under which the facility must operate. The Executive Director has made a preliminary decision that this permit, if issued, meets all statutory and regulatory requirements.

ALTERNATIVE LANGUAGE NOTICE. Alternative language notice in Spanish is available at https://www.tceq.texas.gov/permitting/wastewater/plain-language-summaries-and-public-notices. El aviso de idioma alternativo en español está disponible en https://www.tceq.texas.gov/permitting/wastewater/plain-language-summaries-and-public-notices.

PUBLIC COMMENT / PUBLIC MEETING. A public meeting will be held and will consist of two parts, an Informal Discussion Period and a Formal Comment Period. A public meeting is not a contested case hearing under the Administrative Procedure Act. During the Informal Discussion Period, the public will be encouraged to ask questions of the applicant and TCEQ staff concerning the permit application. The comments and questions submitted orally during the Informal Discussion Period will not be considered before a decision is reached on the permit application and no formal response will be made. Responses will be provided orally during the Informal Discussion Period. During the Formal Comment Period on the permit application, members of the public may state their formal comments orally into the official record. A written response to all timely, relevant and material, or significant comments will be prepared by the Executive Director. All formal comments will be considered before a decision is reached on the permit application. A copy of the written response will be sent to each person who submits a formal comment or who requested to be on the mailing list for this permit application and provides a mailing address. Only relevant and material issues raised during the Formal Comment Period can be considered if a contested case hearing is granted on this permit application.

The Public Meeting is to be held:

Tuesday, June 2, 2026 at 7:00 p.m.

Hampton Inn Bulverde Texas Hill Country

499 Singing Oaks

Spring Branch, Texas 78070

INFORMATION. Members of the public are encouraged to submit written comments anytime during the meeting or by mail before the close of the public comment period to the Office of the Chief Clerk, TCEQ, Mail Code MC-105, P.O. Box 13087, Austin, Texas 78711-3087 or electronically at www.tceq.texas.gov/goto/comment. If you need more information about the permit application or the permitting process, please call the TCEQ Public Education Program, Toll Free, at (800) 687-4040. *Si desea información en español, puede llamar (800) 687-4040.* General information about the TCEQ can be found at our website at https://www.tceq.texas.gov.

The permit application, Executive Director's preliminary decision, and draft permit are available for viewing and copying at the Mammen Family Public Library, references, 131 Bulverde Crossing Road, Bulverde, Texas. The application and associated notices are available electronically for viewing and copying at the following webpage: https://www.tceq.texas.gov/permitting/wastewater/pending-permits/tpdes-applications.

Further information may also be obtained from Utilities, Inc. of Texas at the address stated above or by calling Mr. Chuck Barry, Environmental Health & Safety Manager, at (737) 376-2534.

Persons with disabilities who need special accommodations at the meeting should call the Office of the Chief Clerk at (512) 239-3300 or (800) RELAY-TX (TDD) at least five business days prior to the meeting.

Issuance Date: April 17, 2026

TRD-202601728
Laurie Gharis
Chief Clerk
Texas Commission on Environmental Quality
Filed: April 22, 2026

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General Land Office

Notice and Opportunity to Comment on Requests for Consistency Agreement/Concurrence Under the Texas Coastal Management Program

On January 10, 1997, the State of Texas received federal approval of the Coastal Management Program (CMP) (62 *Federal Register* pp. 1439 - 1440). Under federal law, federal agency activities and actions affecting the Texas coastal zone must be consistent with the CMP goals and policies identified in 31 TAC Chapter 26. Requests for federal consistency review were deemed administratively complete for the following project(s) during the period of April 6, 2026 to April 17, 2026. As required by federal law, the public is given an opportunity to comment on the consistency of proposed activities in the coastal zone undertaken or authorized by federal agencies. Pursuant to 31 TAC §§30.20(f), 30.30(h), and 30.40(e), the public comment period extends 30 days from the date published on the Texas General Land Office web site. The notice was published on the web site on Friday, April 24, 2026. The public comment period for this project will close at 5:00 p.m. on Sunday, May 24, 2026.

Federal License and Permit Activities:

Applicant: Texas International Terminals LTD (TXIT)

Location: The project site is located in the Galveston Ship Channel/Galveston Bay at a location just east of the Pelican Island Causeway, at 4800 Port Industrial Road, Galveston, Galveston County, Texas.

Latitude and Longitude: 29.3067388, -94.824028

Project Description: The applicant proposes to modify DA Permit SWG-2012-00602 to mechanically and/or hydraulically dredge an 18-acre siltation basin to a maximum depth of -60 mean lower low water (MLLW) within the 33-acre TXIT berth. Approximately 289,000 cubic yards (CY) of new cut material would be removed and placed in any of the following previously approved sites: Pierce Marsh beneficial use (BU) site (SWG-2015-00313), Snake Island, SPPA, Federal dredge material placement areas (DMPAs) including San Jacinto and Pelican Island; five Port of Galveston (POG) former ship slips (#12, #14, #37, #39, and #41), POG placement area (PA), Pelican Island BU Site; and TXIT BU DMPA (SWG-2025-00116). This request also includes an additional 5 years of maintenance dredging of approximately 300,000 CY of material annually, including the maintenance material from the proposed siltation basin within the berth, and disposal of maintenance material all placement areas stated above, as well as federal open water placement areas 50 and 51. The purpose of the project is to allow for safe navigation to the TXIT berth by expanding and deepening the previously authorized siltation basin in order to capture sediment that leads to the excessive accumulation of silt in the berth.

The applicant has stated that they have avoided and minimized the environmental impacts to waters of the United States associated with the proposed activity by designing the proposed dredging to be the minimum necessary to conduct safe navigation and operations. There are also no special aquatic sites identified in the project area. The applicant has not proposed any compensatory mitigation for the proposed activity because there will be no adverse impacts to special aquatic sites. The USACE will determine the type and amount of compensatory mitigation necessary to offset losses of waters of the United States which may result from the proposed activity in accordance with 33 CFR §332.

Type of Application: U.S. Army Corps of Engineers permit application #SWG-2012-00602. This application will be reviewed pursuant to Section 10 and Section 14 of the Rivers and Harbors Act of 1899, and Section 404 of the Clean Water Act. Note: The consistency review for this project may be conducted by Texas Commission on Environmental Quality as part of its certification under §401 of the Clean Water Act.

CMP Project No: 26-1120-F1

Applicant: Jay Barrow

Location: The project site is located in canal adjacent to West Galveston Bay, at the intersection of Bob Smith Drive and Pelican Road, in Galveston, Galveston County, Texas.

Latitude and Longitude: 29.1921924, -94.9843466

Project Description: The applicant proposes to mechanically dredge 20,835 cubic yards (CY) below the mean high water line in 1.471-acre area of West Bay to create a 50-foot-wide by 414-foot-long canal. The applicant then proposes to discharge 5,460 CY of the dredged material into 0.125 acres of open water and discharge 37,800 CY into 0.868 acres of tidal and non-tidal wetlands for a 21-foot by 65-foot containment berm and residential lots. The applicant also proposes work associated with the construction of a 440-foot concrete bulkhead that will link to an existing bulkhead for bank stabilization. The applicant offered the following compensatory mitigation plan offset unavoidable impacts to waters of the US: The applicant will provide funding to the Galveston Island State Park for the creation of 2 acres of wetlands, east of, and adjacent to Jamaica Beach.

Type of Application: U.S. Army Corps of Engineers permit application #SWG-2025-00062. This application will be reviewed pursuant to Section 10 of the Rivers and Harbors Act of 1899, and Section 404 of the Clean Water Act. Note: The consistency review for this project may be conducted by Texas Commission on Environmental Quality as part of its certification under §401 of the Clean Water Act.

CMP Project No: 26-1124-F1

Further information on the applications listed above, including a copy of the consistency certifications or consistency determinations for inspection, may be obtained from the Texas General Land Office Public Information Officer at 1700 N. Congress Avenue, Austin, Texas 78701, or via email at pialegal@glo.texas.gov. Comments should be sent to the Texas General Land Office Coastal Management Program Coordinator at the above address or via email at federal.consistency@glo.texas.gov.

TRD-202601710
Jennifer Jones
Chief Clerk and Deputy Land Commissioner
General Land Office
Filed: April 21, 2026

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Office of the Governor

Notice of Application and Priorities for the Justice Assistance Grant Program Federal Application

The Governor's Public Safety Office (PSO) is planning to apply for federal fiscal year (FFY) 2025 formula funds under the Edward Byrne Memorial Justice Assistance Grant (JAG) Program administered by the U.S. Department of Justice, Bureau of Justice Assistance. The FFY 2025 allocation to Texas is $16.1 million.

The PSO proposes to use the FFY 2025 award to bolster local and statewide initiatives by funding programs that address violent crimes and organized criminal activity, mental health crisis response, technological advancement within the criminal justice system, substance abuse diversion, and recidivism reduction.

Comments regarding the proposed use of JAG funds should be submitted in writing within 30 days from the date of this announcement in the *Texas Register*. Comments may be submitted to the attention of Ms. Alyssa Smith, Public Safety Office (PSO), Texas Office of the Governor, by email at Alyssa.Smith@gov.texas.gov or by mail to the Office of the Governor, Public Safety Office, Post Office Box 12428, Austin, Texas 78711. You may also request a copy of the application upon its completion from Ms. Smith.

TRD-202601640
Alyssa Smith
Administrator, Federal Justice Programs
Office of the Governor
Filed: April 15, 2026

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Texas Health and Human Services Commission

Notice of Public Hearing on Proposed Updates to Medicaid Payment Rates

The Texas Health and Human Services Commission (HHSC) will conduct a public hearing on May 26, 2026, at 9:00 a.m., to receive public comments on proposed updates to Calendar Fee Review, Quarterly HCPCS, and Special Review Updates.

This hearing will be conducted as an in-person and online event. To join the hearing from your computer, tablet, or smartphone, register for the hearing in advance using the following link:

Registration URL:

https://attendee.gotowebinar.com/register/5703367378165398613

After registering, you will receive a confirmation email containing information about joining the webinar. Instructions for dialing-in by phone will be provided after you register.

Members of the public may attend the rate hearing in person, which will be held in the Public Hearing Room 1.401, 1.402, 1.403 & 1.404 in the North Austin Complex located at 4601 W Guadalupe Street, Austin, Texas, or they may access a live stream of the meeting at https://hhs.texas.gov/about-hhs/communications-events/live-archived-meetings. For the live stream, select the "North Austin Complex Live" tab. A recording of the hearing will be archived and accessible on demand at https://www.hhs.texas.gov/about/live-archived-meetings under the "Archived" tab. The hearing will be held in compliance with Texas Human Resources Code section 32.0282, which requires public notice of and hearings on proposed Medicaid reimbursements.

