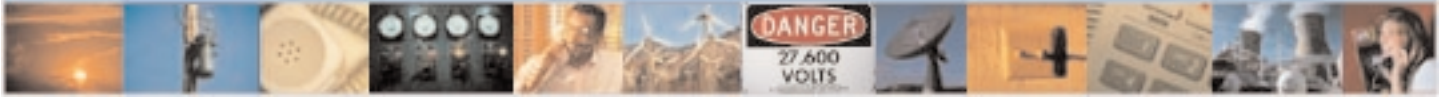




PUBLIC UTILITY CONNECTION



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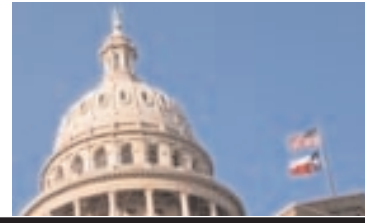
Bills would tweak restructuring laws

Legislation addresses numerous electric competition concerns

Driven by customer complaints of high electric rates, charges of market manipulation by the state's largest electric power generator, and the impending sale of the state's largest electric company, the Texas Legislature has been considering a host of bills that would affect the regulatory landscape of the electric industry.

While it's impossible to predict which, if any, of these proposed measures will pass into law, they underscore the importance of electric issues at the Capitol this session.

80th Legislature Regular Session



The first issue targeted by the Legislature is high retail electric rates. Bills authored by Sen. Troy Fraser (R-Horseshoe Bay, the chairman of the Senate Business & Commerce Committee) and Rep. Phil King (R-Weatherford, chairman of the House Committee on Regulated Industries) would force the former incumbent retail providers like TXU Energy and Reliant to more

aggressively help their customers migrate from high-cost, month-to-month rate plans to either cheaper products or new providers. The bills would also impose administrative penalties on affiliated retail electric providers like TXU Energy if they don't do a better job gaining customers outside their affiliated transmission and distribution utility's

See Legislature, p. 2

From the Commissioners

Competitive electricity choices increase

Dear Customer,

The number of competitive electricity offers for residential customers is exploding. In our last letter, we told you to expect more offers in the Texas retail electricity market. But even we're surprised are what is now available. Some options are good. Some are not so good.

First the best news, for the first time in a couple of years, we're seeing discounts topping 30 percent from the now-extinct "Price-to-Beat" rates of last year. Some residential offers are below 11 cents a kilowatt hour (kWh). If you use less than a thousand kWh a month, your bill would be less than a hundred bucks. Another positive trend is the variety in the length of your

contract terms which can range from month-to-month to as long as three years.

On the other hand, there is a growing potential for confusion. Some competitive areas have more than 50 residential price plans for the taking. A closer look at the terms of service mention fees for contract termination, a disconnection charge, and as little as 15-days notice before your original contracted price disappears. Some providers demand deposits of several hundred dollars.

You shouldn't have to wade through dozens of contracts before selecting an electricity provider. When you're shopping, remember a brief list of basics to make an informed choice.

Look at price points in terms of a general price range you're willing to pay, one that brings you savings, but doesn't force you to be a contract lawyer or accountant to understand all the fine print.

Measure the customer service you're getting. Are you put on hold too long or unable to talk to a real person? When you ask about a specific plan are you steered to another one? Are you told the plan you're calling about no longer exists? A yes to any of these questions should encourage you to hang up the phone and find another provider.

Demand a clear explanation. You should expect customer service

See Give, p. 3



Hudson



Parsley



Smitherman

HOW TO READ YOUR ELECTRIC METER

**8****3****4****7****5**

Have you ever wanted to read your electric meter? We can help you do that with these simple instructions.

- Look at your meter. It has five or possibly four dials.
- Some dial hands turn clockwise and some counterclockwise.
- To read your meter, read each dial starting from left and record the number that each hand has just passed and not the number it is approaching.
- On the dials above, you'll see the reading is 83475.
- If you read the meter a month later and the new reading is 84675, the difference of 1200 is the number of kilowatt-hours (kWh) you used between the two readings.

Public Utility Connection
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1-866-PWR-4-TEX (1-866-797-4839)

www.powertochoose.org

Legislature considers tweaks to electric competition laws

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territory.

