

Public Utility Commission of Texas

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News Release

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"Price-to-Beat" Set for Electric Customers **Benchmark Set for Customers to Shop for Best Rates**

The Public Utility Commission (PUC) on Friday finalized "Price-to-Beat" rates for the affiliated retail electric providers (REPs) of six investor-owned utilities. These rates will serve as the benchmark for customers to comparison shop when competition begins Jan. 1, 2002. Customers who don't switch to another provider will receive a legislatively mandated base rate cut as part of the Price-to-Beat rate.

"With the start of competition, Texans will be able to select their electric provider for the first time in our state's history," said PUC chairman Max Yzaguirre. "The Price-to-Beat rates that we've established strike a good balance between immediate customer savings and attracting retail electric providers to enter our market and offer even greater savings and service innovations."

The Texas electric restructuring law of 1999 requires a six-percent rate cut adjusted for fuel prices when full retail competition begins on Jan. 1, 2002. The Price-to-Beat is designed as a rate that offers a discount to customers who do not switch to another REP, but at the same time allows competing REPs to offer more attractive customer rates. The PUC established Price-to-Beat rates for the affiliated REP customers of Central Power and Light, Reliant Energy, TXU SESCO, Texas-New Mexico Power Company, TXU Electric, and West Texas Utilities.

A chart showing current residential rates for the above utilities and the price-to-beat rate for their affiliated REPs is attached. To attract customers, non-affiliated REPs may offer rates below this price, as well as other products and services, including renewable energy options and enhanced customer services.

The affiliated REP must offer the Price-to-Beat until Jan. 1, 2007. The affiliated REP can offer different rates beginning Jan. 1, 2005, or earlier if at least 40 percent of residential and small-business customers switch to competitors. The affiliated REPs will be able to change their Price-to-Beat rates up to twice a year if there are changes in the cost of natural gas or power costs, subject to PUC approval.

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Municipal utilities and cooperatives are not required to reduce rates for their customers. El Paso Electric customers will begin retail competition Jan. 1, 2005. Southwestern Public Service customers will begin competition no earlier than Jan. 1, 2007. These companies are not required to reduce their rates on Jan. 1, 2002. Customers served by SWEPCO or Entergy will not get a reduction Jan. 1, 2002 because the start of competition has been delayed in those areas.

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Comparison of Current Rates to Price to Beat Rates - Residential				
Utility Service Area	Current (cents per kWh) Total Current Rate	Affiliated REP	Price to (cents per kWh) Total PTB Rate	% Change PTB vs. Current Rates
CPL	9.57	Mutual Energy CPL	8.80	-8.08%
Reliant	10.40	Reliant Energy Retail Services	8.62	-17.15%
SESCO	6.21	TXU Energy Services-SESCO	5.99	-3.60%
TNMP	10.57	First Choice Power	8.66	-18.08%
TXU	9.67	TXU Energy Services	8.25	-14.63%
WTU	9.98	Mutual Energy WTU	8.88	-11.01%