Any updates to the hearing details will be posted on the HHSC website at https://www.hhs.texas.gov/about/meetings-events.

Proposal. The effective date of the proposed payment rates for the topics presented during the rate hearing will be as follows:

Effective January 1, 2026:

-Medical Transportation Program/Individual Transportation Participant (MTP/ITP)

-Indian Health Services

Effective September 1, 2026:

Calendar Fee Review

-Cardiovascular System Surgery

-Digestive System Surgery

-Eye and Ocular Adnexa Surgery

-G Codes

-G Codes Hospital

-G Codes Rural Hospital

-Medical Transportation Program (MTP)-Non-Emergency Medical -Transportation (NEMT) - T2003

-Physician Administered Drugs - Non-Oncology

-Physician Administered Drugs - Oncology

-Physician Administered Drugs - Vaccines & Toxoids

-Proton Therapy

-R Codes

-Renal Dialysis Medication

-Respiratory System Surgery

-T Codes

-Urinary System Surgery

-Vision Devices

Quarterly HCPCS Updates

-Q3 HCPCS Drugs

-Q3 HCPCS TOS 9-J-L

-Q3 HCPCS Vaccines

-Q4 HCPCS Drugs

Special Review

-Special Dental Review

Methodology and Justification. The proposed payment rates were calculated in accordance with Title 1 of the Texas Administrative Code:

Section 355.8001, Reimbursement for Vision Care Services;

Section 355.8023, Reimbursement Methodology for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS);

Section 355.8061, Outpatient Hospital Reimbursement;

Section 355.8085, Reimbursement Methodology for Physicians and Other Practitioners;

Section 355.8441, Reimbursement Methodologies for Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Services (also known as Texas Health Steps);

Section 355.8561, Billing (Reimbursement Methodology for the Medical Transportation Program);

Section 355.8610, Reimbursement for Clinical Laboratory Services; and

Section 355.8620, Reimbursement Methodology for Services provided in Indian Health Service and Tribal Facilities.

Rate Hearing Packet. A briefing packet describing the proposed payment rates will be made available at https://pfd.hhs.texas.gov/rate-packets on or before May 15, 2026. Interested parties may obtain a copy of the briefing packet on or after that date by contacting Provider Finance by telephone at (512) 730-7401; by fax at (512) 730-7475; or by e-mail at PFDAcuteCare@hhs.texas.gov.

Written Comments. Written comments regarding the proposed payment rates may be submitted in lieu of, or in addition to, oral testimony until 5 p.m. the day of the hearing. Written comments may be sent by U.S. mail to the Texas Health and Human Services Commission, Attention: Provider Finance, Mail Code H-400, P.O. Box 149030, Austin, Texas 78714-9030; by fax to Provider Finance at (512) 730-7475; or by e-mail to PFDAcuteCare@hhs.texas.gov. In addition, written comments may be sent by overnight mail to Texas Health and Human Services Commission, Attention: Provider Finance, Mail Code H-400, North Austin Complex, 4601 Guadalupe St, Austin, Texas 78751.

Preferred Communication. For quickest response please use e-mail or phone if possible for communication with HHSC related to this rate hearing.

Persons with disabilities who wish to participate in the hearing and require auxiliary aids or services should contact Provider Finance at (512) 730-7401 at least 72 hours before the hearing so appropriate arrangements can be made.

TRD-202601700
Karen Ray
Chief Counsel
Texas Health and Human Services Commission
Filed: April 20, 2026

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Department of State Health Services

Licensing Actions for Radioactive Materials

During the second half of March 2026, the Department of State Health Services (Department) has taken actions regarding Licenses for the possession and use of radioactive materials as listed in the tables (in alphabetical order by location). The subheading "Location" indicates the city in which the radioactive material may be possessed and/or used. The location listing "Throughout TX [Texas]" indicates that the radioactive material may be used on a temporary basis at locations throughout the state.

In issuing new licenses and amending and renewing existing licenses, the Department's Radiation Section has determined that the applicant has complied with the licensing requirements in Title 25 Texas Administrative Code (TAC), Chapter 289, for the noted action. In granting termination of licenses, the Department has determined that the licensee has complied with the applicable decommissioning requirements of 25 TAC, Chapter 289. In granting exemptions to the licensing requirements of Chapter 289, the Department has determined that the exemption is not prohibited by law and will not result in a significant risk to public health and safety and the environment.

A person affected by the actions published in this notice may request a hearing within 30 days of the publication date. A "person affected" is defined as a person who demonstrates that the person has suffered or will suffer actual injury or economic damage and, if the person is not a local government, is (a) a resident of a county, or a county adjacent to the county, in which radioactive material is or will be located, or (b) doing business or has a legal interest in land in the county or adjacent county. 25 TAC §289.205(b)(15); Health and Safety Code §401.003(15). Requests must be made in writing and should contain the words "hearing request," the name and address of the person affected by the agency action, the name and license number of the entity that is the subject of the hearing request, a brief statement of how the person is affected by the action what the requestor seeks as the outcome of the hearing, and the name and address of the attorney if the requestor is represented by an attorney. Send hearing requests by mail to: Hearing Request, Radioactive Material Licensing, MC 2835, PO Box 149347, Austin, Texas 78714-9347, or by fax to: (512) 206-3760, or by e-mail to: RAMlicensing@dshs.texas.gov.

NEW LICENSES ISSUED					
Location of Use/Possession of Material	Name of Licensed Entity	License Number	City of Licensed Entity	Amend-ment Number	Date of Action
HOUSTON	KAL CONSULTING PLLC DBA HEART VASCULAR AND SPORT CARDIOLOGY CLINIC OF HOUSTON	L07311	HOUSTON	000	03/24/26
HUNTSVILLE	HV ONCOLOGY PARTNERS LLC	L07312	HUNTSVILLE	00	03/30/26

AMENDMENTS TO EXISTING LICENSES ISSUED					
Location of Use/Possession of Material	Name of Licensed Entity	License Number	City of Licensed Entity	Amend-ment Number	Date of Action
AUSTIN	ST DAVIDS HEALTHCARE PARTNERSHIP LP LLP DBA ST DAVIDS MEDICAL CENTER	L06335	AUSTIN	51	03/30/26
AUSTIN	ST DAVIDS HEALTHCARE PARTNERSHIP LP LLP DBA ST DAVIDS NORTH AUSTIN MEDICAL CENTER	L04910	AUSTIN	115	03/17/26
BAYTOWN	SARMA S CHALLA MD PA	L05040	BAYTOWN	20	03/17/26
BAYTOWN	SARMA S CHALLA MD PA	L05040	BAYTOWN	21	03/23/26
BIG SPRING	ALON USA LP	L04950	BIG SPRING	20	03/20/26
CEDAR PARK	INSTROTEK INC	L07305	CEDAR PARK	01	03/27/26
DALLAS	UROLOGY CLINICS OF NORTH TEXAS PLLC DBA CANCER CLINICS OF NORTH TEXAS	L07097	PLANO	04	03/25/26
EL PASO	EL PASO CARDIOLOGY ASSOCIATES PA	L05162	EL PASO	24	03/23/26
EL PASO	RESIDEO USA LLC	L03725	EL PASO	25	03/26/26

AMENDMENTS TO EXISTING LICENSES ISSUED					
Location of Use/Possession of Material	Name of Licensed Entity	License Number	City of Licensed Entity	Amend-ment Number	Date of Action
EL PASO	TENET HOSPITALS LIMITED DBA THE HOSPITALS OF PROVIDENCE MEMORIAL CAMPUS	L02353	EL PASO	163	03/25/26
ENNIS	PRHC ENNIS LP ENNIS DBA REGIONAL MEDICAL CENTER	L05427	ENNIS	17	03/20/26
FLOWER MOUND	TEXAS ONCOLOGY PA	L05526	FLOWER MOUND	40	03/18/26
FORT WORTH	UPNT CANCER LLC DBA TEXAS CANCER SPECIALISTS	L07068	FORT WORTH	08	03/17/26
GEORGETOWN	RADIATION DETECTION COMPANY	L06647	GEORGETOWN	07	03/27/26
HOUSTON	WOODLAKE IMAGING LLC	L07281	HOUSTON	02	03/25/26
HOUSTON	CARDIOLOGY CONSULTANTS OF HOUSTON PLLC	L06757	HOUSTON	04	03/24/26
HOUSTON	THE METHODIST HOSPITAL DBA HOUSTON METHODIST	L06948	HOUSTON	10	03/20/26
LAKE JACKSON	DOW HYDROCARBONS AND RESOURCES LLC	L07234	LAKE JACKSON	06	03/23/26
MANSFIELD	TEXAS HEALTH HOSPITAL MANSFIELD	L07076	MANSFIELD	09	03/26/26
MCALLEN	RIO GRANDE VALLEY ISOTOPES LLC	L06202	MCALLEN	15	03/17/26

AMENDMENTS TO EXISTING LICENSES ISSUED					
Location of Use/Possession of Material	Name of Licensed Entity	License Number	City of Licensed Entity	Amend-ment Number	Date of Action
PALESTINE	PALESTINE PRINCIPAL HEALTHCARE LIMITED PARTNERSHIP DBA PALESTINE REGIONAL MEDICAL CENTER	L02728	PALESTINE	55	03/20/26
PARIS	ESSENT PRMC LP DBA PARIS REGIONAL HEALTH	L03199	PARIS	76	03/23/26
PASADENA	OXY VINYLS LP	L02257	PASADENA	33	03/23/26
PASADENA	CELANESE LTD	L01130	PASADENA	87	03/24/26
THROUGHOUT TX	MLA LABS INC	L01820	AUSTIN	42	03/26/26
THROUGHOUT TX	ST DAVIDS HEART & VASCULAR PLLC DBA AUSTIN HEART	L04623	AUSTIN	114	03/26/26
THROUGHOUT TX	ECS SOUTHWEST LLP	L05384	CARROLLTON	26	03/27/26
THROUGHOUT TX	MOMENTUM DESIGN AND CONSTRUCTION INC	L05212	EL PASO	9	03/18/26
THROUGHOUT TX	JOHNSON MIRMIRMAN & THOMPSON INC DBA JMT	L06987	EL PASO	14	03/18/26
THROUGHOUT TX	ECS SOUTHWEST LLP	L07073	FORT WORTH	10	03/16/26
THROUGHOUT TX	TARRANT COUNTY HOSPITAL DISTRICT DBA JPS HEALTH NETWORK	L02208	FORT WORTH	101	03/16/26
THROUGHOUT TX	RADCOM ASSOCIATES LLC	L06676	GARLAND	05	03/20/26
THROUGHOUT TX	NUCLEAR SOURCES AND SERVICES INC	L02991	HOUSTON	55	03/27/26
THROUGHOUT TX	MEMORIAL HERMANN MEDICAL GROUP	L06430	HOUSTON	59	03/25/26