The second major issue is the restoration of the Low Income Telephone and Electric Utility Program ("LITE-UP Texas"), which offered low-income Texans a ten percent discount on their electric bills. Texas electric ratepayers contribute a small amount per month to the System Benefit Fund (SBF) to finance the discount as well as customer education programs, but the previous Legislature discontinued the low income discount program in order to balance the State's budget. There have been several bills introduced that would restore the discounts.

Another important policy issue is curbing the amount of market power an entity has in wholesale power generation. Legislators

are considering several proposals to limit the market share of a given electric power generator within a defined ERCOT market.

The proposed sale of TXU Corp. to a consortium of private investors has also sparked some legislative activity. One piece of legislation would grant the PUC explicit new authority to oversee and approve such transactions prior to closing. A bill has passed the Senate that would clarify the Commission's authority to review transactions like this one.

Other legislation would require TXU to completely unbundle its generation, transmission and distribution, and retail operations, as well as to prohibit any cross-marketing or joint use of corporate names and logos.

Do you have a telephone or electricity complaint?

To contact the PUC with a complaint:

Call: 1-888-782-8477
In Austin 512-936-7120

Se habla español

Fax: 512-936-7003

Write: Public Utility Commission

Customer Protection

P.O. Box 13326

Austin, TX 78711-3326

Web: www.puc.state.tx.us/ocp

Qualified Texans can get help on phone bill through Lifeline

Lifeline is a government program that offers qualified low-income individuals a discount on their monthly local telephone bill.

A resident is qualified if the total household income is at or below 150 percent of the federal poverty guideline. A resident is also qualified if they are receiving:

- Medicaid
- Low-Income Home Energy Assistance Program support
- Food stamps
- Federal Public Housing Assistance (Section 8)
- Supplemental Security Income (SSI)
- Health Benefit Coverage under Child Health Plan (CHIP) under Chapter 62 support.

Lifeline reduces the basic monthly telephone rate by \$7 and individuals who qualify do not pay the federal subscriber line charge. This program will not cover the cost of additional services such as caller ID or voice messaging.

A second program called Link Up helps

households reduce the cost of starting telephone service. This program pays some of the cost of connecting local telephone service to your home. Link Up will pay 50% of your installation charges up to a maximum payment of \$30.00 per installation.

Link Up does not cover the cost of wiring inside your home. Link Up can only be used for the charges to activate a primary telephone line or moving existing service to a new address.

If you qualify for Lifeline, you also qualify for Link Up. You can apply for the Lifeline Discount by calling toll free 1-866-454-8387 or by contacting your local telephone company.

The self enrollment form is also available on the PUC Web site at: <http://www.puc.state.tx.us/ocp/assist/lowincast.cfm>

You can visit the Lifeline Support Web site at: www.lifelinesupport.org for information about local phone companies as well as guidelines for applying to the Link Up program.

Give electric providers your opinion of offers

continued from p. 1

representatives to have a good understanding of the products they're selling.

Make your opinion count. Electric providers often record many if not all phone conversations with potential customers. If you don't like an offer, tell the company why you want to shop elsewhere.

Finally, over the next four months you may read or hear reports about potential legislative changes to the Texas electricity market. While there could be some fine-tuning to existing laws we are certain one thing won't change, and that's the need for you to take an active role in finding the best value for your electricity.

Sincerely,
Paul Hudson, Chairman
Julie Parsley, Commissioner
Barry T. Smitherman, Commissioner

Frequently Asked Questions on Lifeline

How do I apply?

To apply for Lifeline call toll-free to 866-454-8387. An application can be obtained by phone or online.

What proof of eligibility do I need to provide?

You will be asked for proof of your eligibility by submitting a form signed under penalty of perjury that you receive benefits from, or a copy of any dated document which verifies your participation in, one of the qualifying programs listed above. Proof of total household income may be required for income based qualification. Your Lifeline benefits will take effect when proof of eligibility is received.

How do I continue to receive Lifeline benefits?

Eligibility is reviewed periodically. Your benefits will be discontinued when you no longer meet the eligibility requirements or when proof of eligibility is not received. Customers who are no longer eligible for Lifeline benefits must notify their service provider.

Being a Lifeline or Link Up customer does not protect you from being disconnected if you fail to pay your telephone bill.

Lifeline and Link Up discounts cannot be applied to an outstanding balance owed to your phone company.