AMENDMENTS TO EXISTING LICENSES ISSUED					
Location of Use/Possession of Material	Name of Licensed Entity	License Number	City of Licensed Entity	Amend-ment Number	Date of Action
THROUGHOUT TX	PRECISION NDT LLC DBA PRECISION GROUP	L07054	ODESSA	17	03/20/26
THROUGHOUT TX	PRECISION NDT LLC DBA PRECISION GROUP	L07054	ODESSA	18	03/20/26
THROUGHOUT TX	STRONGHOLD INSPECTION LTD	L06918	PASADENA	20	03/27/26
WACO	WACO CARDIOLOGY ASSOCIATES	L05158	WACO	26	03/23/26

RENEWAL OF LICENSES ISSUED					
Location of Use/Possession of Material	Name of Licensed Entity	License Number	City of Licensed Entity	Amend-ment Number	Date of Action
BORGER	WRB REFINING LP	L02480	BORGER	77	03/19/26
BROWNWOOD	HENDRICK MEDICAL CENTER BROWNWOOD	L02322	BROWNWOOD	78	03/25/26
FORT WORTH	NORTH TEXAS MCA LLC DBA MEDICAL CITY ALLIANCE	L06687	FORT WORTH	15	03/18/26
ODESSA	BIG BEND MEDICAL GROUP DBA ODESSA MEDICAL GROUP	L06746	ODESSA	04	03/20/26
THROUGHOUT TX	HOLT ENGINEERING INC	L02752	AUSTIN	24	03/20/26
THROUGHOUT TX	NATIONAL INSPECTION SERVICES LLC	L05930	FORT WORTH	56	03/17/26
THROUGHOUT TX	THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON	L02774	HOUSTON	90	03/17/26
THROUGHOUT TX	TERRA TESTING LLC	L02464	LUBBOCK	42	03/18/26

TERMINATIONS OF LICENSES ISSUED					
Location of Use/Possession of Material	Name of Licensed Entity	License Number	City of Licensed Entity	Amend-ment Number	Date of Action
MIDLAND	TEXAS ONCOLOGY PA DBA ALLISON CANCER CENTER	L04905	MIDLAND	34	03/20/26

TRD-202601637
Molly Fudell
Deputy General Counsel
Department of State Health Services
Filed: April 15, 2026

♦ ♦ ♦

Texas Department of Licensing and Regulation

Scratch Ticket Game Number 2706 "QUEEN OF SPADES"

1.0 Name and Style of Scratch Ticket Game.

A. The name of Scratch Ticket Game No. 2706 is "QUEEN OF SPADES". The play style is "key number match".

1.1 Price of Scratch Ticket Game.

A. The price for Scratch Ticket Game No. 2706 shall be $20.00 per Scratch Ticket.

1.2 Definitions in Scratch Ticket Game No. 2706.

A. Display Printing - That area of the Scratch Ticket outside of the area where the overprint and Play Symbols appear.

B. Latex Overprint - The removable scratch-off covering over the Play Symbols on the front of the Scratch Ticket.

C. Play Symbol - The printed data under the latex on the front of the Scratch Ticket that is used to determine eligibility for a prize. Each Play Symbol is printed in Symbol font in black ink in positive except for dual-image games. The possible black Play Symbols are: 01, 02, 03, 04, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, SPADE SYMBOL, QUEEN SYMBOL, $20.00, $50.00, $75.00, $100, $200, $500, $1,000, $20,000 and $1,000,000.

D. Play Symbol Caption - The printed material appearing below each Play Symbol which explains the Play Symbol. One caption appears under each Play Symbol and is printed in caption font in black ink in positive. The Play Symbol Caption which corresponds with and verifies each Play Symbol is as follows:

Figure 1: GAME NO. 2706 - 1.2D

PLAY SYMBOL	CAPTION
01	ONE
02	TWO
03	THR
04	FOR
05	FIV
06	SIX
07	SVN
08	EGT
09	NIN
10	TEN
11	ELV
12	TLV
13	TRN
14	FTN
15	FFN
16	SXN
17	SVT
18	ETN
19	NTN
20	TWY
21	TWON
22	TWTO
23	TWTH
24	TWFR
25	TWFV

26	TWSX
27	TWSV
28	TWET
29	TWNI
30	TRTY
31	TRON
32	TRTO
33	TRTH
34	TRFR
35	TRFV
36	TRSX
37	TRSV
38	TRET
39	TRNI
40	FRTY
41	FRON
42	FRTO
43	FRTH
44	FRFR
45	FRFV
46	FRSX
47	FRSV
48	FRET
49	FRNI
SPADE SYMBOL	WINX5
QUEEN SYMBOL	WIN$100
$20.00	TWY$
$50.00	FFTY$

$75.00	SVFV$
$100	ONHN
$200	TOHN
$500	FVHN
$1,000	ONTH
$20,000	20TH
$1,000,000	TPPZ

E. Serial Number - A unique thirteen (13) digit number appearing under the latex scratch-off covering on the front of the Scratch Ticket. The Serial Number is for validation purposes and cannot be used to play the game. The format will be: 0000000000000.

F. Bar Code - A twenty-four (24) character interleaved two (2) of five (5) Bar Code which will include a four (4) digit game ID, the seven (7) digit Pack number, the three (3) digit Ticket number and the ten (10) digit Validation Number. The Bar Code appears on the back of the Scratch Ticket.

G. Game-Pack-Ticket Number - A fourteen (14) digit number consisting of the four (4) digit game number (2706), a seven (7) digit Pack number, and a three (3) digit Ticket number. Ticket numbers start with 001 and end with 025 within each Pack. The format will be: 2706-0000001-001.

H. Pack - A Pack of the "QUEEN OF SPADES" Scratch Ticket Game contains 025 Tickets, packed in plastic shrink-wrapping and fanfolded in pages of one (1). The front of Ticket 001 will be shown on the front of the Pack; the back of Ticket 025 will be revealed on the back of the Pack. All Packs will be tightly shrink-wrapped. There will be no breaks between the Tickets in a Pack. Every other Pack will reverse i.e., reverse order will be: the back of Ticket 001 will be shown on the front of the Pack and the front of Ticket 025 will be shown on the back of the Pack.

I. Non-Winning Scratch Ticket - A Scratch Ticket which is not programmed to be a winning Scratch Ticket or a Scratch Ticket that does not meet all of the requirements of these Game Procedures, the State Lottery Act (Texas Government Code, Chapter 466), and applicable rules adopted by the Texas Lottery and Charitable Bingo Division of the Texas Department of Licensing and Regulation ("Texas Lottery") pursuant to the State Lottery Act and referenced in 16 TAC, Chapter 140.

J. Scratch Ticket Game, Scratch Ticket or Ticket - Texas Lottery "QUEEN OF SPADES" Scratch Ticket Game No. 2706.

2.0 Determination of Prize Winners. The determination of prize winners is subject to the general Scratch Ticket validation requirements set forth in Texas Lottery Rule 140.302, Scratch Ticket Game Rules, these Game Procedures, and the requirements set out on the back of each Scratch Ticket. A prize winner in the "QUEEN OF SPADES" Scratch Ticket Game is determined once the latex on the Scratch Ticket is scratched off to expose sixty-six (66) Play Symbols. If a player matches any of the YOUR NUMBERS Play Symbols to any of the WINNING NUMBERS Play Symbols, the player wins the prize for that number. If the player reveals a "SPADE" Play Symbol, the player wins 5 TIMES the prize for that symbol. If the player reveals a "QUEEN" Play Symbol, the player wins $100 instantly! No portion of the Display Printing nor any extraneous matter whatsoever shall be usable or playable as a part of the Scratch Ticket.

2.1 Scratch Ticket Validation Requirements.

A. To be a valid Scratch Ticket, all of the following requirements must be met:

1. Exactly sixty-six (66) Play Symbols must appear under the Latex Overprint on the front portion of the Scratch Ticket;

2. Each of the Play Symbols must have a Play Symbol Caption underneath, unless specified, and each Play Symbol must agree with its Play Symbol Caption;

3. Each of the Play Symbols must be present in its entirety and be fully legible;

4. Each of the Play Symbols must be printed in black ink except for dual image games;

5. The Scratch Ticket shall be intact;

6. The Serial Number and Game-Pack-Ticket Number must be present in their entirety and be fully legible;

7. The Serial Number must correspond, using the Texas Lottery's codes, to the Play Symbols on the Scratch Ticket;

8. The Scratch Ticket must not have a hole punched through it, be mutilated, altered, unreadable, reconstituted or tampered with in any manner;

9. The Scratch Ticket must not be counterfeit in whole or in part;

10. The Scratch Ticket must have been issued by the Texas Lottery in an authorized manner;

11. The Scratch Ticket must not have been stolen, nor appear on any list of omitted Scratch Tickets or non-activated Scratch Tickets on file at the Texas Lottery;

12. The Play Symbols, Serial Number and Game-Pack-Ticket Number must be right side up and not reversed in any manner;

13. The Scratch Ticket must be complete and not miscut, and have exactly sixty-six (66) Play Symbols under the Latex Overprint on the front portion of the Scratch Ticket, exactly one Serial Number and exactly one Game-Pack-Ticket Number on the Scratch Ticket;

14. The Serial Number of an apparent winning Scratch Ticket shall correspond with the Texas Lottery's Serial Numbers for winning Scratch

Tickets, and a Scratch Ticket with that Serial Number shall not have been paid previously;

15. The Scratch Ticket must not be blank or partially blank, misregistered, defective or printed or produced in error;

16. Each of the sixty-six (66) Play Symbols must be exactly one of those described in Section 1.2.C of these Game Procedures;

17. Each of the sixty-six (66) Play Symbols on the Scratch Ticket must be printed in the Symbol font and must correspond precisely to the artwork on file at the Texas Lottery; the Scratch Ticket Serial Numbers must be printed in the Serial font and must correspond precisely to the artwork on file at the Texas Lottery; and the Game-Pack-Ticket Number must be printed in the Game-Pack-Ticket Number font and must correspond precisely to the artwork on file at the Texas Lottery;

18. The Display Printing on the Scratch Ticket must be regular in every respect and correspond precisely to the artwork on file at the Texas Lottery; and

19. The Scratch Ticket must have been received by the Texas Lottery by applicable deadlines.

B. The Scratch Ticket must pass all additional validation tests provided for in these Game Procedures, the Texas Lottery's Rules governing the award of prizes of the amount to be validated, and any confidential validation and security tests of the Texas Lottery.

C. Any Scratch Ticket not passing all of the validation requirements is void and ineligible for any prize and shall not be paid. However, the Executive Director of the Texas Lottery ("Executive Director") may, solely at the Executive Director's discretion, refund the retail sales price of the Scratch Ticket. In the event a defective Scratch Ticket is purchased, the only responsibility or liability of the Texas Lottery shall be to replace the defective Scratch Ticket with another unplayed Scratch Ticket in that Scratch Ticket Game (or a Scratch Ticket of equivalent sales price from any other current Texas Lottery Scratch Ticket Game) or refund the retail sales price of the Scratch Ticket, solely at the Executive Director's discretion.

2.2 Programmed Game Parameters.

A. Consecutive Non-Winning Tickets within a Pack will not have matching patterns, in the same order, of either Play Symbols or Prize Symbols.

B. A Ticket can win as indicated by the prize structure.

C. A Ticket can win up to thirty (30) times.

D. On winning and Non-Winning Tickets, the top cash prizes of $1,000, $20,000 and $1,000,000 will each appear at least one (1) time, except on Tickets winning thirty (30) times and with respect to other parameters, play action or prize structure.

E. All non-winning YOUR NUMBERS Play Symbols will be different.

F. Non-winning Prize Symbols will not match a winning Prize Symbol on a Ticket.

G. Tickets winning more than one (1) time will use as many WINNING NUMBERS Play Symbols as possible to create matches, unless restricted by other parameters, play action or prize structure.

H. All WINNING NUMBERS Play Symbols will be different.

I. All YOUR NUMBERS Play Symbols will never equal the corresponding Prize Symbol (i.e., 20 and $20).

J. On all Tickets, a Prize Symbol will not appear more than six (6) times, except as required by the prize structure to create multiple wins.

K. On Non-Winning Tickets, a WINNING NUMBERS Play Symbol will never match a YOUR NUMBERS Play Symbol.

L. The "QUEEN" (WIN$100) Play Symbol will win $100 instantly and will win as per the prize structure.

M. The "QUEEN" (WIN$100) Play Symbol will never appear more than one (1) time on a Ticket.

N. The "QUEEN" (WIN$100) Play Symbol will never appear on a Non-Winning Ticket.

O. The "QUEEN" (WIN$100) Play Symbol will never appear as a WINNING NUMBERS Play Symbol.

P. The "QUEEN" (WIN$100) Play Symbol will only appear with the $100 Prize Symbol.

Q. The "SPADE" (WINX5) Play Symbol will never appear as a WINNING NUMBERS Play Symbol.

R. The "SPADE" (WINX5) Play Symbol will never appear on a Non-Winning Ticket.

S. The "SPADE" (WINX5) Play Symbol will win 5 TIMES the prize for that Play Symbol and will win as per the prize structure.

T. The "SPADE" (WINX5) Play Symbol will never appear more than one (1) time on a Ticket.

2.3 Procedure for Claiming Prizes.

A. To claim a "QUEEN OF SPADES" Scratch Ticket Game prize of $20.00, $50.00, $75.00, $100, $200 or $500, a claimant shall sign the back of the Scratch Ticket in the space designated on the Scratch Ticket and may present the winning Scratch Ticket to any Texas Lottery Retailer. The Texas Lottery Retailer shall verify the claim and, if valid, and upon presentation of proper identification, if appropriate, make payment of the amount due the claimant and physically void the Scratch Ticket; provided that the Texas Lottery Retailer may, but is not required, to pay a $50.00, $75.00, $100, $200 or $500 Scratch Ticket Game. In the event the Texas Lottery Retailer cannot verify the claim, the Texas Lottery Retailer shall provide the claimant with a claim form and instruct the claimant on how to file a claim with the Texas Lottery. If the claim is validated by the Texas Lottery, a check shall be forwarded to the claimant in the amount due. In the event the claim is not validated, the claim shall be denied and the claimant shall be notified promptly. A claimant may also claim any of the above prizes under the procedure described in Section 2.3.B and Section 2.3.C of these Game Procedures.

B. To claim a "QUEEN OF SPADES" Scratch Ticket Game prize of $1,000, $20,000 or $1,000,000, the claimant must sign the winning Scratch Ticket and may present it at one of the Texas Lottery's Claim Centers. If the claim is validated by the Texas Lottery, payment will be made to the bearer of the validated winning Scratch Ticket for that prize upon presentation of proper identification. When paying a prize of $600 or more, the Texas Lottery shall file the appropriate income reporting form with the Internal Revenue Service (IRS) and shall withhold federal income tax at a rate set by the IRS if required. In the event that the claim is not validated by the Texas Lottery, the claim shall be denied and the claimant shall be notified promptly.

C. As an alternative method of claiming a "QUEEN OF SPADES" Scratch Ticket Game prize, the claimant may submit the signed winning Scratch Ticket and a thoroughly completed claim form via mail. If a prize value is $1,000,000 or more, the claimant must also provide proof of Social Security number or Tax Payer Identification (for U.S. Citizens or Resident Aliens). Mail all to: Texas Lottery, P.O. Box 16600, Austin, Texas 78761-6600. The Texas Lottery is not responsible for Scratch Tickets lost in the mail. In the event that the claim is

not validated by the Texas Lottery, the claim shall be denied and the claimant shall be notified promptly.

D. Prior to payment by the Texas Lottery of any prize, the Texas Lottery shall deduct the amount of a delinquent tax or other money from the winnings of a prize winner who has been finally determined to be:

1. delinquent in the payment of a tax or other money to a state agency and that delinquency is reported to the Comptroller under Government Code §403.055;

2. in default on a loan made under Chapter 52, Education Code;

3. in default on a loan guaranteed under Chapter 57, Education Code; or

4. delinquent in child support payments in the amount determined by a court or a Title IV-D agency under Chapter 231, Family Code.

E. If a person is indebted or owes delinquent taxes to the State, other than those specified in the preceding paragraph, the winnings of a person shall be withheld until the debt or taxes are paid.

2.4 Allowance for Delay of Payment. The Texas Lottery may delay payment of the prize pending a final determination by the Executive Director, under any of the following circumstances:

A. if a dispute occurs, or it appears likely that a dispute may occur, regarding the prize;

B. if there is any question regarding the identity of the claimant;

C. if there is any question regarding the validity of the Scratch Ticket presented for payment; or

D. if the claim is subject to any deduction from the payment otherwise due, as described in Section 2.3.D of these Game Procedures. No liability for interest for any delay shall accrue to the benefit of the claimant pending payment of the claim.

2.5 Payment of Prizes to Persons Under 18. If a person under the age of 18 years is entitled to a cash prize under $600 from the "QUEEN OF SPADES" Scratch Ticket Game, the Texas Lottery shall deliver to an adult member of the minor's family or the minor's guardian a check or warrant in the amount of the prize payable to the order of the minor.

2.6 If a person under the age of 18 years is entitled to a cash prize of $600 or more from the "QUEEN OF SPADES" Scratch Ticket Game, the Texas Lottery shall deposit the amount of the prize in a custodial bank account, with an adult member of the minor's family or the minor's guardian serving as custodian for the minor.

2.7 Scratch Ticket Claim Period. All Scratch Ticket prizes must be claimed within 180 days following the end of the Scratch Ticket Game or within the applicable time period for certain eligible military personnel as set forth in Texas Government Code §466.408. Any rights to a prize that is not claimed within that period, and in the manner specified in these Game Procedures and on the back of each Scratch Ticket, shall be forfeited.

2.8 Disclaimer. The number of prizes in a game is approximate based on the number of Scratch Tickets ordered. The number of actual prizes available in a game may vary based on number of Scratch Tickets manufactured, testing, distribution, sales and number of prizes claimed. A Scratch Ticket Game may continue to be sold even when all the top prizes have been claimed.

3.0 Scratch Ticket Ownership.

A. Until such time as a signature is placed upon the back portion of a Scratch Ticket in the space designated, a Scratch Ticket shall be owned by the physical possessor of said Scratch Ticket. When a signature is placed on the back of the Scratch Ticket in the space designated, the player whose signature appears in that area shall be the owner of the Scratch Ticket and shall be entitled to any prize attributable thereto. Notwithstanding any name or names submitted on a claim form, the Executive Director shall make payment to the player whose signature appears on the back of the Scratch Ticket in the space designated. If more than one name appears on the back of the Scratch Ticket, the Executive Director will require that one of those players whose name appears thereon be designated by such players to receive payment.

B. The Texas Lottery shall not be responsible for lost or stolen Scratch Tickets and shall not be required to pay on a lost or stolen Scratch Ticket.

4.0 Number and Value of Scratch Prizes. There will be approximately 6,000,000 Scratch Tickets in Scratch Ticket Game No. 2706. The approximate number and value of prizes in the game are as follows:

Figure 2: GAME NO. 2706 - 4.0

Prize Amount	Approximate Number of Winners*	Approximate Odds are 1 in **
$20.00	624,000	9.62
$50.00	480,000	12.50
$75.00	96,000	62.50
$100	288,000	20.83
$200	55,000	109.09
$500	3,800	1,578.95
$1,000	265	22,641.51
$20,000	20	300,000.00
$1,000,000	4	1,500,000.00

*The number of prizes in a game is approximate based on the number of tickets ordered. The number of actual prizes available in a game may vary based on number of tickets manufactured, testing, distribution, sales and number of prizes claimed.

**The overall odds of winning a prize are 1 in 3.88. The individual odds of winning for a particular prize level may vary based on sales, distribution, testing, and number of prizes claimed.

A. The actual number of Scratch Tickets in the game may be increased or decreased at the sole discretion of the Texas Lottery.

5.0 End of the Scratch Ticket Game. The Executive Director may, at any time, announce a closing date (end date) for the Scratch Ticket Game No. 2706 without advance notice, at which point no further Scratch Tickets in that game may be sold. The determination of the closing date and reasons for closing will be made in accordance with the Scratch Ticket closing procedures and the Scratch Ticket Game Rules. See 16 TAC §140.302 (j).