GET THE FACTS!

The Public Utility Commission of Texas is committed to giving Texans accurate and complete information on a variety of telephone and electric topics. One of the ways the Commission does this is through the distribution of fact sheets by the Information and Education (I&E) section of the PUC's Customer Protection Division. These fact sheets offer a wealth of information on topics ranging from electric submetering to slamming. You may request fact sheets by calling us toll free at 1-888-782-8477 or you may find them in the PUC Publications section of the PUC Web site at www.puc.state.tx.us.



Local wires company can hire experts to trim trees near lines

Many areas in Texas were hit with harsh winter weather recently. One of the major contributors to electric power outages were overgrown trees that became laden with ice and contacted high voltage power lines. Many of these outages could have been prevented by proper tree trimming near power lines by your local wires company.

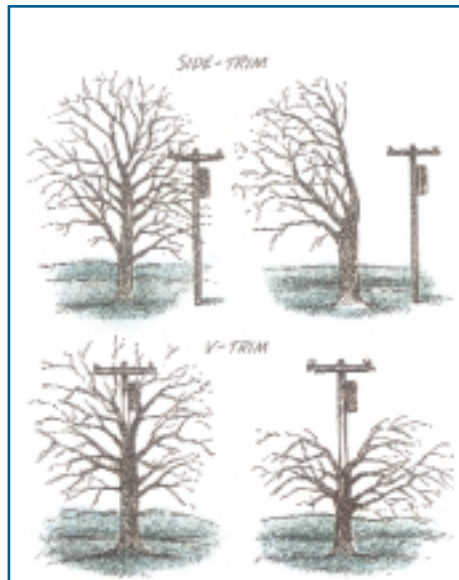
Never attempt to prune your own trees near power lines or hire someone to do it. Your local wires company is in charge of managing trees near power lines. It takes public safety seriously. By Texas law (Health and Safety Code Chapter 752), only professionals who are authorized by the wires company are allowed to prune or remove trees closer than 10 feet to high voltage power lines. These professionals have been properly trained and equipped to do so.

Every year in Texas, people are injured or even killed when they attempt to climb or prune trees near power lines. High voltage lines are not insulated, and direct contact usually results in death by electrocution. A tree contacting a power line can also become energized, injuring anyone touching the tree.

Power outages occur when trees grow into or fall onto power lines. Service interruptions caused by trees are more than an inconvenience; they can endanger life through the failure of life support systems, fire alarms and traffic signals.

The wires company requires access to inspect trees near its lines and to do periodic maintenance. It will prune trees that interfere with power lines and may even need to completely remove a tree because of its condition. When pruning trees, the wires company determines the required distance based on the voltage of the power line and the type of tree. Some trees will need to be pruned more than others to prevent problems. According to the American National Standards Institute A3000 Pruning Standards, most wires companies hire professionals to prune trees.

They use natural or directional pruning methods, which direct the growth of trees away from the lines and also help ensure



Tree Pruning Methods

When pruning trees the utility will determine the required distance based on the voltage of the power line and the type of tree. Some trees will need to be pruned more than others to prevent problems. Electric utilities use natural or directional pruning methods, which direct the growth of trees away from the lines.

the long-term health of the tree.

Texas has a wide variety of low-growing trees that can be planted near power lines. As a rule, trees planted near power lines should have a mature height of less than 25 feet.

Taller growing trees should be planted further away to prevent future problems. Remember, before you plant a tree, look up for power lines and call the "Call Before You Dig" toll-free line at 1-800-344-8377 to locate any buried lines.

Dictionary of Utility Terms

Average Payment Plan

An agreement worked out between a Retail Electric Provider and a customer that allows you to pay approximately the same amount for your electric service each month. All Retail Electric Providers are required by the PUC to offer average payment plans.

City-Owned Utility

A non-profit utility that is owned and operated by the city it serves. In Texas, city-owned utilities may opt into the competitive retail electric marketplace. Also known as a "Municipally Owned Utility."

Commercial Customer

One of three commonly used designations for classes of customers. The others are residential and industrial. Commercial customers are not involved in manufacturing. Examples of commercial customers are retail stores, restaurants and educational institutions.

Cramming

Adding charges to a bill without a customer's approval. This practice is illegal and penalties are enforced by the PUC.