6.0 Governing Law. In purchasing a Scratch Ticket, the player agrees to comply with, and abide by, these Game Procedures for Scratch Ticket Game No. 2706, the State Lottery Act (Texas Government Code, Chapter 466), applicable rules adopted by the Texas Lottery pursuant to the State Lottery Act and referenced in 16 TAC, Chapter 140, and all final decisions of the Executive Director.

TRD-202601721
Deanne Rienstra
General Counsel Lottery and Charitable Bingo
Texas Department of Licensing and Regulation
Filed: April 22, 2026

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Scratch Ticket Game Number 2727 "ALL ABOUT THE 8S"

1.0 Name and Style of Scratch Ticket Game.

A. The name of Scratch Ticket Game No. 2727 is "ALL ABOUT THE 8S". The play style is "key number match".

1.1 Price of Scratch Ticket Game.

A. The price for Scratch Ticket Game No. 2727 shall be $5.00 per Scratch Ticket.

1.2 Definitions in Scratch Ticket Game No. 2727.

A. Display Printing - That area of the Scratch Ticket outside of the area where the overprint and Play Symbols appear.

B. Latex Overprint - The removable scratch-off covering over the Play Symbols on the front of the Scratch Ticket.

C. Play Symbol - The printed data under the latex on the front of the Scratch Ticket that is used to determine eligibility for a prize. Each Play Symbol is printed in Symbol font in black ink in positive except for dual-image games. The possible black Play Symbols are: 01, 02, 03, 04, 05, 06, 07, 09, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 30, 31, 32, 33, 34, 35, 88 SYMBOL, 888 SYMBOL, $5.00, $10.00, $20.00, $30.00, $50.00, $100, $500, $1,000, $5,000 and $100,000.

D. Play Symbol Caption - The printed material appearing below each Play Symbol which explains the Play Symbol. One caption appears under each Play Symbol and is printed in caption font in black ink in positive. The Play Symbol Caption which corresponds with and verifies each Play Symbol is as follows:

Figure 1: GAME NO. 2727 - 1.2D

PLAY SYMBOL	CAPTION
01	ONE
02	TWO
03	THR
04	FOR
05	FIV
06	SIX
07	SVN
09	NIN
10	TEN
11	ELV
12	TLV
13	TRN
14	FTN
15	FFN
16	SXN
17	SVT
19	NTN
20	TWY
21	TWON
22	TWTO
23	TWTH
24	TWFR
25	TWFV
26	TWSX
27	TWSV
29	TWNI
30	TRTY

31	TRON
32	TRTO
33	TRTH
34	TRFR
35	TRFV
88 SYMBOL	DBL
888 SYMBOL	TRP
$5.00	FIV$
$10.00	TEN$
$20.00	TWY$
$30.00	TRTY$
$50.00	FFTY$
$100	ONHN
$500	FVHN
$1,000	ONTH
$5,000	FVTH
$100,000	100TH

E. Serial Number - A unique thirteen (13) digit number appearing under the latex scratch-off covering on the front of the Scratch Ticket. The Serial Number is for validation purposes and cannot be used to play the game. The format will be: 0000000000000.

F. Bar Code - A twenty-four (24) character interleaved two (2) of five (5) Bar Code which will include a four (4) digit game ID, the seven (7) digit Pack number, the three (3) digit Ticket number and the ten (10) digit Validation Number. The Bar Code appears on the back of the Scratch Ticket.

G. Game-Pack-Ticket Number - A fourteen (14) digit number consisting of the four (4) digit game number (2727), a seven (7) digit Pack number, and a three (3) digit Ticket number. Ticket numbers start with 001 and end with 075 within each Pack. The format will be: 2727-0000001-001.

H. Pack - A Pack of the "ALL ABOUT THE 8S" Scratch Ticket Game contains 075 Tickets, packed in plastic shrink-wrapping and fanfolded in pages of one (1). The Packs will alternate. One will show the front of Ticket 001 and back of 075 while the other fold will show the back of Ticket 001 and front of 075.

I. Non-Winning Scratch Ticket - A Scratch Ticket which is not programmed to be a winning Scratch Ticket or a Scratch Ticket that does not meet all of the requirements of these Game Procedures, the State Lottery Act (Texas Government Code, Chapter 466), and applicable rules adopted by the Texas Lottery and Charitable Bingo Division of the Texas Department of Licensing and Regulation ("Texas Lottery") pursuant to the State Lottery Act and referenced in 16 TAC, Chapter 140.

J. Scratch Ticket Game, Scratch Ticket or Ticket - Texas Lottery "ALL ABOUT THE 8S" Scratch Ticket Game No. 2727.

2.0 Determination of Prize Winners. The determination of prize winners is subject to the general Scratch Ticket validation requirements set forth in Texas Lottery Rule 140.302, Scratch Ticket Game Rules, these Game Procedures, and the requirements set out on the back of each Scratch Ticket. A prize winner in the "ALL ABOUT THE 8S" Scratch Ticket Game is determined once the latex on the Scratch Ticket is scratched off to expose fifty-one (51) Play Symbols. BONUS Play Instructions: If the player reveals 2 matching prize amounts in the same BONUS play area, the player wins that amount. ALL ABOUT THE 8S - KEY NUMBER MATCH Play Instructions: If a player matches any of the YOUR NUMBERS Play Symbols to any of the WINNING NUMBERS Play Symbols, the player wins the prize for that number. If the player reveals an "88" Play Symbol, the player wins DOUBLE the prize for that symbol. If the player reveals an "888" Play Symbol, the player wins TRIPLE the prize for that symbol. No portion of the Display Printing nor any extraneous matter whatsoever shall be usable or playable as a part of the Scratch Ticket.

2.1 Scratch Ticket Validation Requirements.

A. To be a valid Scratch Ticket, all of the following requirements must be met:

1. Exactly fifty-one (51) Play Symbols must appear under the Latex Overprint on the front portion of the Scratch Ticket;

2. Each of the Play Symbols must have a Play Symbol Caption underneath, unless specified, and each Play Symbol must agree with its Play Symbol Caption;

3. Each of the Play Symbols must be present in its entirety and be fully legible;

4. Each of the Play Symbols must be printed in black ink except for dual image games;

5. The Scratch Ticket shall be intact;

6. The Serial Number and Game-Pack-Ticket Number must be present in their entirety and be fully legible;

7. The Serial Number must correspond, using the Texas Lottery's codes, to the Play Symbols on the Scratch Ticket;

8. The Scratch Ticket must not have a hole punched through it, be mutilated, altered, unreadable, reconstituted or tampered with in any manner;

9. The Scratch Ticket must not be counterfeit in whole or in part;

10. The Scratch Ticket must have been issued by the Texas Lottery in an authorized manner;

11. The Scratch Ticket must not have been stolen, nor appear on any list of omitted Scratch Tickets or non-activated Scratch Tickets on file at the Texas Lottery;

12. The Play Symbols, Serial Number and Game-Pack-Ticket Number must be right side up and not reversed in any manner;

13. The Scratch Ticket must be complete and not miscut, and have exactly fifty-one (51) Play Symbols under the Latex Overprint on the front portion of the Scratch Ticket, exactly one Serial Number and exactly one Game-Pack-Ticket Number on the Scratch Ticket;

14. The Serial Number of an apparent winning Scratch Ticket shall correspond with the Texas Lottery's Serial Numbers for winning Scratch Tickets, and a Scratch Ticket with that Serial Number shall not have been paid previously;

15. The Scratch Ticket must not be blank or partially blank, misregistered, defective or printed or produced in error;

16. Each of the fifty-one (51) Play Symbols must be exactly one of those described in Section 1.2.C of these Game Procedures;

17. Each of the fifty-one (51) Play Symbols on the Scratch Ticket must be printed in the Symbol font and must correspond precisely to the artwork on file at the Texas Lottery; the Scratch Ticket Serial Numbers must be printed in the Serial font and must correspond precisely to the artwork on file at the Texas Lottery; and the Game-Pack-Ticket Number must be printed in the Game-Pack-Ticket Number font and must correspond precisely to the artwork on file at the Texas Lottery;

18. The Display Printing on the Scratch Ticket must be regular in every respect and correspond precisely to the artwork on file at the Texas Lottery; and

19. The Scratch Ticket must have been received by the Texas Lottery by applicable deadlines.

B. The Scratch Ticket must pass all additional validation tests provided for in these Game Procedures, the Texas Lottery's Rules governing the award of prizes of the amount to be validated, and any confidential validation and security tests of the Texas Lottery.

C. Any Scratch Ticket not passing all of the validation requirements is void and ineligible for any prize and shall not be paid. However, the Executive Director of the Texas Lottery ("Executive Director") may, solely at the Executive Director's discretion, refund the retail sales price of the Scratch Ticket. In the event a defective Scratch Ticket is purchased, the only responsibility or liability of the Texas Lottery shall be to replace the defective Scratch Ticket with another unplayed Scratch Ticket in that Scratch Ticket Game (or a Scratch Ticket of equivalent sales price from any other current Texas Lottery Scratch Ticket Game) or refund the retail sales price of the Scratch Ticket, solely at the Executive Director's discretion.

2.2 Programmed Game Parameters.

A. GENERAL: The top Prize Symbol will appear on every Ticket, unless restricted by other parameters, play action or prize structure.

B. GENERAL: Consecutive Non-Winning Tickets within a Pack will not have matching patterns, in the same order, of either Play Symbols or Prize Symbols.

C. BONUS: A non-winning Prize Symbol in a BONUS play area will never match a winning Prize Symbol in another BONUS play area.

D. BONUS: A Ticket will not have matching non-winning Prize Symbols across the three (3) BONUS play areas.

E. ALL ABOUT THE 8S - Key Number Match: No prize amount in a non-winning spot will correspond with the YOUR NUMBERS Play Symbol (i.e., 05 and $5).

F. ALL ABOUT THE 8S - Key Number Match: There will be no matching non-winning YOUR NUMBERS Play Symbols on a Ticket.

G. ALL ABOUT THE 8S - Key Number Match: There will be no matching WINNING NUMBERS Play Symbols on a Ticket.

H. ALL ABOUT THE 8S - Key Number Match: A non-winning Prize Symbol will never match a winning Prize Symbol.

I. ALL ABOUT THE 8S - Key Number Match: A Ticket may have up to three (3) matching non-winning Prize Symbols, unless restricted by other parameters, play action or prize structure.

J. ALL ABOUT THE 8S - Key Number Match: The "88" (DBL) Play Symbol will only appear on winning Tickets, as dictated by the prize structure.

K. ALL ABOUT THE 8S - Key Number Match: The "888" (TRP) Play Symbol will only appear on winning Tickets, as dictated by the prize structure.

2.3 Procedure for Claiming Prizes.

A. To claim a "ALL ABOUT THE 8S" Scratch Ticket Game prize of $5.00, $10.00, $20.00, $30.00, $50.00, $100 or $500, a claimant shall sign the back of the Scratch Ticket in the space designated on the Scratch Ticket and may present the winning Scratch Ticket to any Texas Lottery Retailer. The Texas Lottery Retailer shall verify the claim and, if valid, and upon presentation of proper identification, if appropriate, make payment of the amount due the claimant and physically void the Scratch Ticket; provided that the Texas Lottery Retailer may, but is not required, to pay a $30.00, $50.00, $100 or $500 Scratch Ticket Game. In the event the Texas Lottery Retailer cannot verify the claim, the Texas Lottery Retailer shall provide the claimant with a claim form and instruct the claimant on how to file a claim with the Texas Lottery. If the claim is validated by the Texas Lottery, a check shall be forwarded to the claimant in the amount due. In the event the claim is not validated, the claim shall be denied and the claimant shall be notified

promptly. A claimant may also claim any of the above prizes under the procedure described in Section 2.3.B and Section 2.3.C of these Game Procedures.

B. To claim a "ALL ABOUT THE 8S" Scratch Ticket Game prize of $1,000, $5,000 or $100,000, the claimant must sign the winning Scratch Ticket and may present it at one of the Texas Lottery's Claim Centers. If the claim is validated by the Texas Lottery, payment will be made to the bearer of the validated winning Scratch Ticket for that prize upon presentation of proper identification. When paying a prize of $600 or more, the Texas Lottery shall file the appropriate income reporting form with the Internal Revenue Service (IRS) and shall withhold federal income tax at a rate set by the IRS if required. In the event that the claim is not validated by the Texas Lottery, the claim shall be denied and the claimant shall be notified promptly.

C. As an alternative method of claiming a "ALL ABOUT THE 8S" Scratch Ticket Game prize, the claimant may submit the signed winning Scratch Ticket and a thoroughly completed claim form via mail. If a prize value is $1,000,000 or more, the claimant must also provide proof of Social Security number or Tax Payer Identification (for U.S. Citizens or Resident Aliens). Mail all to: Texas Lottery, P.O. Box 16600, Austin, Texas 78761-6600. The Texas Lottery is not responsible for Scratch Tickets lost in the mail. In the event that the claim is not validated by the Texas Lottery, the claim shall be denied and the claimant shall be notified promptly.

D. Prior to payment by the Texas Lottery of any prize, the Texas Lottery shall deduct the amount of a delinquent tax or other money from the winnings of a prize winner who has been finally determined to be:

1. delinquent in the payment of a tax or other money to a state agency and that delinquency is reported to the Comptroller under Government Code §403.055;

2. in default on a loan made under Chapter 52, Education Code;

3. in default on a loan guaranteed under Chapter 57, Education Code; or

4. delinquent in child support payments in the amount determined by a court or a Title IV-D agency under Chapter 231, Family Code.

E. If a person is indebted or owes delinquent taxes to the State, other than those specified in the preceding paragraph, the winnings of a person shall be withheld until the debt or taxes are paid.

2.4 Allowance for Delay of Payment. The Texas Lottery may delay payment of the prize pending a final determination by the Executive Director, under any of the following circumstances:

A. if a dispute occurs, or it appears likely that a dispute may occur, regarding the prize;

B. if there is any question regarding the identity of the claimant;

C. if there is any question regarding the validity of the Scratch Ticket presented for payment; or

D. if the claim is subject to any deduction from the payment otherwise due, as described in Section 2.3.D of these Game Procedures. No liability for interest for any delay shall accrue to the benefit of the claimant pending payment of the claim.

2.5 Payment of Prizes to Persons Under 18. If a person under the age of 18 years is entitled to a cash prize under $600 from the "ALL ABOUT THE 8S" Scratch Ticket Game, the Texas Lottery shall deliver to an adult member of the minor's family or the minor's guardian a check or warrant in the amount of the prize payable to the order of the minor.

2.6 If a person under the age of 18 years is entitled to a cash prize of $600 or more from the "ALL ABOUT THE 8S" Scratch Ticket Game, the Texas Lottery shall deposit the amount of the prize in a custodial bank account, with an adult member of the minor's family or the minor's guardian serving as custodian for the minor.

2.7 Scratch Ticket Claim Period. All Scratch Ticket prizes must be claimed within 180 days following the end of the Scratch Ticket Game or within the applicable time period for certain eligible military personnel as set forth in Texas Government Code §466.408. Any rights to a prize that is not claimed within that period, and in the manner specified in these Game Procedures and on the back of each Scratch Ticket, shall be forfeited.

2.8 Disclaimer. The number of prizes in a game is approximate based on the number of Scratch Tickets ordered. The number of actual prizes available in a game may vary based on number of Scratch Tickets manufactured, testing, distribution, sales and number of prizes claimed. A Scratch Ticket Game may continue to be sold even when all the top prizes have been claimed.

3.0 Scratch Ticket Ownership.

A. Until such time as a signature is placed upon the back portion of a Scratch Ticket in the space designated, a Scratch Ticket shall be owned by the physical possessor of said Scratch Ticket. When a signature is placed on the back of the Scratch Ticket in the space designated, the player whose signature appears in that area shall be the owner of the Scratch Ticket and shall be entitled to any prize attributable thereto. Notwithstanding any name or names submitted on a claim form, the Executive Director shall make payment to the player whose signature appears on the back of the Scratch Ticket in the space designated. If more than one name appears on the back of the Scratch Ticket, the Executive Director will require that one of those players whose name appears thereon be designated by such players to receive payment.

B. The Texas Lottery shall not be responsible for lost or stolen Scratch Tickets and shall not be required to pay on a lost or stolen Scratch Ticket.

4.0 Number and Value of Scratch Prizes. There will be approximately 5,040,000 Scratch Tickets in Scratch Ticket Game No. 2727. The approximate number and value of prizes in the game are as follows:

Figure 2: GAME NO. 2727 - 4.0

Prize Amount	Approximate Number of Winners*	Approximate Odds are 1 in **
$5.00	520,800	9.68
$10.00	386,400	13.04
$20.00	134,400	37.50
$30.00	50,400	100.00
$50.00	67,200	75.00
$100	16,800	300.00
$500	1,470	3,428.57
$1,000	252	20,000.00
$5,000	10	504,000.00
$100,000	4	1,260,000.00

*The number of prizes in a game is approximate based on the number of tickets ordered. The number of actual prizes available in a game may vary based on number of tickets manufactured, testing, distribution, sales and number of prizes claimed.

**The overall odds of winning a prize are 1 in 4.28. The individual odds of winning for a particular prize level may vary based on sales, distribution, testing, and number of prizes claimed.

A. The actual number of Scratch Tickets in the game may be increased or decreased at the sole discretion of the Texas Lottery.

5.0 End of the Scratch Ticket Game. The Executive Director may, at any time, announce a closing date (end date) for the Scratch Ticket Game No. 2727 without advance notice, at which point no further Scratch Tickets in that game may be sold. The determination of the closing date and reasons for closing will be made in accordance with the Scratch Ticket closing procedures and the Scratch Ticket Game Rules. See 16 TAC §140.302 (j).

6.0 Governing Law. In purchasing a Scratch Ticket, the player agrees to comply with, and abide by, these Game Procedures for Scratch Ticket Game No. 2727, the State Lottery Act (Texas Government Code, Chapter 466), applicable rules adopted by the Texas Lottery pursuant to the State Lottery Act and referenced in 16 TAC, Chapter 140, and all final decisions of the Executive Director.

TRD-202601723
Deanne Rienstra
General Counsel Lottery and Charitable Bingo
Texas Department of Licensing and Regulation
Filed: April 22, 2026

♦ ♦ ♦

Scratch Ticket Game Number 2741 "TEXAS LOTERIA"

1.0 Name and Style of Scratch Ticket Game.

A. The name of Scratch Ticket Game No. 2741 is "TEXAS LOTERIA". The play style is "row/column/diagonal".

1.1 Price of Scratch Ticket Game.

A. The price for Scratch Ticket Game No. 2741 shall be $3.00 per Scratch Ticket.

1.2 Definitions in Scratch Ticket Game No. 2741.

A. Display Printing - That area of the Scratch Ticket outside of the area where the overprint and Play Symbols appear.

B. Latex Overprint - The removable scratch-off covering over the Play Symbols on the front of the Scratch Ticket.

C. Play Symbol - The printed data under the latex on the front of the Scratch Ticket that is used to determine eligibility for a prize. Each Play Symbol is printed in Symbol font in black ink in positive except for dual-image games. The possible black Play Symbols are: ARMADILLO SYMBOL, BAT SYMBOL, BLUEBONNET SYMBOL, BOAR SYMBOL, CACTUS SYMBOL, CHERRIES SYMBOL, CHILE PEPPER SYMBOL, CORN SYMBOL, COVERED WAGON SYMBOL, COWBOY HAT SYMBOL, COWBOY SYMBOL, FIRE SYMBOL, GUITAR SYMBOL, HEN SYMBOL, HORSE SYMBOL, HORSESHOE SYMBOL, JACKRABBIT SYMBOL, LIZARD SYMBOL, LONE STAR SYMBOL, MARACAS

SYMBOL, MOCKINGBIRD SYMBOL, MOONRISE SYMBOL, MORTAR PESTLE SYMBOL, NEWSPAPER SYMBOL, OIL RIG SYMBOL, PECAN TREE SYMBOL, PIÑATA SYMBOL, RATTLESNAKE SYMBOL, ROADRUNNER SYMBOL, SADDLE SYMBOL, SHOES SYMBOL, SPEAR SYMBOL, SPUR SYMBOL, STRAWBERRY SYMBOL, SUNSET SYMBOL, WHEEL SYMBOL and WINDMILL SYMBOL.

D. Play Symbol Caption - The printed material appearing below each Play Symbol which explains the Play Symbol. One caption appears under each Play Symbol and is printed in caption font in black ink in positive. The Play Symbol Caption which corresponds with and verifies each Play Symbol is as follows:

Figure 1: GAME NO. 2741 - 1.2D

PLAY SYMBOL	CAPTION
ARMADILLO SYMBOL	ARMADILLO
BAT SYMBOL	BAT
BLUEBONNET SYMBOL	BLUEBONNET
BOAR SYMBOL	BOAR
CACTUS SYMBOL	CACTUS
CHERRIES SYMBOL	CHERRIES
CHILE PEPPER SYMBOL	CHILE PEPPER
CORN SYMBOL	CORN
COVERED WAGON SYMBOL	COVERED WAGON
COWBOY HAT SYMBOL	COWBOY HAT
COWBOY SYMBOL	COWBOY
FIRE SYMBOL	FIRE
GUITAR SYMBOL	GUITAR
HEN SYMBOL	HEN
HORSE SYMBOL	HORSE
HORSESHOE SYMBOL	HORSESHOE
JACKRABBIT SYMBOL	JACKRABBIT
LIZARD SYMBOL	LIZARD
LONE STAR SYMBOL	LONE STAR
MARACAS SYMBOL	MARACAS
MOCKINGBIRD SYMBOL	MOCKINGBIRD
MOONRISE SYMBOL	MOONRISE
MORTAR PESTLE SYMBOL	MORTAR PESTLE
NEWSPAPER SYMBOL	NEWSPAPER
OIL RIG SYMBOL	OIL RIG
PECAN TREE SYMBOL	PECAN TREE
PIÑATA SYMBOL	PIÑATA

RATTLESNAKE SYMBOL	RATTLESNAKE
ROADRUNNER SYMBOL	ROADRUNNER
SADDLE SYMBOL	SADDLE
SHOES SYMBOL	SHOES
SPEAR SYMBOL	SPEAR
SPUR SYMBOL	SPUR
STRAWBERRY SYMBOL	STRAWBERRY
SUNSET SYMBOL	SUNSET
WHEEL SYMBOL	WHEEL
WINDMILL SYMBOL	WINDMILL

E. Serial Number - A unique thirteen (13) digit number appearing under the latex scratch-off covering on the front of the Scratch Ticket. The Serial Number is for validation purposes and cannot be used to play the game. The format will be: 0000000000000.

F. Bar Code - A twenty-four (24) character interleaved two (2) of five (5) Bar Code which will include a four (4) digit game ID, the seven (7) digit Pack number, the three (3) digit Ticket number and the ten (10) digit Validation Number. The Bar Code appears on the back of the Scratch Ticket.

G. Game-Pack-Ticket Number - A fourteen (14) digit number consisting of the four (4) digit game number (2741), a seven (7) digit Pack number, and a three (3) digit Ticket number. Ticket numbers start with 001 and end with 075 within each Pack. The format will be: 2741-0000001-001.

H. Pack - A Pack of the "TEXAS LOTERIA" Scratch Ticket Game contains 075 Tickets, packed in plastic shrink-wrapping and fanfolded in pages of one (1). The Packs will alternate. One will show the front of Ticket 001 and back of 075 while the other fold will show the back of Ticket 001 and front of 075.

I. Non-Winning Scratch Ticket - A Scratch Ticket which is not programmed to be a winning Scratch Ticket or a Scratch Ticket that does not meet all of the requirements of these Game Procedures, the State Lottery Act (Texas Government Code, Chapter 466), and applicable rules adopted by the Texas Lottery and Charitable Bingo Division of the Texas Department of Licensing and Regulation ("Texas Lottery") pursuant to the State Lottery Act and referenced in 16 TAC, Chapter 140.

J. Scratch Ticket Game, Scratch Ticket or Ticket - Texas Lottery "TEXAS LOTERIA" Scratch Ticket Game No. 2741.

2.0 Determination of Prize Winners. The determination of prize winners is subject to the general Scratch Ticket validation requirements set forth in Texas Lottery Rule 140.302, Scratch Ticket Game Rules, these Game Procedures, and the requirements set out on the back of each Scratch Ticket. Each Scratch Ticket contains exactly thirty (30) Play Symbols. A prize winner in the "TEXAS LOTERIA" Scratch Ticket Game is determined once the latex on the Scratch Ticket is scratched off to expose Play Symbols as follows: 1) The player completely scratches the CALLER'S CARD to reveal 14 symbols. 2) The player scratches ONLY the symbols on the PLAYBOARD that exactly match the symbols revealed on the CALLER'S CARD. 3) If the player reveals a complete row, column or diagonal line, the player wins the prize for that line. 1) El jugador raspa completamente la CARTA DEL GRITÓN para revelar 14 símbolos. 2) El jugador SOLAMENTE raspa los símbolos en la TABLA DE JUEGO que son exactamente iguales a los símbolos revelados en la CARTA DEL GRITÓN. 3) Si el jugador revela una línea completa, horizontal, vertical o diagonal, el jugador gana el premio para esa línea. No portion of the Display Printing nor any extraneous matter whatsoever shall be usable or playable as a part of the Scratch Ticket.

2.1 Scratch Ticket Validation Requirements.

A. To be a valid Scratch Ticket, all of the following requirements must be met:

1. Exactly thirty (30) Play Symbols must appear under the Latex Overprint on the front portion of the Scratch Ticket;

2. Each of the Play Symbols must have a Play Symbol Caption underneath, unless specified, and each Play Symbol must agree with its Play Symbol Caption;

3. Each of the Play Symbols must be present in its entirety and be fully legible;

4. Each of the Play Symbols must be printed in black ink except for dual image games;

5. The Scratch Ticket shall be intact;

6. The Serial Number and Game-Pack-Ticket Number must be present in their entirety and be fully legible;

7. The Serial Number must correspond, using the Texas Lottery's codes, to the Play Symbols on the Scratch Ticket;

8. The Scratch Ticket must not have a hole punched through it, be mutilated, altered, unreadable, reconstituted or tampered with in any manner;

9. The Scratch Ticket must not be counterfeit in whole or in part;

10. The Scratch Ticket must have been issued by the Texas Lottery in an authorized manner;

11. The Scratch Ticket must not have been stolen, nor appear on any list of omitted Scratch Tickets or non-activated Scratch Tickets on file at the Texas Lottery;

12. The Play Symbols, Serial Number and Game-Pack-Ticket Number must be right side up and not reversed in any manner;

13. The Scratch Ticket must be complete and not miscut, and have exactly thirty (30) Play Symbols under the Latex Overprint on the front portion of the Scratch Ticket, exactly one Serial Number and exactly one Game-Pack-Ticket Number on the Scratch Ticket;

14. The Serial Number of an apparent winning Scratch Ticket shall correspond with the Texas Lottery's Serial Numbers for winning Scratch Tickets, and a Scratch Ticket with that Serial Number shall not have been paid previously;

15. The Scratch Ticket must not be blank or partially blank, misregistered, defective or printed or produced in error;

16. Each of the thirty (30) Play Symbols must be exactly one of those described in Section 1.2.C of these Game Procedures;

17. Each of the thirty (30) Play Symbols on the Scratch Ticket must be printed in the Symbol font and must correspond precisely to the artwork on file at the Texas Lottery; the Scratch Ticket Serial Numbers must be printed in the Serial font and must correspond precisely to the artwork on file at the Texas Lottery; and the Game-Pack-Ticket Number must be printed in the Game-Pack-Ticket Number font and must correspond precisely to the artwork on file at the Texas Lottery;

18. The Display Printing on the Scratch Ticket must be regular in every respect and correspond precisely to the artwork on file at the Texas Lottery; and

19. The Scratch Ticket must have been received by the Texas Lottery by applicable deadlines.

B. The Scratch Ticket must pass all additional validation tests provided for in these Game Procedures, the Texas Lottery's Rules governing the award of prizes of the amount to be validated, and any confidential validation and security tests of the Texas Lottery.

C. Any Scratch Ticket not passing all of the validation requirements is void and ineligible for any prize and shall not be paid. However, the Executive Director of the Texas Lottery ("Executive Director") may, solely at the Executive Director's discretion, refund the retail sales price of the Scratch Ticket. In the event a defective Scratch Ticket is purchased, the only responsibility or liability of the Texas Lottery shall be to replace the defective Scratch Ticket with another unplayed Scratch Ticket in that Scratch Ticket Game (or a Scratch Ticket of equivalent sales price from any other current Texas Lottery Scratch Ticket Game) or refund the retail sales price of the Scratch Ticket, solely at the Executive Director's discretion.

2.2 Programmed Game Parameters.

A. A Ticket can win up to three (3) times in accordance with the prize structure.

B. Consecutive Non-Winning Tickets within a Pack will not have matching patterns, in the same order, of Play Symbols.

C. There will be no identical Play Symbols in the CALLER'S CARD/CARTA DEL GRITÓN play area.

D. At least eight (8), but no more than twelve (12), CALLER'S CARD/CARTA DEL GRITÓN Play Symbols will match a symbol on the PLAYBOARD/TABLA DE JUEGO play area on a Ticket.

E. No identical Play Symbols are allowed on the PLAYBOARD/TABLA DE JUEGO play area.

2.3 Procedure for Claiming Prizes.

A. To claim a "TEXAS LOTERIA" Scratch Ticket Game prize of $3.00, $5.00, $8.00, $10.00, $15.00, $18.00, $20.00, $30.00, $33.00, $50.00, $80.00 or $250, a claimant shall sign the back of the Scratch Ticket in the space designated on the Scratch Ticket and may present the winning Scratch Ticket to any Texas Lottery Retailer. The Texas Lottery Retailer shall verify the claim and, if valid, and upon presentation of proper identification, if appropriate, make payment of the amount due the claimant and physically void the Scratch Ticket; provided that the Texas Lottery Retailer may, but is not required, to pay a $30.00, $33.00, $50.00, $80.00 or $250 Scratch Ticket Game. In the event the Texas Lottery Retailer cannot verify the claim, the Texas Lottery Retailer shall provide the claimant with a claim form and instruct the claimant on how to file a claim with the Texas Lottery. If the claim is validated by the Texas Lottery, a check shall be forwarded to the claimant in the amount due. In the event the claim is not validated, the claim shall be denied and the claimant shall be notified promptly. A claimant may also claim any of the above prizes under the procedure described in Section 2.3.B and Section 2.3.C of these Game Procedures.

B. To claim a "TEXAS LOTERIA" Scratch Ticket Game prize of $3,000 or $50,000, the claimant must sign the winning Scratch Ticket and may present it at one of the Texas Lottery's Claim Centers. If the claim is validated by the Texas Lottery, payment will be made to the bearer of the validated winning Scratch Ticket for that prize upon presentation of proper identification. When paying a prize of $600 or more, the Texas Lottery shall file the appropriate income reporting form with the Internal Revenue Service (IRS) and shall withhold federal income tax at a rate set by the IRS if required. In the event that the claim is not validated by the Texas Lottery, the claim shall be denied and the claimant shall be notified promptly.

C. As an alternative method of claiming a "TEXAS LOTERIA" Scratch Ticket Game prize, the claimant may submit the signed winning Scratch Ticket and a thoroughly completed claim form via mail. If a prize value is $1,000,000 or more, the claimant must also provide proof of Social Security number or Tax Payer Identification (for U.S. Citizens or Resident Aliens). Mail all to: Texas Lottery, P.O. Box 16600, Austin, Texas 78761-6600. The Texas Lottery is not responsible for Scratch Tickets lost in the mail. In the event that the claim is not validated by the Texas Lottery, the claim shall be denied and the claimant shall be notified promptly.

D. Prior to payment by the Texas Lottery of any prize, the Texas Lottery shall deduct the amount of a delinquent tax or other money from the winnings of a prize winner who has been finally determined to be:

1. delinquent in the payment of a tax or other money to a state agency and that delinquency is reported to the Comptroller under Government Code §403.055;

2. in default on a loan made under Chapter 52, Education Code;

3. in default on a loan guaranteed under Chapter 57, Education Code; or

4. delinquent in child support payments in the amount determined by a court or a Title IV-D agency under Chapter 231, Family Code.

E. If a person is indebted or owes delinquent taxes to the State, other than those specified in the preceding paragraph, the winnings of a person shall be withheld until the debt or taxes are paid.

2.4 Allowance for Delay of Payment. The Texas Lottery may delay payment of the prize pending a final determination by the Executive Director, under any of the following circumstances:

A. if a dispute occurs, or it appears likely that a dispute may occur, regarding the prize;

B. if there is any question regarding the identity of the claimant;

C. if there is any question regarding the validity of the Scratch Ticket presented for payment; or

D. if the claim is subject to any deduction from the payment otherwise due, as described in Section 2.3.D of these Game Procedures. No liability for interest for any delay shall accrue to the benefit of the claimant pending payment of the claim.

2.5 Payment of Prizes to Persons Under 18. If a person under the age of 18 years is entitled to a cash prize under $600 from the "TEXAS LOTERIA" Scratch Ticket Game, the Texas Lottery shall deliver to an adult member of the minor's family or the minor's guardian a check or warrant in the amount of the prize payable to the order of the minor.

2.6 If a person under the age of 18 years is entitled to a cash prize of $600 or more from the "TEXAS LOTERIA" Scratch Ticket Game, the Texas Lottery shall deposit the amount of the prize in a custodial bank account, with an adult member of the minor's family or the minor's guardian serving as custodian for the minor.

2.7 Scratch Ticket Claim Period. All Scratch Ticket prizes must be claimed within 180 days following the end of the Scratch Ticket Game or within the applicable time period for certain eligible military personnel as set forth in Texas Government Code §466.408. Any rights to a prize that is not claimed within that period, and in the manner specified in these Game Procedures and on the back of each Scratch Ticket, shall be forfeited.

2.8 Disclaimer. The number of prizes in a game is approximate based on the number of Scratch Tickets ordered. The number of actual prizes available in a game may vary based on number of Scratch Tickets manufactured, testing, distribution, sales and number of prizes claimed. A Scratch Ticket Game may continue to be sold even when all the top prizes have been claimed.

3.0 Scratch Ticket Ownership.

A. Until such time as a signature is placed upon the back portion of a Scratch Ticket in the space designated, a Scratch Ticket shall be owned by the physical possessor of said Scratch Ticket. When a signature is placed on the back of the Scratch Ticket in the space designated, the player whose signature appears in that area shall be the owner of the Scratch Ticket and shall be entitled to any prize attributable thereto. Notwithstanding any name or names submitted on a claim form, the Executive Director shall make payment to the player whose signature appears on the back of the Scratch Ticket in the space designated. If more than one name appears on the back of the Scratch Ticket, the Executive Director will require that one of those players whose name appears thereon be designated by such players to receive payment.

B. The Texas Lottery shall not be responsible for lost or stolen Scratch Tickets and shall not be required to pay on a lost or stolen Scratch Ticket.

4.0 Number and Value of Scratch Prizes. There will be approximately 30,000,000 Scratch Tickets in Scratch Ticket Game No. 2741. The approximate number and value of prizes in the game are as follows:

Figure 2: GAME NO. 2741 - 4.0

Prize Amount	Approximate Number of Winners*	Approximate Odds are 1 in **
$3.00	2,800,000	10.71
$5.00	1,200,000	25.00
$8.00	800,000	37.50
$10.00	600,000	50.00
$15.00	600,000	50.00
$18.00	300,000	100.00
$20.00	200,000	150.00
$30.00	200,000	150.00
$33.00	96,000	312.50
$50.00	30,000	1,000.00
$80.00	14,000	2,142.86
$250	4,500	6,666.67
$3,000	200	150,000.00
$50,000	14	2,142,857.14

*The number of prizes in a game is approximate based on the number of tickets ordered. The number of actual prizes available in a game may vary based on number of tickets manufactured, testing, distribution, sales and number of prizes claimed.

**The overall odds of winning a prize are 1 in 4.38. The individual odds of winning for a particular prize level may vary based on sales, distribution, testing, and number of prizes claimed.

A. The actual number of Scratch Tickets in the game may be increased or decreased at the sole discretion of the Texas Lottery.

5.0 End of the Scratch Ticket Game. The Executive Director may, at any time, announce a closing date (end date) for the Scratch Ticket Game No. 2741 without advance notice, at which point no further Scratch Tickets in that game may be sold. The determination of the closing date and reasons for closing will be made in accordance with the Scratch Ticket closing procedures and the Scratch Ticket Game Rules. See 16 TAC §140.302 (j).

6.0 Governing Law. In purchasing a Scratch Ticket, the player agrees to comply with, and abide by, these Game Procedures for Scratch Ticket Game No. 2741, the State Lottery Act (Texas Government Code, Chapter 466), applicable rules adopted by the Texas Lottery pursuant to the State Lottery Act and referenced in 16 TAC, Chapter 140, and all final decisions of the Executive Director.

TRD-202601722
Deanne Rienstra
General Counsel Lottery and Charitable Bingo
Texas Department of Licensing and Regulation
Filed: April 22, 2026

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How to Use the Texas Register

Information Available: The sections of the *Texas Register* represent various facets of state government. Documents contained within them include:

Governor - Appointments, executive orders, and proclamations.

Attorney General - summaries of requests for opinions, opinions, and open records decisions.

Texas Ethics Commission - summaries of requests for opinions and opinions.

Emergency Rules - sections adopted by state agencies on an emergency basis.

Proposed Rules - sections proposed for adoption.

Withdrawn Rules - sections withdrawn by state agencies from consideration for adoption, or automatically withdrawn by the Texas Register six months after the proposal publication date.

Adopted Rules - sections adopted following public comment period.

Texas Department of Insurance Exempt Filings - notices of actions taken by the Texas Department of Insurance pursuant to Chapter 5, Subchapter L of the Insurance Code.

Review of Agency Rules - notices of state agency rules review.

Tables and Graphics - graphic material from the proposed, emergency and adopted sections.

Transferred Rules - notice that the Legislature has transferred rules within the *Texas Administrative Code* from one state agency to another, or directed the Secretary of State to remove the rules of an abolished agency.

In Addition - miscellaneous information required to be published by statute or provided as a public service.

Specific explanation on the contents of each section can be found on the beginning page of the section. The division also publishes cumulative quarterly and annual indexes to aid in researching material published.

How to Cite: Material published in the *Texas Register* is referenced by citing the volume in which the document appears, the words "TexReg" and the beginning page number on which that document was published. For example, a document published on page 2402 of Volume 51 (2026) is cited as follows: 51 TexReg 2402.

In order that readers may cite material more easily, page numbers are now written as citations. Example: on page 2 in the lower-left hand corner of the page, would be written "51 TexReg 2 issue date," while on the opposite page, page 3, in the lower right-hand corner, would be written "issue date 51 TexReg 3."

How to Research: The public is invited to research rules and information of interest between 8 a.m. and 5 p.m. weekdays at the *Texas Register* office, James Earl Rudder Building, 1019 Brazos, Austin. Material can be found using *Texas Register* indexes, the *Texas Administrative Code* section numbers, or TRD number.

Both the *Texas Register* and the *Texas Administrative Code* are available online at: https://www.sos.texas.gov. The *Texas Register* is available in an .html version as well as a .pdf version through the internet. For website information, call the Texas Register at (512) 463-5561.

Texas Administrative Code

The *Texas Administrative Code (TAC*) is the compilation of all final state agency rules published in the *Texas Register*. Following its effective date, a rule is entered into the *Texas Administrative Code*. Emergency rules, which may be adopted by an agency on an interim basis, are not codified within the *TAC*.

The *TAC* volumes are arranged into Titles and Parts (using Arabic numerals). The Titles are broad subject categories into which the agencies are grouped as a matter of convenience. Each Part represents an individual state agency.

The complete *TAC* is available through the Secretary of State's website at http://www.sos.state.tx.us/tac.

The Titles of the *TAC*, and their respective Title numbers are:

1. Administration
4. Agriculture
7. Banking and Securities
10. Community Development
13. Cultural Resources
16. Economic Regulation
19. Education
22. Examining Boards
25. Health Services
28. Insurance
30. Environmental Quality
31. Natural Resources and Conservation
34. Public Finance
37. Public Safety and Corrections
40. Social Services and Assistance
43. Transportation

How to Cite: Under the *TAC* scheme, each section is designated by a *TAC* number. For example in the citation 1 TAC §91.1: 1 indicates the title under which the agency appears in the *Texas Administrative Code*; *TAC* stands for the *Texas Administrative Code*; §91.1 is the section number of the rule (91 indicates that the section is under Chapter 91 of Title 1; 1 represents the individual section within the chapter).

How to Update: To find out if a rule has changed since the publication of the current supplement to the *Texas Administrative Code*, please look at the *Index of Rules*.

The *Index of Rules* is published cumulatively in the blue-cover quarterly indexes to the *Texas Register*.

If a rule has changed during the time period covered by the table, the rule's *TAC* number will be printed with the *Texas Register* page number and a notation indicating the type of filing (emergency, proposed, withdrawn, or adopted) as shown in the following example.

TITLE 1. ADMINISTRATION
Part 4. Office of the Secretary of State
Chapter 91. Texas Register
1 TAC §91.1…….....950 *(P)*

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